

**ANNUAL
FINANCIAL
REPORT**

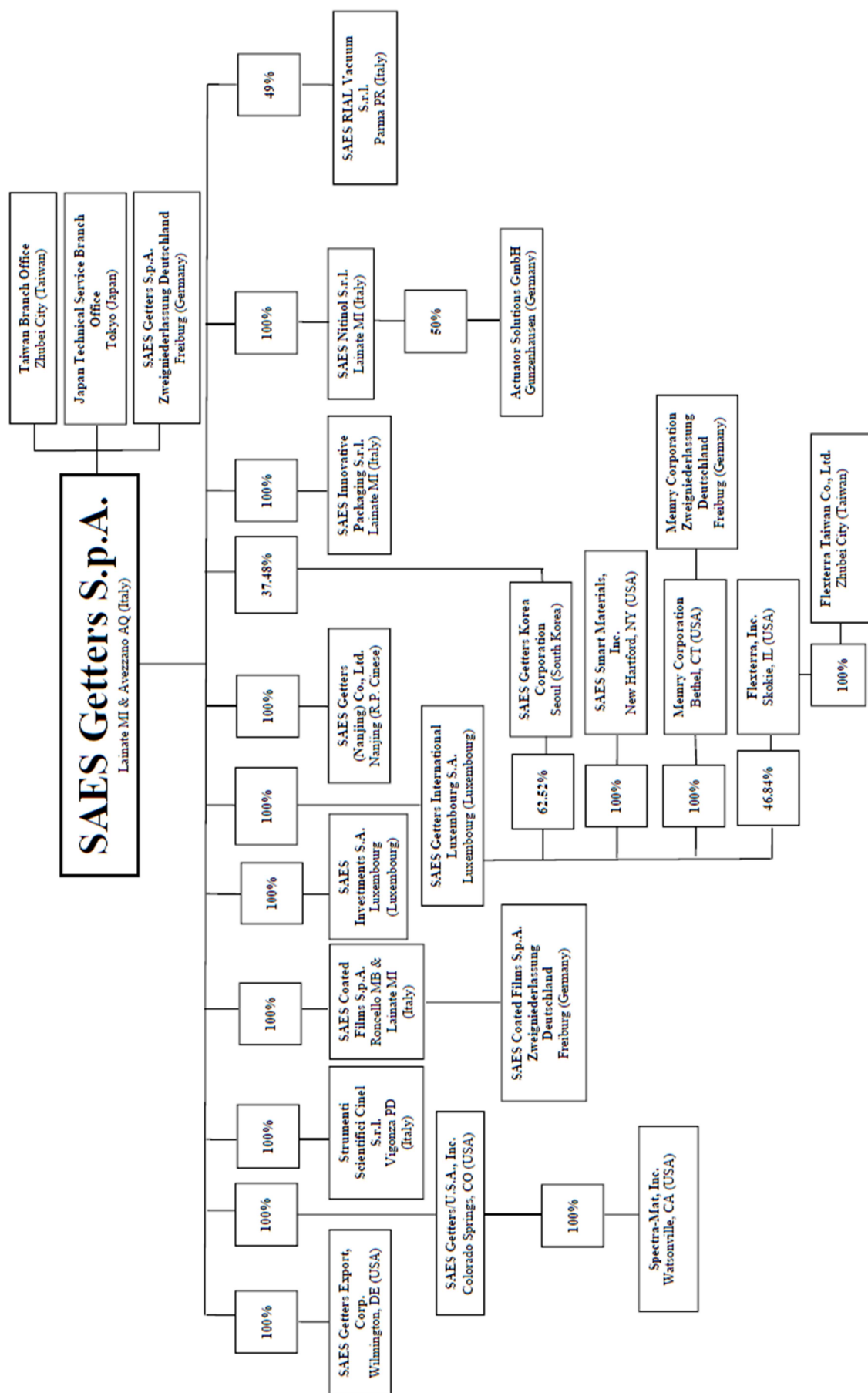
SAES Getters S.p.A.

2021



making
innovation
happen,
together

saes





2021 Annual Financial Report

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

Saes Getters S.p.A

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

Registered office:

Viale Italia, 77 – 20045 Lainate (Milan), Italy

Registered with the Milan Court Companies Register no. 00774910152

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
Mara Luisa Sartori

Independent Auditors

Deloitte & Touche 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 2013-2021 by the Shareholders' Meeting held on April 23, 2013. Following the expiry of the mandate, the new statutory audit assignment for the financial years 2022-2030 will be conferred by the Shareholders' Meeting of April 21, 2022

⁽¹⁰⁾ Appointed for the years 2020-2022 by the Special Meeting of Holders of Savings Shares on April 21, 2020

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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LETTER TO SHAREHOLDERS

Dear Shareholders,

The optimism of last year's letter was confirmed by the facts. In fact, 2021 marked the return to pre-pandemic revenue and EBITDA levels, despite the worsening of the euro-dollar exchange rate.

The return to normality of the hospital system, mainly in the USA, and the resumption of elective treatments have allowed a strong recovery in the **medical sector**, which closes the year with an all-time record in revenues. Expectations for 2022 are for further growth in this division, which represents an increasingly important share of the Group's turnover.

The expansion strategy in the **vacuum systems sector**, which began a few years ago through the development of new products and partnerships aimed at strengthening the offer, has borne visible results, with marked growth in revenues. This strategy was further strengthened by the acquisition, completed in the second half of 2021, of Strumenti Scientifici Cinel S.r.l.

Furthermore, please note the excellent performance of the **Specialty Chemicals Division** and the good stability of sales of **getters** and **sintered materials** in the various industrial reference sectors, with the sole exception of the thermo-scanners, whose market recorded an expected decline after the 2021 sales peak, connected to the first phase of the Covid-19 pandemic. Again with reference to industrial applications, there was also a modest recovery, towards the end of the year, of commercial activities on **shape memory alloys** for mobile telephone applications, heavily penalized in the previous year by the political and commercial tensions between China and the USA. This recovery is expected to consolidate in the course of 2022.

The only sector still heavily penalized by the difficulties imposed by the pandemic, in particular those limiting travel and the performance of those related activities with customers that are absolutely necessary to introduce innovative products on the market, is that of **packaging**. Sales contracted largely due to the strategic decision to leave the more traditional aluminium film sector to focus on more innovative lacquer-based products. The resumption of commercial activities, price tensions and the scarcity of some plastic raw materials, for which SAES products offer an alternative, as well as the increasingly pressing regulatory push towards the ecological transition of packaging materials, should consolidate the signs of recovery already manifested in the last months of 2021 and encourage the adoption of alternative products in 2022, driving growth in this sector as well.

2021 saw us committed to developing a **new Group innovation model**, increasingly oriented towards "open innovation", with great attention to the world of innovative start-ups. This context includes the investments in the EUREKA! Fund, in Rapitag GmbH and in Cambridge Mechatronics Limited, which will be accompanied by a real incubator within the corporate R&D function, aimed at developing long-term collaborations with selected start-ups. Finally, I would like to mention the creation in SAES of a new department, the Design House, which focuses on the development of highly innovative products which should be launched on the market next year, thanks also to the adoption of "design-thinking" methodologies, able to make the most of the know-how and technologies available in the R&D area.

Mr. Massimo della Porta
SAES Group CEO

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	2021	2020	Difference	Difference %
NET SALES				
- Metallurgy	62,304	63,030	(726)	-1.2%
- Vacuum Technology	18,839	12,479	6,360	51.0%
- Medical	86,422	73,579	12,843	17.5%
- Specialty Chemicals	16,760	12,180	4,580	37.6%
- Advanced Packaging	5,873	7,435	(1,562)	-21.0%
Total	190,198	168,703	21,495	12.7%
GROSS PROFIT (1)				
- Metallurgy	32,209	31,281	928	3.0%
- Vacuum Technology	10,077	7,497	2,580	34.4%
- Medical	34,272	27,947	6,325	22.6%
- Specialty Chemicals	4,938	3,285	1,653	50.3%
- Advanced Packaging	152	545	(393)	-72.1%
- Not Allocated (2)	(336)	(442)	106	-24.0%
Total	81,312	70,113	11,199	16.0%
<i>% on net sales</i>	<i>42.8%</i>	<i>41.6%</i>		
EBITDA (3)	35,914	27,225	8,689	31.9%
<i>% on net sales</i>	<i>18.9%</i>	<i>16.1%</i>		
OPERATING INCOME (LOSS)	22,639	16,274	6,365	39.1%
<i>% on net sales</i>	<i>11.9%</i>	<i>9.6%</i>		
INCOME (LOSS) BEFORE TAXES	22,480	9,294	13,186	141.9%
<i>% on net sales</i>	<i>11.8%</i>	<i>5.5%</i>		
Group NET INCOME (LOSS)	13,076	4,787	8,289	173.2%
<i>% on net sales</i>	<i>6.9%</i>	<i>2.8%</i>		
Balance sheet and financial figures	December 31, 2021	December 31, 2020	Difference	Difference %
Tangible fixed assets	83,543	73,353	10,190	13.9%
Group shareholders' equity	253,799	238,162	15,637	6.6%
Net financial position (4)	74,801	95,742	(20,941)	-21.9%
Other information	2021	2020	Difference	Difference %
Cash flow from operating activities	19,237	12,797	6,440	50.3%
Research and development expenses	11,704	10,421	1,283	12.3%
Number of employees as at December 31 (5)	1,169	1,063	106	10.0%
Personnel cost (6)	82,158	76,352	5,806	7.6%
Disbursement for acquisition of tangible fixed assets	(16,418)	(12,865)	(3,553)	27.6%

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

(thousands of euro)

	2021	2020
Net Sales	190,198	168,703
Raw materials	(30,894)	(30,479)
Direct labour	(30,317)	(27,091)
Manufacturing overhead	(49,303)	(45,466)
Increase (decrease) in work in progress and finished goods	1,628	4,446
Cost of sales	(108,886)	(98,590)
Gross profit	81,312	70,113
<i>% on net sales</i>	<i>42.8%</i>	<i>41.6%</i>

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

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

(thousands of euro)

	2021	2020
Operating income	22,639	16,274
Depreciation and amortization	(9,411)	(8,569)
Depreciation on leased assets	(2,295)	(2,160)
Write-down of fixed assets	(1,500)	(166)
Bad debt provision (Accrual)/Release	(69)	(56)
EBITDA	35,914	27,225
<i>% on net sales</i>	<i>18.9%</i>	<i>16.1%</i>

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

(thousands of euro)

	December 31, 2021	December 31, 2020
Cash on hands	9	10
Cash equivalents	29,509	30,668
Cash and cash equivalents	29,518	30,678
Related parties financial assets, current	1	1
Securities - short term	94,655	70,661
Other financial receivables to third parties, current	0	11
Derivative instruments evaluated at fair value	9	0
Current financial assets	94,665	70,673
Short term debt	(63,935)	(32,514)
Current portion of long term debt	(109)	(5,199)
Derivative instruments evaluated at fair value	0	(32)
Other financial payables to third parties, current	(20)	(1,001)
Current financial liabilities for leases	(2,409)	(1,932)
Current financial liabilities	(66,473)	(40,678)
Current net financial position	57,710	60,673
Related parties financial assets, non current	49	49
Securities - long term	71,887	134,087
Other financial receivables to third parties, non current	1,424	0
Non current financial assets	73,360	134,136
Long term debt	(52,199)	(95,496)
Non current financial liabilities for leases	(4,070)	(3,571)
Non current financial liabilities	(56,269)	(99,067)
Non current net financial position	17,091	35,069
Net financial position	74,801	95,742

(5) As at December 31, 2021 this item includes:

- employees equal to 1,101 units (995 units as at December 31, 2020), of which 34 units relating to the newly acquired Strumenti Scientifici Cinel S.r.l.
- the personnel employed in the companies of the Group with contracts other than employment contracts, equal to 68 units (unchanged in number as at December 31, 2020), of which 1 unit relating to the newly acquired Strumenti Scientifici Cinel S.r.l.

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 38 units as at December 31, 2021 (49 units at the end of the previous year, always according to the percentage of ownership held by the Group).

(6) As at December 31, 2021, the severance costs, included in personnel costs, were 625 thousand of euro, compared to 125 thousand of euro in the previous year.

SAES GROUP REPORT ON OPERATIONS

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") is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. For 80 years, the getter solutions of the Group have been supporting technological innovation in the information display and lighting industries, high-vacuum systems and vacuum thermal insulation, and in technologies ranging from large vacuum power tubes to miniaturised devices such as silicon-based micro-electro-mechanical systems (MEMS).

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

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

A total production capacity distributed in eleven manufacturing plants, a worldwide commercial and technical assistance network and more than 1,100 employees allow the Group to combine multicultural skills with experience to form a company that is truly global.

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.

S.G.G. Holding S.p.A. is a relative majority shareholder¹ and does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2021 Report on corporate governance and ownership).

Group structure

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

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

¹ As at December 31, 2021, 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 both taking account of the shares with increased voting rights accrued by 5,018,486 ordinary shares held by S.G.G. Holdings S.p.A., and by also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

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

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

Metallurgy Division

Security & Defence

The SAES Group provides innovative technological solutions for electronic devices used in the defence and, more generally, security sector, such as thermal sensors for night vision, inertial navigation systems, microwave tubes and radiofrequency amplification systems. The portfolio of products includes, among others, getters of different types and shapes, as well as alkaline metal dispensers.

Electronic Devices

The SAES Group provides advanced solutions for electronic devices used in solutions for consumer electronics, photonics, infrared sensors, inertia sensors and pressure sensors. In addition, SAES components are used in more traditional applications, such as signal amplifier and photomultiplier tubes for research. The product portfolio includes getters of different types, including thin film getters for MEMS applications and other more traditional getters, including getters for thermo-scanners, as well as for alkaline metal dispensers.

Healthcare Diagnostics

The SAES Group offers the market a portfolio of getters in various types and shapes, used in electronic devices for medical imaging diagnostic applications, such as X-ray tubes and image intensifiers.

Thermal Insulated Devices

The SAES solutions for vacuum thermal insulation include NEG (non-evaporable getters) products for cryogenic applications, for solar collectors, both for home applications and those operating at high temperatures, for vacuum insulating panels used in the white goods industry and for thermoses.

Lamps

The SAES Group is the world leader in the supply of getters and metal dispensers for lamps. Its products work by preserving the vacuum and the purity of lamp refill gases, thereby maintaining optimum lamp

operation conditions over time for the same. For some years SAES has also been involved in the development of mercury dispensers with a low environmental impact, in line with the stricter international legislation in force in this field.

Sintered Components for Electronic Devices & Lasers

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

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

SMA Industrial

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

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

Vacuum Technology Division

Solutions for Vacuum Systems

The skills acquired in vacuum technology are the basis for the development of pumps based on non-evaporable getter materials (NEG), with both industrial and scientific applications (for example in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators).

The NEXTor[®] family of high-vacuum pumps, which has been well received in the application markets mentioned above, integrates both getter and ion technology in a single, extremely compact and high-performing device. More recently, this line was joined by the CapaciTor[®] HV line, high-vacuum pumps using an innovative alloy with greater gaseous absorption capacity; this has contributed to a further strengthening of the Group's position in its reference markets. The Division, operating also through the joint venture SAES RIAL Vacuum S.r.l., is also active as a supplier of coating getters for accelerator chambers and vacuum engineering services, for both industrial and research customers.

The recent acquisition, in July 2021, of Strumenti Scientifici Cinel S.r.l., a leading company in the supply of scientific instrumentation for accelerators and research, allows to strengthen the position of SAES in the research market, expanding the technological and product offer from vacuum chambers to synchrotron beamlines and integrated pump solutions. Finally, in this last application area, please note the recent award of a contract for the supply of a large NEG pump to the RFX Consortium, an important Italian contribution linked to the ITER project. The pump, conceived, engineered and built entirely by SAES, will be supplied together with the power supply and control system and will guarantee a vacuum in the RFX ion source.

Medical Division

Nitinol for Medical Devices

In addition to the industrial sector, Nitinol is mainly used in a wide range of medical devices, in the cardiovascular field in particular. Its super-elastic properties are ideal for manufacturing devices used in the growing field of non-invasive surgery, such as self-expanding devices (aortic and peripheral stents or heart

valves) and catheters to navigate within the cardiovascular system. SAES's production process is vertically integrated (from the melting of Nitinol alloy to the manufacture of components) and allows full flexibility in the supply of products, together with total quality control. In particular, through its USA subsidiary Memry Corporation, SAES offers a full range of sophisticated Nitinol-based solutions to the end manufacturers of the medical device.

Specialty Chemicals Division

Functional Dispensable Products

The technology platform that integrates getter materials into polymer matrices, which was initially developed by SAES Group to meet the protection needs of rigid OLED (Organic Light Emitting Diodes) displays, has been enhanced with new materials for flexible OLED applications that represent a new development trend in the display field. In this way, SAES is strengthening its position in the dispensing getters business for passive-matrix OLED (particularly in China and Taiwan) and is also targeting the active-matrix OLED market, particularly with new dispensers for ink-jet applications.

In addition to OLED applications, SAES polymeric composites are also increasingly used in other sectors, in particular optoelectronics, photonics and especially telephony. Also in connection with the significant growth of SAES advanced composites for consumer electronics, all the applications that use this technological platform are part of the Specialty Chemicals Division.

Advanced Packaging Division

Advanced Coatings

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

Significant events in 2021

Financial year 2021 shows the **overcoming of the Covid-19 crisis**. Growth was mainly driven by the Medical Division, as well as the Vacuum Technology Division (in particular, vacuum systems for particle accelerators) and the Specialty Chemicals Division (especially, advanced materials for consumer electronics applications). Specifically, after a first quarter that had already shown some signs of recovery, although still penalized by the effects of the pandemic, returned to pre-Covid-19 levels from the second quarter onwards, and this recovery gradually strengthened in the following months. Finally, within the Vacuum Technology Division, the contribution of the recent acquisition of Strumenti Scientifici Cinel S.r.l., completed in July 2021, should be noted.

Consolidated net revenues in financial year 2021 amounted to 190.2 million of euro, up 12.7% compared to 168.7 million of euro in 2020, despite the penalizing **effect of exchange rates** (-2.9%) and the persistence of international tensions between the US and China.

The Group's results returned to pre-Covid levels, despite unfavourable exchange rates and the presence of some non-recurring costs², and all **operational indicators** recorded a strong improvement compared to 2020. In particular, the **gross industrial margin**³ went from 41.6% to 42.8%, the **consolidated percentage EBITDA**⁴ grew from 16.1% to 18.9% and the **operating margin** increased from 9.6% to 11.9%.

Consolidated net profit, equal to 13.1 million of euro, almost tripled compared to the previous year, thanks to the overcoming of the negative impact of the pandemic crisis from both an operational and financial point of view.

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

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

The main events that occurred in 2021 are set out below.

Regarding the completed investment in the **EUREKA! venture capital fund** (covered for greater clarity in a separate paragraph), on February 25, 2021, **a further payment of 37 thousand of euro** was made, including both the portion of commissions and management fees, and the portion of an investment made from the fund in the start-up INTA S.r.l.⁵

On May 17, 2021, **a further payment of 65 thousand of euro** was made, again including both management costs and the portion of an investment in the innovative start-up Endostart.⁶

Furthermore, it must be noted that on May 31, 2021, the third closing by EUREKA! fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million of euro. SAES' investment was, therefore, diluted from 7.51% to 5.85% and the Parent Company obtained a **reimbursement** for both the costs and the investments of the Fund, in the amount of **approximately 50 thousand of euro**.

A payment of 50 thousand of euro was made on July 27, 2021 including both the share of commissions and management fees, and the portion of an investment made by the fund in Aquaseek S.r.l.⁷

²In particular, write-down from impairment tests on the Advanced Packaging Division, equal to 1.5 million of euro, and cancellation of the receivable relating to the advance for a shareholding investment which was then suspended in the packaging sector, equal to 1.1 million of euro.

³ Calculated as the ratio between the gross profit and the net consolidated revenues.

⁴ EBITDA is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interest, taxes, depreciation and amortization".

⁵ INTA S.r.l. is an innovative start-up, a spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council (NRC), which has developed a point-of-care diagnostic system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas;

⁶ Endostart is a start-up, founded in Florence in 2018, which has developed the Endorail system, a medical device aimed at facilitating the completion of colonoscopies in cases where they are difficult or impossible to complete, based on a proprietary technology co-developed with the ICCOM institute of the CNR and the Interuniversity Consortium INSTM.

⁷ Recently established spin-off company of the Turin Polytechnic, which intends to develop and market an innovative system (AWG, Atmospheric Water Generator) for the collection and conversion of environmental humidity, in order to make it available in liquid and drinkable form, useful in contexts of water scarcity or usable in parallel with other resources.

On September 16, 2021, **a further payment of 70 thousand of euro** was made following a new investment by the fund in two innovative start-up companies⁸, Caracol S.r.l. and Eye4NIR S.r.l.

On October 29, 2021 the EUREKA! fund completed the fourth Closing, with a total capital injection by new investors of approximately 6.1 million of euro. SAES' investment was, therefore, diluted from 5.85 to 5.23% and the Parent Company obtained a **reimbursement** for both the costs and the investments of the fund, amounting to approximately **27 thousand of euro**.

On December 10, 2021, the EUREKA! fund then completed the fifth closing, with a contribution to the investment of approximately 5.1 million of euro. Following this transaction, SAES's investment was diluted from 5.23% to 4.81% and the Parent Company obtained a **reimbursement of 26 thousand of euro**.

Finally, on December 17, 2021, **a further payment of 83 thousand of euro** was made, including both the portion of management fees and commissions, and the second tranche of the investment in Wise S.r.l., as well as the investment in three proof-of-concept (POC) transactions that will be carried out through the new company EUREKA! TT S.r.l., 100% owned by the EUREKA! fund and established with the aim of financing University and Research Centres projects.

In order to protect the 2021 profit margins from the exchange rate fluctuation, on March 9, 2021, **forward contracts were taken out on the US dollar** for a notional value of 6.7 million of dollars, with an average forward exchange rate of 1.1957 to the euro, stretched throughout 2021.

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

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

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

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

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

The loan agreement envisages that the resources provided by SAES are used by Rapitag for the prototyping activity carried out through the joint venture **Actuator Solutions GmbH** as **exclusive contractor**. Also according to the agreement, Rapitag will only use **SMA shape memory alloy wires supplied by SAES**.

The loan was granted by the Company 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.

⁸ Caracol S.r.l. operates in the field of additive manufacturing robotic technologies; Eye4NIR S.r.l. works for the development of an innovative class of image sensors, with the aim of simultaneously detecting visible and infrared wavelengths.

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.

On July 7, 2021, SAES Getters S.p.A. finalised the closing for **the acquisition of 100% of the capital stock of Strumenti Scientifici Cinel S.r.l. (CINEL)**, an established international player in the sector of components and scientific instruments for particles synchrotrons and accelerators, based in the province of Padua. The price, equal to 19 million of euro, was defined 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) estimated 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. The differences between these estimated values of NFP and NWC and the actual values at closing, equal to a total of 0.3 million of euro, constituted an element of price adjustment in favour of the sellers.

The spaces used to date by CINEL, already sold to another company, were leased through the signing of a specific six-year contract. Furthermore, agreements were subscribed with the previous owners to allow them to continue to work with SAES as consultants, in order to guarantee business continuity in the transition phase.

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

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

At the end of July 2021, **one shareholder waived the increased voting right** on n. 796 ordinary shares of SAES Getters S.p.A. but, given the non-materiality of the transaction, this waiver did not change the voting rights of the relative majority shareholder S.G.G. Holding S.p.A., which remained unchanged compared to June 30, 2021 (and equal to 45.01 % of total voting rights).

On August 18, 2021, an agreement was finalized by SAES Getters International Luxembourg S.A. **to disburse to the joint venture Flexterra, Inc. a second convertible loan for a total value of 2 million of dollars**, with the same characteristics as the one granted last year (July 2020). The loan, with a duration of one year and on which an interest of 8% will accrue, will be paid in two tranches: the first, equal to 1 million of dollars, at the signing of the contract and the second, again for the amount of 1 million of dollars, in November 2021. The agreement also establishes the **extension of the maturity date of the 3 million of dollars convertible loan granted in July 2020** and the alignment of the maturity date to that of the new loan. It should be noted that, as a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

At the beginning of September 2021, the relative majority shareholder **S.G.G. Holding S.p.A.** accrued **increased voting rights** in relation to 2,198,713 ordinary shares of SAES Getters S.p.A. As a result of this purchase, S.G.G. Holding S.p.A. holds 34.44% of total ordinary shares and 51.15% of voting rights.

On September 23, 2021 **Venchi S.p.A.**, a historic Italian company based in the province of Cuneo and an international leader in the production of chocolate, present in 70 countries around the world, announced a

technological and research partnership agreement with SAES Coated Films S.p.A. In particular, the latter is finalizing a new active packaging with Venchi, which, in addition to being entirely recyclable, will be able to guarantee the best preservation of the sensory characteristics of the chocolate for the entire duration of its shelf life. This result will be possible thanks to natural antioxidant compositions applied to the surface of the packaging, using innovative water-based SAES Coated Films technologies, able to delay the oxidation of unsaturated fatty acids contained in the product and able to start working only at the time of packaging, without losing effectiveness during storage.

The collaboration with Venchi follows the commercial agreement finalized in June 2020 with **Colussi/Misura** and further underlines the innovative aspects of SAES Coated Films S.p.A.'s solutions for sustainable food packaging.

At the beginning of October 2021 SAES Getters International Luxembourg S.A. 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 dollars (1 dollar for each small shareholder).

On October 5, 2021 SAES Getters S.p.A. was awarded the **tender for the supply to CONSORZIO RFX of Padua of a non-evaporable getter pump for the SPIDER system**, for a total value of 4.5 million of euro. SPIDER is the acronym of "*Source for the Production of Ions of Deuterium Extracted from a Radio frequency plasma*" and is the prototype of the ion source to be used in ITER⁹, the first machine able to demonstrate the feasibility of producing energy by reproduction and exploitation of the processes that take place within the sun and stars.

On October 14, 2021 the Board of Directors approved the **Policy for the management of the Dialogue with all Shareholders and Investors**. The document is available on the Group's website at: www.saesgetters.com/it/investor-relations/governo-societario/policy-e-procedure/politica-la-gestione-dialogo-azionisti.

On October 25, 2021, upon completion of the agreements signed in 2015 and their subsequent redefinitions, SAES Getters S.p.A. announced an **agreement for the acquisition of the entire share capital of SAES RIAL Vacuum S.r.l.** In particular, SAES Getters S.p.A., which already holds 49% of the shares and currently consolidates the company using the equity method, intends to acquire the residual 51% of the share capital of SAES RIAL Vacuum S.r.l. with the aim of consolidating its leadership in the advanced scientific research market, exploiting maximum synergies with the other companies of the Group operating in the high vacuum business, including the newly acquired Strumenti Scientifici Cinel S.r.l.

The proposed consideration, preliminarily approved by the Board of Directors held on October 14, 2021, is around 5.25 million 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 of the consideration, equal to 4,750 thousand of euro, will be paid by SAES at closing; the remaining part, equal to 500 thousand of euro, will instead also be paid at closing, if the seller delivers the bank guarantee of the same amount provided for in the contract, or held as a guarantee and paid in three successive annual instalments of the same amount (worth 166.7 thousand each) starting from the 36th month following the signing of the deed of sale.

The preliminary agreement for the purchase and sale of shares was signed on March 2, 2022 and the **closing** of the acquisition, **subject to satisfying financial and tax due diligence**, is expected within the first half of 2022.

⁹ For more information on SPIDER and ITER, please refer respectively to the websites www.igi.cnr.it/ricerca/negative-ion-neutral-beam-injection/spider/ and www.iter.org/.

In order to protect the Group's profit margins for the 2022 financial year from the exchange rate fluctuation, on November 29, 2021, **forward contracts were taken out on the US dollar** for a notional value of 9 million of dollars, with an average forward exchange rate of 1.1369 to the euro. These contracts extend throughout 2022, hedging approximately 80% of the Parent Company's estimated net cash flows for that year.

At the end of December 2021, **the remaining portions of all existing loans were repaid in advance by the Parent Company** and in particular:

- loan with Unicredit S.p.A., signed in April 2017, with a nominal value of 10 million of euro and maturing on March 31, 2022;
- loan with Intesa Sanpaolo, signed in December 2016, with a nominal value of 10 million of euro and maturing on December 21, 2022;
- loan with Mediobanca, signed in May 2019, with a nominal value of 92.7 million of euro and maturing on April 17, 2024.

No penalty was paid on the first two loans, while for the one signed with Mediobanca a sum of 325 thousand of euro was paid to the lender.

At the same time, the Interest Rate Swap contracts on the first two loan were extinguished.

The loan signed by the Parent Company with Banco BPM at the end of 2016 and with a nominal value of 5 million of euro, on the other hand, came to maturity on December 31, 2021, in accordance with the original repayment plan.

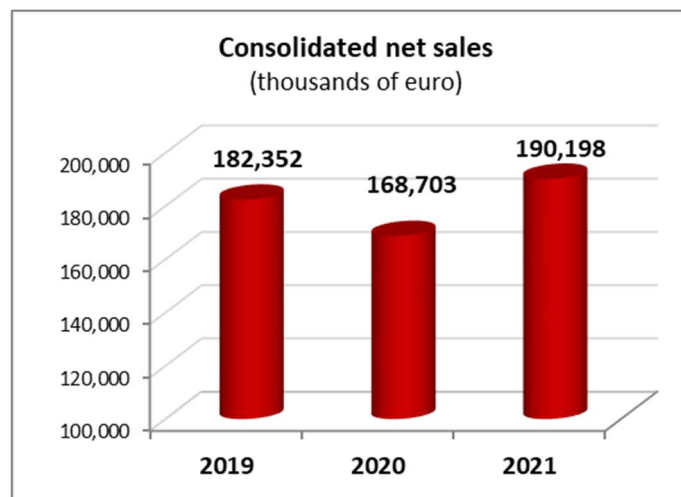
To deal with early repayments, SAES Investments S.A. has almost completely¹⁰ **disposed Branch I of the Cardif Lux Vie Multiramo policy** and, on December 23, 2021, signed a **new Lombard loan with JP Morgan** for an amount equal to 52 million of euro. The loan has a duration of two years, with repayment of the entire principal amount at maturity, and provides for the quarterly payment of interest at a fixed rate of 0.21% per annum. There are no financial covenants and the loan is guaranteed by the "Buy & Hold" bond portfolio managed by JP Morgan and by the new DMAS (Dynamic Multi-Asset) management activated, again with JP Morgan, in the first half of 2021.

During the 2021 financial year, **the investment of SAES Getters International Luxembourg S.A. in Cambridge Mechatronics Limited was diluted from 0.87% to 0.86%**, following:

- the issue of new ordinary preference shares in January 2021, upon completion of the same round of financing for a total of 7.5 million of pounds, in which the SAES Group also participated;
- the issue of new ordinary shares, used as part of the consideration for the purchase of a business unit from a sub-supplier;
- the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

Sales and economic results of 2021

¹⁰ For the remainder of Branch I of the Cardif Lux Vie Multiramo policy, its disposal is expected at the beginning of 2022 (25 thousand of euro of nominal value, in addition to the interest accrued for 2021 equal to 478 thousand of euro, for a total of 503 thousand of euro collected on January 25, 2022).

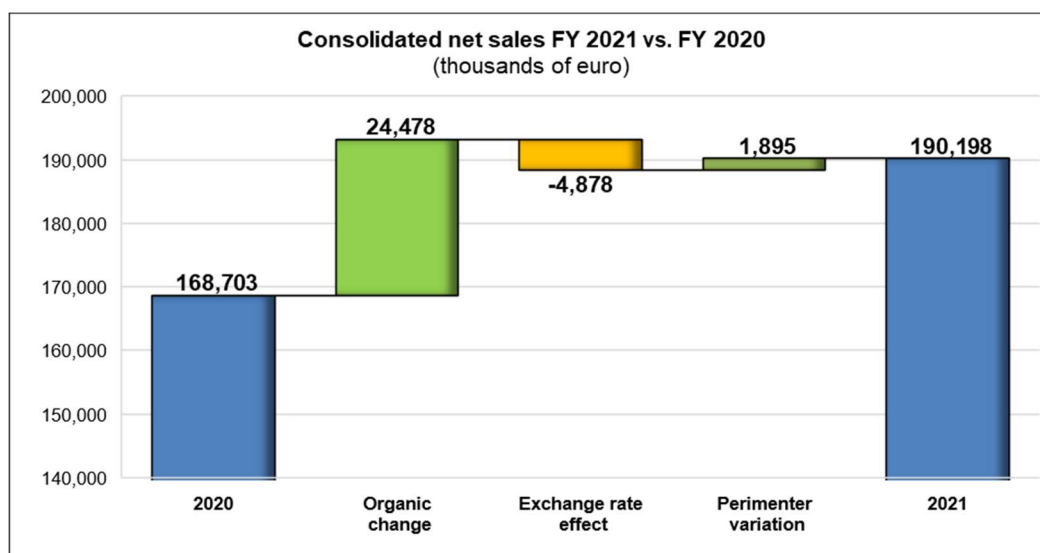


Consolidated net sales in 2021 amounted to 190,198 thousand of euro, up 12.7% compared to 168,703 thousand of euro in 2020, despite the penalizing **effect of exchange rates**, equal to -2.9% (-4,878 thousand of euro), mainly related to the devaluation of the US dollar against the euro, concentrated in the first part of the year.

Net sales for the year have overall exceeded pre-Covid levels and show **organic double-digit growth**, equal to 14.5% (24,478 thousand of euro), mainly driven by the strong recovery in the medical device sector in Nitinol (Medical Division) and, to a lesser extent in absolute value, by that of vacuum systems (Vacuum Technology Division) and by the advanced materials business for the consumer electronics segment (Specialty Chemicals Division).

Lastly, the contribution of the recent acquisition of Strumenti Scientifici Cinel S.r.l., completed in July 2021, which generated an increase in sales equal to 1.1% (+1,895 thousand of euro was the **change in the scope of consolidation**, concentrated in the Vacuum Technology Division).

The following chart shows the **change of consolidated net revenues** in 2021, highlighting the **effect of exchange rates**, the growth due to the **change in the scope of consolidation** and the differences attributable to the changes in selling prices and sales volumes (**organic growth**).



Including also the portion of the revenues of the joint ventures¹¹, the **total turnover** in 2021 was equal to 199,062 thousand of euro, up 12% compared to 177,662 thousand of euro in 2020, following the higher consolidated turnover; the increase in revenues of the SAES RIAL Vacuum S.r.l. joint venture (+23.5%) was offset by the lower revenues of the joint venture Actuator Solutions GmbH (-12.8%), only figurative, since the figure relating to the year 2021 derives from a different business model compared to the previous year (without considering the outsourcing of production, sales would have been substantially in line with those of 2020; for further comments, see the following paragraph "Performance of joint venture companies in 2021").

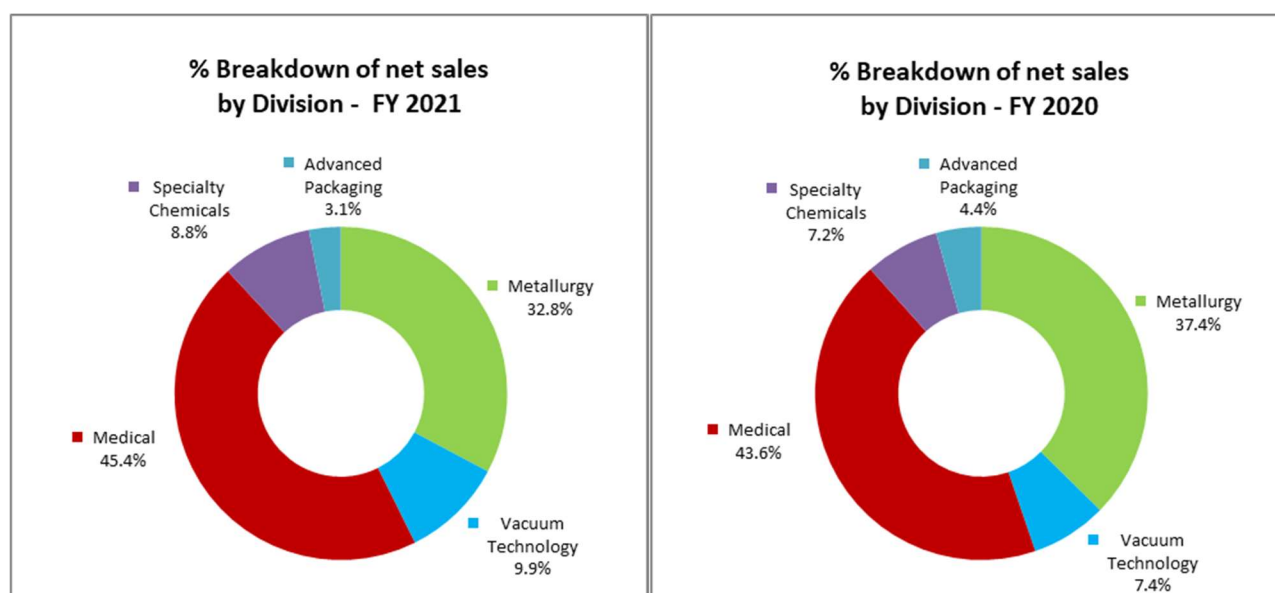
(thousands of euro)

	2021	2020	Total difference	Total difference %
Consolidated net sales	190,198	168,703	21,495	12.7%
50% joint venture Actuator Solutions' net sales	6,183	7,092	(909)	-12.8%
49% joint venture SAES RIAL Vacuum S.r.l.'s net sales	3,411	2,762	649	23.5%
Joint venture Flexterra's net sales (*)	3	25	(22)	-88.0%
Intercompany eliminations	(688)	(956)	268	-28.0%
Other adjustments	(45)	36	(81)	-225.0%
Total revenues of the Group	199,062	177,662	21,400	12.0%

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

The following graph shows the **percentage weight** of the **revenues of each Division** both for the current year (2021) and for the previous year (2020).

The percentage impact of consolidated net revenues by Division shows some differences compared to 2020, due in part to the increase in revenues (Vacuum Technology Division, Medical Division and Specialty Chemicals Division), in part due to the penalizing effect of exchange rates (Metallurgy Division). Lastly, in the Advanced Packaging Division, whose revenues are exclusively denominated in euro, the different incidence is due to the different offer mix, with the phase-out of metallised products completed in the second half of 2020.



The following table provides a **breakdown of net consolidated revenues by business segment** in 2021 and 2020, for each business sector, with the relative **percentage change**, at **current** and **comparable exchange rates** and with evidence of the **effect deriving from the change in the consolidation scope**.

¹¹ Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73% in the first nine months of the year, increased to 46.84% in the fourth quarter of 2021).

(thousands of euro)

Divisions & Businesses	2021	2020	Total difference	Total difference %	Exchange rate effect %	Organic change %	Perimeter variation %
Security & Defense	18,168	17,299	869	5.0%	-2.5%	7.5%	0.0%
Electronic Devices	13,162	16,980	(3,818)	-22.5%	-1.5%	-21.0%	0.0%
Healthcare Diagnostics	5,208	4,456	752	16.9%	-1.9%	18.8%	0.0%
Lamps	2,998	3,248	(250)	-7.7%	-1.4%	-6.3%	0.0%
Thermal Insulated Devices	3,494	3,001	493	16.4%	-4.5%	20.9%	0.0%
Sintered Components for Electronic Devices & Lasers	8,564	7,152	1,412	19.7%	-4.2%	23.9%	0.0%
SMA Industrial	10,710	10,894	(184)	-1.7%	-1.4%	-0.3%	0.0%
Metallurgy Division	62,304	63,030	(726)	-1.2%	-2.2%	1.0%	0.0%
Solutions for Vacuum Systems	18,839	12,479	6,360	51.0%	-2.9%	38.7%	15.2%
Vacuum Technology Division	18,839	12,479	6,360	51.0%	-2.9%	38.7%	15.2%
Nitinol for Medical Devices	86,422	73,579	12,843	17.5%	-4.1%	21.6%	0.0%
Medical Division	86,422	73,579	12,843	17.5%	-4.1%	21.6%	0.0%
Functional Dispensable Products	16,760	12,180	4,580	37.6%	-0.5%	38.1%	0.0%
Specialty Chemicals Division	16,760	12,180	4,580	37.6%	-0.5%	38.1%	0.0%
Advanced Coatings	5,873	7,435	(1,562)	-21.0%	0.0%	-21.0%	0.0%
Advanced Packaging Division	5,873	7,435	(1,562)	-21.0%	0.0%	-21.0%	0.0%
Consolidated net sales	190,198	168,703	21,495	12.7%	-2.9%	14.5%	1.1%

The consolidated revenues of the **Metallurgy Division** amounted to 62,304 thousand of euro, down by 1.2% compared to 63,030 thousand of euro in the previous year, exclusively due to the currency trend (-2.2%), net of which sales show an organic growth of 1%.

The latter was mainly driven by the Business Sintered Components for Electronic Devices & Lasers (+23.9%), Security & Defence (+7.5%) and Healthcare Diagnostics (+18.8%), which more than offset the decline in the Electronic Devices Business (-21%), penalized above all by the slowdown in sales in the market of thermal sensors, highly in the demand in the previous year during the first phase of the pandemic crisis.

Consolidated revenues of the Security & Defence Business were equal to 18,168 thousand of euro in 2021, up by 5% with respect to 17,299 thousand of euro in 2020. Excluding the penalizing effect of exchange rates (-2.5%), organic growth was equal to 7.5%, thanks to the good sales performance of both getter components for night vision applications and hydrogen absorbers for telecom applications (avionics and satellite).

Consolidated revenues of the Electronic Devices Business were equal to 13,162 thousand of euro in 2021, down (-22.5%) compared to 16,980 thousand of euro in 2020. Net of the negative exchange rate effect (-1.5%), the price/quantity effect was equal to -21%, due to the slowdown in demand for thermal sensors after the peak recorded last year due to the first phase of the Covid-19 pandemic.

Consolidated revenues of the Healthcare Diagnostics Business were equal to 5,208 thousand of euro in 2021, in line with respect to 4,456 thousand of euro in 2020. Excluding the penalizing effect of exchange rates (-1.9%), sales grew organically by 18.8% thanks to the increase in sales of porous getters for X-ray tubes, linked to the persistence of the Covid-19 crisis.

Consolidated revenues of the Lamps Business were equal to 2,998 thousand of euro, down by -7.7% compared to 3,248 thousand of euro in 2020. Without the negative impact of exchange rates (-1.4%), the lamps business showed an organic decrease of -6.3%, to be considered structural, due to the continuous decline in the linear fluorescent lamps business. On the other hand, the demand for getters for high intensity discharge lamps and specialty lamps was stable.

Consolidated revenues of the Thermal Insulated Device Business were equal to 3,494 thousand of euro in 2021, compared to 3,001 thousand of euro in 2020 (+16.4%). The exchange rate effect was negative for -4.5%, while organic growth was +20.9%, driven by sales of getters for CSP (solar) pipes and for vacuum insulating panels used in containers for the transport of vaccines. On the other hand, the demand for getters for vacuum bottles was almost stable.

Consolidated revenues of the Sintered Components for Electronic Devices & Lasers Business were equal to 8,564 thousand of euro in 2021, strongly up (+19.7%) compared to 7,152 thousand of euro in 2020. Net of the penalizing effect of exchange rates (-4.2%), the organic increase was equal to +23.9%, thanks to the increase in sales of both heat sinks for solid state lasers and heat emitters electrons, especially for medical applications.

Consolidated revenues of the SMA Industrial Business amounted to 10,710 thousand of euro in financial year 2021, down by 1.7% compared to 10,894 thousand of euro in financial year 2020, exclusively due to the negative exchange rate effect (-1.4%): the growth in the luxury goods sector and in that of medical dispensers was offset by the contraction in sales in consumer electronics applications in the telecom sector, penalized by the US-China international tensions.

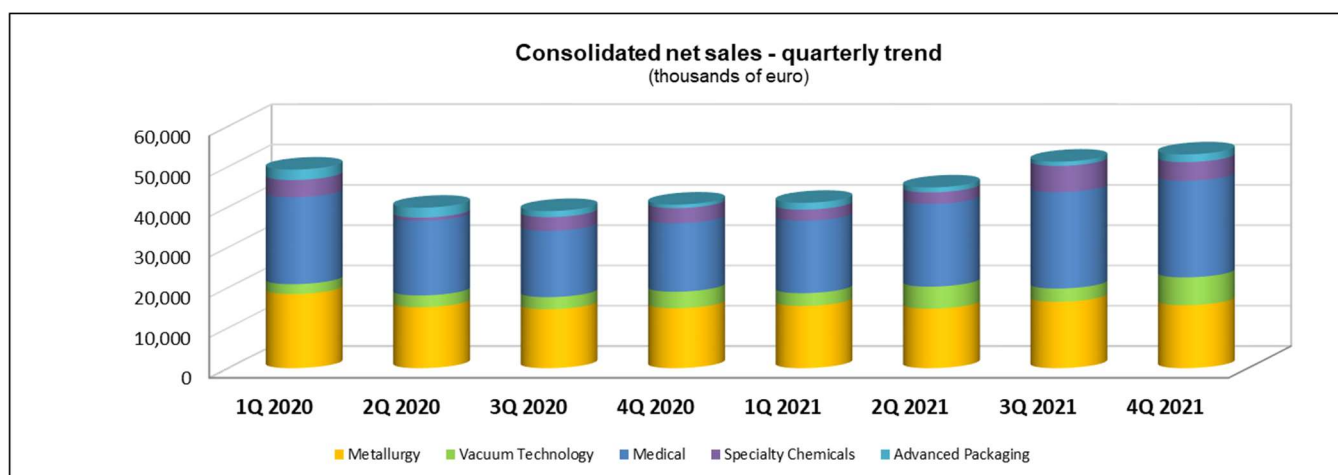
The consolidated revenues of the **Vacuum Technology Division** amounted to 18,839 thousand of euro, a very strong increase (+51%) compared to 12,479 thousand of euro in the previous year, also favoured by the consolidation of the revenues of Strumenti Scientifici Cinel S.r.l. in the second half of the year (effect of the change in the consolidation area equal to +1,895 thousand of euro). Excluding the latter (+15.2%) and the negative exchange rate effect (-2.9%), organic growth was still very high (+38.7%), attributable to higher sales of vacuum pumps in all sectors, in particular in that of particle accelerators, thanks above all to an important project in Japan, and to the competitiveness of the innovative products developed by SAES in recent years.

Consolidated revenues of the **Medical Division** were equal to 86,422 thousand of euro, up strongly by 17.5% compared to 73,579 thousand of euro in the previous year. The exchange rate effect was negative at -4.1%, net of which organic growth was +21.6%, confirming the market's recovery from the second quarter of 2021, after the slowdown in 2020 due to the impact of Covid on elective surgery.

Consolidated revenues of the **Speciality Chemicals Division** were equal to 16,760 thousand of euro, strongly up with respect to 12,180 thousand of euro in the previous year. Excluding the slightly negative exchange rate effect (-0.5%), organic growth was +38.1%, driven by the increase in sales of advanced materials in the consumer electronics business and higher sales of dispensable dryers for passive-matrix OLED displays and oximeter displays, as well as sales of active sealants for other electronic applications.

The consolidated revenues of the **Advanced Packaging Division** in 2021 amounted to 5,873 thousand of euro, down 21% compared to 7,435 thousand of euro in 2020. Sales are denominated in Euro. The decrease is exclusively attributable to the phase-out of metallized products, completed in the second half of 2020; considering only lacquered products, sales are growing, in particular thanks to the excellent performance of recent months, which have seen a significant increase in orders, both as a result of the expansion of the customer portfolio and due to the unavailability of some plastic raw materials (polymers), which has favoured a greater penetration of SAES products which constitute an alternative.

The **quarterly performance of the consolidated net revenues consolidated** in financial year 2021 and in the previous one, with details by Division and type of business, is provided in the following chart and in the table below.



(thousands of euro)

Divisions & Businesses	4 th quarter 2021	3 rd quarter 2021	2 nd quarter 2021	1 st quarter 2021	4 th quarter 2020	3 rd quarter 2020	2 nd quarter 2020	1 st quarter 2020
Security & Defense	4,121	5,022	4,735	4,290	4,418	3,357	4,916	4,608
Electronic Devices	3,575	3,367	2,799	3,421	4,056	5,222	3,534	4,168
Healthcare Diagnostics	1,461	1,244	1,284	1,219	830	874	1,087	1,665
Lamps	678	746	745	829	719	583	893	1,053
Thermal Insulated Devices	1,026	876	661	931	777	550	712	962
Sintered Components for Electronic Devices & Lasers	2,323	2,229	2,112	1,900	1,631	1,788	1,660	2,073
SMA Industrial	2,447	2,986	2,431	2,846	2,438	2,248	2,333	3,875
Metallurgy Division	15,631	16,470	14,767	15,436	14,869	14,622	15,135	18,404
Solutions for Vacuum Systems	6,901	3,293	5,463	3,182	4,108	3,012	2,917	2,442
Vacuum Technology Division	6,901	3,293	5,463	3,182	4,108	3,012	2,917	2,442
Nitinol for Medical Devices	23,978	23,922	20,537	17,985	16,992	16,442	18,566	21,579
Medical Division	23,978	23,922	20,537	17,985	16,992	16,442	18,566	21,579
Functional Dispensable Products	4,639	6,518	2,867	2,736	3,751	3,405	749	4,275
Specialty Chemicals Division	4,639	6,518	2,867	2,736	3,751	3,405	749	4,275
Advanced Coatings	1,909	1,052	1,213	1,699	887	1,516	2,447	2,585
Advanced Packaging Division	1,909	1,052	1,213	1,699	887	1,516	2,447	2,585
Consolidated net sales	53,058	51,255	44,847	41,038	40,607	38,997	39,814	49,285

After a **first 2021 quarter** that had already shown some signs of recovery, although still penalized by the effects of the pandemic, especially in the Medical Division, in the **second quarter** the medical sector's sales returned to pre-Covid-19 levels (thanks to the recovery of elective treatments in the USA) and the Group recorded strong organic growth in consolidated revenues (+9.3%) compared to the first quarter of the year, also favoured by the sale of vacuum pumps for the particles accelerator business (Vacuum Technology Divisions).

The signs of recovery then gradually strengthened in the following months. In particular, in the comparison between the **third** and **second quarters**, the growth was also driven not only by the Medical Division but also by advanced solutions for the consumer electronics market (Specialty Chemicals Division). The Metallurgy Division also grew, especially in the electronic devices business (resumption of sales of getters for thermo-scanners, after the slowdown in the first two quarters caused by excess stocks) and in that of shape memory alloys for industrial applications (automotive and medical dispensers business), while the decline in the Vacuum Technology Division is exclusively due to the peak in revenues achieved in the particle accelerator business in the previous quarter.

In the **last quarter of 2021**, the recovery in sales of the Vacuum Technology Division should be noted, also favoured by the complete consolidation of the revenues of the newly acquired Strumenti Scientifici Cinel S.r.l., as well as the turnaround in the Advanced Packaging Division, due to both the expansion of the customer portfolio and new products in the portfolio, which represent an alternative to the use of some polymers for which there is currently a shortage.

The following table provides the breakdown of **net consolidated revenues** for each business sector, **for the fourth quarter of 2021 and compared with the previous quarter of the same year**, as well as the relative percentage change at current and comparable exchange rates.

(thousands of euro)

Divisions & Businesses	4 th quarter 2021	3 rd quarter 2021	Total difference	Total difference %	Exchange rate effect %	Organic change %
Security & Defense	4,121	5,022	(901)	-17.9%	1.7%	-19.6%
Electronic Devices	3,575	3,367	208	6.2%	2.0%	4.2%
Healthcare Diagnostics	1,461	1,244	217	17.4%	1.7%	15.7%
Lamps	678	746	(68)	-9.1%	1.4%	-10.5%
Thermal Insulated Devices	1,026	876	150	17.1%	1.6%	15.5%
Sintered Components for Electronic Devices & Lasers	2,323	2,229	94	4.2%	3.1%	1.1%
SMA Industrial	2,447	2,986	(539)	-18.1%	0.8%	-18.9%
Metallurgy Division	15,631	16,470	(839)	-5.1%	1.8%	-6.9%
Solutions for Vacuum Systems	6,901	3,293	3,608	109.6%	2.5%	107.1%
Vacuum Technology Division	6,901	3,293	3,608	109.6%	2.5%	107.1%
Nitinol for Medical Devices	23,978	23,922	56	0.2%	3.0%	-2.8%
Medical Division	23,978	23,922	56	0.2%	3.0%	-2.8%
Functional Dispensable Products	4,639	6,518	(1,879)	-28.8%	0.1%	-28.9%
Specialty Chemicals Division	4,639	6,518	(1,879)	-28.8%	0.1%	-28.9%
Advanced Coatings	1,909	1,052	857	81.5%	0.0%	81.5%
Advanced Packaging Division	1,909	1,052	857	81.5%	0.0%	81.5%
Consolidated net sales	53,058	51,255	1,803	3.5%	2.1%	1.4%

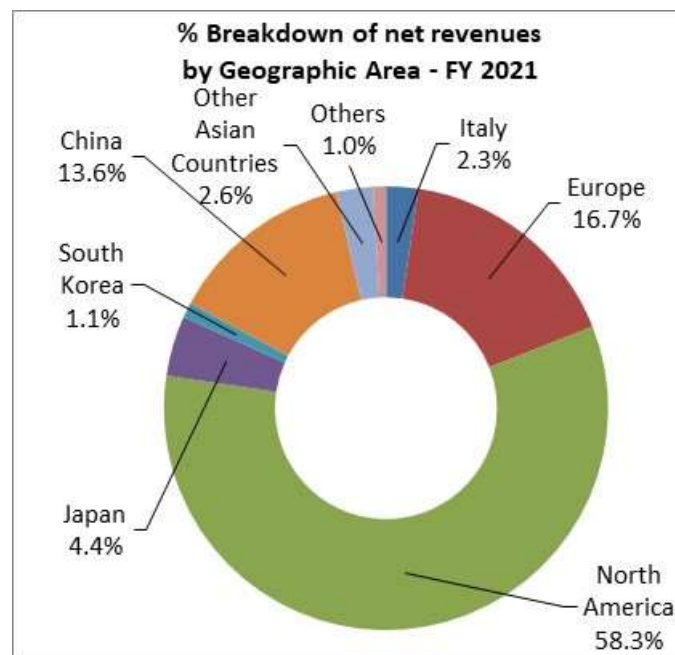
Comparing the consolidated revenues of the fourth quarter of 2021 with those of the previous quarter, the 3.5% growth is attributable to both the positive exchange rate effect (+2.1% due to the revaluation of the dollar in the last part of the year), and to the completed consolidation of the revenues of Strumenti Scientifici Cinel S.r.l., whose acquisition was completed in July 2021. Furthermore, also in the **Vacuum Technology Division**, important projects in the field of particle accelerators materialised in the last quarter, as well as an increase in sales of vacuum pumps to universities. There was also a strong growth (+81.5%) in the **Advanced Packaging Division**, which recorded a significant increase in orders in the last quarter, also due to the new customers in the portfolio and the aforementioned favourable economic conditions, which allowed for greater penetration of the innovative SAES offer.

The **Medical Division** was substantially stable, with fourth quarter revenues in line with the previous quarter. On the other hand, the **Metallurgy Division** recorded an organic contraction (-6.9%), in particular in the security and defence sector (slowdown exclusively due to the dynamics of inventories, after three quarters of progressive growth) and in that of the in memory form alloys for industrial applications (slowdown in sales in the automotive sector due to the chip crunch and lower sales in the telecom sector). The **Specialty Chemicals Division** also fell, after a third quarter characterized by high sales, negatively impacted by the postponement of some deliveries to the following year.

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

(thousands of euro)

Geographic area	2021	%	2020	%	of which:		
					Total difference	Total difference %	Perimeter variation
Italy	4,441	2.3%	3,823	2.3%	618	16.2%	341
Europe	31,710	16.7%	30,243	17.9%	1,467	4.9%	990
North America	110,956	58.3%	92,982	55.1%	17,974	19.3%	564
Japan	8,369	4.4%	6,688	4.0%	1,681	25.1%	0
South Korea	2,085	1.1%	1,815	1.1%	270	14.9%	0
China	25,815	13.6%	27,114	16.1%	(1,299)	-4.8%	0
Other Asian countries	5,019	2.6%	4,696	2.8%	323	6.9%	0
Others	1,803	1.0%	1,342	0.7%	461	34.4%	0
Consolidated net sales	190,198	100.0%	168,703	100.0%	21,495	12.7%	1,895



With regard to the **geographical distribution of consolidated revenues**, 2021 shows an increase in sales in **North America** driven both by the medical sector of Nitinol, recovering after the slowdown due to the pandemic crisis, and by the security and defence sector. Revenues in **Japan** and in **Europe** also grew, thanks to higher sales of vacuum systems for particle accelerators (Vacuum Technology Division). On the other hand, revenues in **China** decreased, penalized by the US-China tensions in the SMA Industrial business and by the saturation of the thermo-scanner market (Electronic Devices business), despite the growth in sales of advanced solutions for the consumer electronics market (Specialty Chemicals Division). Finally, it is worth noting the growth in sales of lacquered products for advanced packaging, both in **Italy** and in the **rest of the world** (in particular, South Africa).

Consolidated gross profit¹² amounted to 81,312 thousand of euro in 2021, compared to 70,113 thousand of euro in 2020. Removing the negative exchange rate effect (equal to -2,278 thousand of euro) and the change related to the scope of consolidation¹³ (equal to +539 thousand of euro), gross profit would have organically increased by 18.5% (+12,938 thousand of euro in absolute value). The **gross margin**¹⁴ is also growing (from 41.6% in 2020, to 42.8% in 2021) and, when separating both the effect of currencies and the change in the perimeter, it would have reached 43%.

All Divisions are growing both in absolute value and as a percentage of revenues. The only exceptions are the Vacuum Technology Division and the Advanced Packaging Division: the first, which, in spite of a sharply growing gross industrial result, sees a reduction in margins due to a different mix of supply contributions and higher costs of raw materials, as well as for the different scope of consolidation¹⁵; the second, with a drop in both gross profit and margins, due to the start-up of the second lacquering line, not yet fully operational.

Please refer to an analysis on the operating sector for further details.

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

¹² Calculated as the difference between the consolidated net revenues and industrial costs directly and indirectly attributable to the products sold.

¹³ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

¹⁴ Calculated as the ratio between the gross profit and the net consolidated revenues.

¹⁵ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

(thousands of euro)

of which:

Divisions	2021	2020	Total difference	Difference %	Perimeter variation
Metallurgy	32,209	31,281	928	3.0%	0
<i>% on the Division net sales</i>	<i>51.7%</i>	<i>49.6%</i>			<i>n.a.</i>
Vacuum Technology	10,077	7,497	2,580	34.4%	539
<i>% on the Division net sales</i>	<i>53.5%</i>	<i>60.1%</i>			<i>28.4%</i>
Medical	34,272	27,947	6,325	22.6%	0
<i>% on the Division net sales</i>	<i>39.7%</i>	<i>38.0%</i>			<i>n.a.</i>
Specialty Chemicals	4,938	3,285	1,653	50.3%	0
<i>% on the Division net sales</i>	<i>29.5%</i>	<i>27.0%</i>			<i>n.a.</i>
Advanced Packaging	152	545	(393)	-72.1%	0
<i>% on the Division net sales</i>	<i>2.6%</i>	<i>7.3%</i>			<i>n.a.</i>
Not Allocated	(336)	(442)	106	-24.0%	0
<i>% on the Division net sales</i>	<i>n.a.</i>	<i>n.a.</i>			<i>n.a.</i>
Gross profit	81,312	70,113	11,199	16.0%	539
<i>% on net sales</i>	<i>42.8%</i>	<i>41.6%</i>			<i>28.4%</i>

The gross industrial profit of the **Metallurgy Division** amounted to 32,209 thousand of euro in the 2021 financial year, up by 3% compared to 31,281 thousand of euro in the 2020 financial year, despite the slight decline in revenues, thanks to a gross margin increasing from 49.6% to 51.7%. All segments have a growing (Healthcare Diagnostics, Lamps, Sintered Components for Electronic Devices & Lasers and SMA Industrial) or stable (Security & Defence) gross margin, with the exception of the Electronic Devices business, penalized by the decline in sales and the consequent lower economies of scale, and of the Thermal Insulated Devices, characterized by a different offer balance.

Gross profit in the **Vacuum Technology Division** amounted to 10,077 thousand of euro in 2021, up strongly (+34.4%) on the 7,497 thousand of euro of the corresponding period of 2020. This increase is exclusively attributable to higher sales, while the drop in gross margins (from 60.1% to 53.5%) is attributable both to the consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l., and to a different supply contributions mix and higher raw material costs.

In the **Medical Division**, gross industrial profit amounted to 34,272 thousand of euro in 2021, showing strong growth (+22.6%) compared to 27,947 thousand of euro in 2020, while the gross industrial margin was equal to 39.7%, also up compared to 38% in the previous year: the overcoming of the pandemic crisis has allowed the progressive improvement of both parameters, with a strong acceleration in the last part of the year, despite the persistence of additional costs due to the start-up of the new tube production line in Bethel.

The **Specialty Chemicals Division** closed the year 2021 with a gross industrial profit of 4,938 thousand of euro (29.5% of consolidated revenues), up to 50.3% compared to 3,285 thousand of euro (27% of consolidated revenues) in the previous year, driven by higher sales of advanced solutions for the consumer electronics market and the consequent economies of scale.

The **Advanced Packaging Division** closed the 2021 financial year with a gross profit of 152 thousand of euro (2.6% of consolidated revenues), compared to 545 thousand of euro in 2020 (7.3% of consolidated revenues): the decrease is mainly due to lower economies of scale (i.e. higher incidence of indirect production costs) and to the initial phase of operation of the second lacquering line, not yet used at full capacity. However, there was a strong improvement in the indicators starting from the last part of the year (gross industrial margin of the fourth quarter equal to 16.1%).

The **unallocated cost of sales**, equal to -336 thousand of euro, mainly refers to costs incurred for a project to renovate and modernise some production units at the Lainate plant.

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



After a **first quarter of 2021** still impacted by the Covid-19 crisis and with indicators substantially aligned with the last two quarters of 2020, **starting from the second quarter of 2021**, both the **gross industrial profit** and the **gross industrial margin** showed a progressive growth, exceeding pre-Covid levels.

Only in the **last quarter** the gross margin was substantially stable compared to the previous quarter, due to a slight contraction especially in the Metallurgy and Specialty Chemicals Divisions.

The **consolidated operating profit** of 2021 was equal to 22,639 thousand of euro (11.9% of consolidated revenues), showing strong growth (+39.1%) compared to 16,274 thousand of euro (9.6% of consolidated revenues) in the previous year. Excluding the penalizing effect of exchange rates (equal to -1,761 thousand of euro) and the change in the scope of consolidation¹⁶ (although not significant and positive for only +1 thousand of euro), the organic change is equal to +8,125 thousand of euro. Also excluding the non-recurring items relating to financial year 2021 (in particular, 1,500 thousand of euro relating to the write-down for impairment test of tangible and intangible assets in the packaging sector, classified under G&A expenses, and 1,100 thousand of euro relating to the cancellation of an advance for a potential minority investment still in the packaging business, subsequently suspended, classified under the item "Other net income (expenses)"), the consolidated operating profit would have been equal to 26,999 thousand of euro, a very strong increase (+65.9%) compared to 2020.

Lastly, note that in the previous year the item "Other net income (expenses)" included donations to research institutions and hospitals in connection with the Covid-19 crisis (691 thousand of euro).

Please refer to an analysis on the operating sector for further details.

The following table shows **consolidated operating income** for 2021 **by Division**, compared with the previous year.

¹⁶ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

(thousands of euro)

of which:

Divisions	2021	2020	Total difference	Difference %	Perimeter variation
Metallurgy	21,816	20,160	1,656	8.2%	0
Vacuum Technology	5,132	3,708	1,424	38.4%	1
Medical	25,643	19,841	5,802	29.2%	0
Specialty Chemicals	2,553	1,562	991	63.4%	0
Advanced Packaging	(6,080)	(2,520)	(3,560)	141.3%	0
Not Allocated	(26,425)	(26,477)	52	-0.2%	0
Operating income (loss)	22,639	16,274	6,365	39.1%	1
<i>% on net sales</i>	<i>11.9%</i>	<i>9.6%</i>			<i>0.1%</i>

The operating profit of the **Metallurgy Division** was equal to 21,816 thousand of euro in 2021, against 20,160 thousand of euro in 2020: the increase of 1,656 thousand of euro is mainly attributable to the growth in gross industrial profit. We also note the reduction in operating expenses, uniformly distributed over all items and attributable partly to the exchange rate effect, partly to lower personnel costs at the Parent Company and to lower commissions to third parties on sales of SMA coated wire.

The operating profit of the **Vacuum Technology Division** amounted to 5,132 thousand of euro (27.2% of consolidated revenues), almost doubled compared to 3,708 thousand of euro (29.7% of consolidated revenues) in the previous year. Also in this case, the strong increase is entirely due to the increase in revenues and the gross industrial result; on the other hand, the increase in operating expenses, equal to 1,142 thousand of euro, is attributable for 545 thousand of euro to the first consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l., while for the remainder to the Parent Company (higher personnel and consulting).

The operating profit of the **Medical Division** amounted to 25,643 thousand of euro (29.7% of consolidated revenues), up by 29.2% compared to 19,841 thousand of euro (27% of consolidated revenues) in 2020. The strong increase, despite the penalizing effect of exchange rates, is exclusively attributable to higher sales, after overcoming of the Covid-19 crisis; on the other hand, operating expenses grew by only 7.7% and this growth can be considered to be organic (in particular, higher personnel costs, bonuses and consultancy, in proportion to higher revenues).

The operating profit of the **Specialty Chemicals Division** amounted to 2,553 thousand of euro (15.2% of consolidated revenues), showing strong growth (+63.4%) compared to 1,562 thousand of euro (12.8% of consolidated revenues) in the previous year, mainly due to the increase in gross industrial profit. Operating expenses increased by 39.4% and this increase is partly attributable to the personnel costs of the newly formed German branch of the Parent Company, with the function of scouting and business development for new applications of SAES polymeric composites. In addition, higher personnel costs and higher consultancy costs were reported for SAES Getters S.p.A., in line with the growth in revenues.

The operating result of the **Advanced Packaging Division** was negative for -6,080 thousand of euro, compared to an operating loss of -2,520 thousand of euro in the previous year. Excluding the non-recurring items relating to financial year 2021 (in particular, 1,500 thousand of euro relating to the impairment test and 1,100 thousand of euro relating to the cancellation of the advance for a potential minority investment which was then suspended), the operating loss of the 2021 would have been equal to -3,480 thousand of euro, down compared to the previous year due to both the contraction in the gross industrial result and the higher research costs of the Parent Company for the development of new functional lacquers for active packaging applications.

The not allocated costs (**Not Allocated**), equal to -26,425 thousand of euro, essentially unchanged from -26,477 thousand of euro in 2020, include both corporate costs, i.e. those expenses that refer to the Group as a whole (corporate costs) and cannot be directly or reasonably allocated to individual business sectors, and the costs related to basic research projects, aimed at diversification into innovative businesses.

It should be noted that the reduction in personnel costs and G&A consultancy costs was more than offset by an increase in the same nature of R&D and selling costs. The variable remuneration of Executive Directors was essentially stable: the greater 2020 provision for maturing three-year monetary incentive plans was balanced in 2021 by a higher annual incentive and a higher provision for phantom shares.¹⁷

Finally, it should be noted that in the current year the item "Other net income (expenses)" includes the income of the Parent Company related to the tax credit on R&D expenses¹⁸ (454 thousand of euro¹⁹); in the previous year, the income related to the R&D tax credit (259 thousand of euro) was added to that for the tax credit on sanitation costs²⁰ (32 thousand of euro), more than offset by the costs for Covid-19 donation (691 thousand of euro).

Consolidated operating expenses amounted to 57,845 thousand of euro (30.4% of consolidated revenues), compared to 53,243 thousand of euro (31.6% of consolidated revenues) in the previous year. Net of the exchange rate effect (-525 thousand of euro) and the change in the scope of consolidation²¹ (+545 thousand of euro), offsetting each other, the organic increase was equal to 4,582 (+8.6%). In particular, the organic increase is distributed almost equally across all spending destinations, although it has a greater impact on **selling expenses** (+17.3%, equal to 1,921 thousand of euro, due to the increase in the average number of Parent Company sales personnel and for the higher variable remuneration for the business recovery, as well as for higher consultancy costs for due diligence and business development, as well as higher marketing expenses).

The organic increase in **research expenses** (+12.8%, equal to 1,330 thousand of euro) is due both to the return of R&D activity to pre-Covid levels, and to the Group's new approach to innovation, through the creation of a dedicated Strategic Innovation Office within the Parent Company, oriented towards open innovation and the world of innovative start-ups. Within it, there is also the creation of the new Design House department, focused on the development of highly innovative products and processes.

Finally, the organic increase in **general and administrative expenses** (+4.2%, equal to 1,331 thousand of euro) is attributable to the write-down for impairment test of property, plant and equipment and intangible assets in the packaging sector (1,500 thousand of euro).

The chart below shows the **trend for consolidated operating expenses** in 2021, highlighting the effect attributable to exchange rates and organic variations, as well as the variation linked to the acquisition of Strumenti Scientifici Cinel S.r.l. and that of savings/costs associated with the Covid-19 emergency.

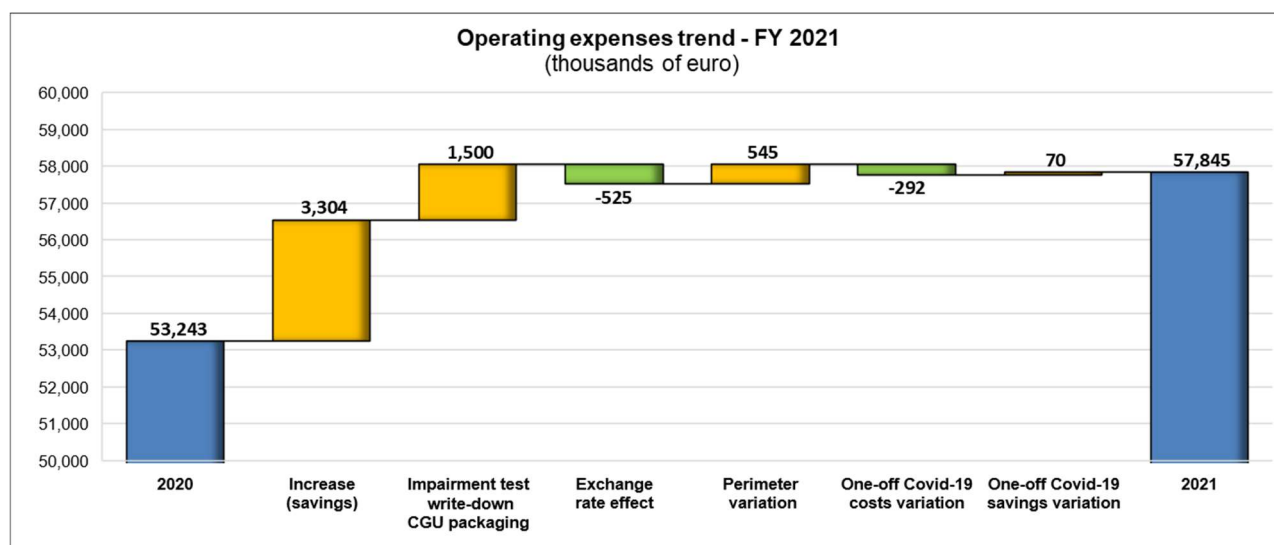
¹⁷ The value of the total liability estimated at the expiry of the plan increased following the increase in the value of the SAES share at the end of the 2021 financial year, compared to the listing at the end of the 2020 financial year.

¹⁸ Law No. 160, December 27, 2019, art. 1, par. 198 to 209 (2020 Budget Law).

¹⁹ In addition to the income of 454 thousand of euro, a charge of 29 thousand of euro was also recognized in the year 2021, as an adjustment to the amount recognized in 2020.

²⁰ Italian Law Decree 34/2020, Article 125.

²¹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.



Overall, the **cost of labour** was 82,158 thousand of euro in 2021, compared to 76,352 thousand of euro in 2020. Excluding the effect of exchange rates (-1,623 thousand of euro) and the change in the scope of consolidation²² (+895 thousand of euro), the increase in personnel costs amounted to 6,534 thousand of euro, mainly attributable to the increase in the average number of employees, especially at Memry Corporation (business recovery after the pandemic phase and finalization of the new tube department in Bethel), at the subsidiary Spectra-Mat, Inc. (higher sales on the USA market) and at the Parent Company (increase in sales personnel and the already mentioned creation, within the R&D area, of the Strategic Innovation Office). Lastly, note the increase in the use of temporary work at Memry Corporation, as well as the higher allocation to bonuses by the US subsidiaries, against the increase in revenues. Severances for the 2021 year amounted to 625 thousand of euro, compared to 125 thousand of euro in the previous year.

The result for the year includes the **depreciation** of property, plant and equipment and the amortisation of intangible assets and the **rights of use of leased assets** amounting to 11,706 thousand of euro, compared to 10,729 thousand of euro in the previous year. Removing both the effect of exchange rates (-197 thousand of euro) and the change in the scope of consolidation²³ (+170 thousand of euro), the increase amounts to 1,004 thousand of euro, and is mainly related to the depreciation of the Memry Corporation's new plants and equipment (both for the expansion of the existing production capacity and for the new tube department of Bethel), as well as the depreciation of the new lacquering machine and the new R&D pilot plant in the Advanced Packaging Division, which came into operation at the end of the first half of 2020 and during the first quarter of 2021, respectively.

The net balance of **other net income (expenses)** was negative for -828 thousand of euro, compared to a still negative value of -596 thousand of euro in 2020.

The change, negative and equal to -232 thousand of euro, is mainly attributable to the cost (-1,100 thousand of euro) related to the cancellation of the advance for a potential minority investment in the packaging business, subsequently suspended due to a change in strategy. In the previous year, on the other hand, costs of -691 thousand of euro were incurred for Covid-19 donations.

The higher charges relating to the 2021 financial year were partially offset by the extraordinary grant granted to SAES Smart Materials, Inc. (+85 thousand of euro) following the conclusion of the insourcing procedure of some processes, with the increase in internal resources, and higher income related to the

²² Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

²³ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

Parent Company's tax credit on R&D expenses²⁴ (+454 thousand of euro²⁵ for the year 2021, compared to +259 thousand of euro for the previous year).

Finally, it should be remembered that the 2020 financial year also included a tax credit for sanitation costs²⁶ equal to 32 thousand of euro (credit not present in the balances for 2021).

Consolidated EBITDA²⁷ was equal to 35,914 thousand of euro in 2021 (18.9% of consolidated revenues), up by 31.9% compared to 27,225 thousand of euro in 2020 (16.1% of consolidated revenues). Net of the negative exchange rate effect (-1,959 thousand of euro), the change in the scope of consolidation²⁸ (+170 thousand of euro) and the non-recurring revenues and costs of both years (in 2021: cancellation of the advance for a potential acquisition not carried out, equal to -1,100 thousand of euro, and net income related to the R&D tax credit of the Parent Company, equal to +425 thousand of euro²⁹; in 2020: costs for Covid-19 donations, equal to -691 thousand of euro, and income, equal to +291 thousand of euro, for the R&D tax credit and other tax credits on sanitation costs), EBITDA 2021 would have been equal to 38,378 thousand of euro (20.2% of consolidated net revenues), with very strong growth compared to 27,625 thousand of euro (16.4% of consolidated net revenues) in 2020. This growth (equal to +38.9%, or 10,753 thousand of euro in absolute value) is mainly concentrated in the Nitinol medical division and, to a lesser extent, in the vacuum systems business.

The table below shows the **reconciliation of EBITDA and operating income** in 2021, together with a comparison with last year.

(thousands of euro)					of which:
	2021	2020	Total difference	Difference %	Perimeter variation
Operating income	22,639	16,274	6,365	39.1%	1
Property, plant and equipment depreciation & intangible assets amortization	(9,411)	(8,569)	(842)	9.8%	(52)
Depreciation on leased assets	(2,295)	(2,160)	(135)	6.3%	(117)
Write-down of fixed assets	(1,500)	(166)	(1,334)	803.6%	0
Bad debt provision (Accrual)/Release	(69)	(56)	(13)	23.2%	0
EBITDA	35,914	27,225	8,689	31.9%	170
<i>% on net sales</i>	<i>18.9%</i>	<i>16.1%</i>			<i>9.0%</i>

The net balance of **financial income (expenses)** was a positive for +2,019 thousand of euro, against a negative balance of -1,243 thousand of euro in 2020.

The positive change (+3,262 thousand of euro) is mainly attributable to the fair value measurement of the securities portfolio, positive in the current year by +2,070 thousand of euro and negative in the previous year by -1,602 thousand of euro, due to the Covid-19 financial crisis which had mainly affected the fair value in the first half of 2020. This positive change was only partially offset by the higher net charges deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset management (DMAS), and by the replacement of an investment in a Credit Link Certificate (CLC) with a different CLC, with the aim of protecting the value of the invested capital (net charges equal to -399 thousand of euro at December 31,

²⁴ Law No. 160 of December 27, 2019, par. 198 to 209 (2020 Budget Law).

²⁵ It should be noted that, in addition to the income of 454 thousand of euro, in the year 2021 a charge of 29 thousand of euro was also recognized, as an adjustment to the amount recognized in 2020.

²⁶ Italian Law Decree 34/2020, Article 125.

²⁷ EBITDA is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is calculated as "Earnings before interest, taxes, write-downs, depreciation and amortisation".

²⁸ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

²⁹ Income pertaining to the 2021 financial year, equal to +454 thousand of euro, net of the charge, equal to 29 thousand of euro, to balance the amount recognized in 2020.

2021, compared to -211 thousand of euro at December 31, 2020), as well as from lower income from coupons (+2,117 thousand of euro in 2021, compared to +2,325 thousand of euro in 2020).

The lower interest income accrued on the loans granted to the joint venture Actuator Solutions GmbH following the reduction in the interest rate applied were offset by the higher interest accrued on the convertible loans³⁰ granted to Flexterra, Inc.

Write-downs of financial receivables and other financial assets amounted to 2,148 thousand of euro in 2021, compared to 2,965 thousand of euro in the previous year.

The 2021 amount mainly includes the write-down (-1,769 thousand of euro) of the second convertible loan (both principal and accrued interest) granted to Flexterra, Inc., as well as that relating to the financial credit related to the interest accrued on the first convertible loan granted. in July 2020 (-215 thousand of euro): despite the progress of the Flexterra project in the current year and the confirmation of the business opportunity, due to the lengthening of the project time horizon and the consequent increased uncertainties about the commercial success of the initiative, it was decided to proceed with the write-down, considering the receivables difficult to recover, on the basis of the information currently available.

Again in 2021, please also note the write-down (-160 thousand of euro) of the financial receivable for the interest accrued during the year on loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH, also deemed to be unlikely to be recovered.

In 2020, the write-down of the first convertible loan granted to Flexterra, Inc. was equal to -2,539 thousand of euro (of which -2,445 thousand of euro for the principal amount and -94 thousand of euro for interest accrued during the second part of the year 2020), while the write-down of the interest accrued on the loan granted to Actuator Solutions GmbH was equal to -481 thousand of euro.

The result deriving from **the equity method valuation of jointly controlled companies** is positive for 200 thousand of euro and refers exclusively to the joint venture SAES RIAL Vacuum S.r.l. In the previous financial year the same item was negative by -1,704 thousand of euro, of which -1,735 thousand of euro³¹ attributable to the joint venture Flexterra, +309 thousand of euro referred to SAES RIAL Vacuum S.r.l. and -278 thousand of euro for the release to the income statement of the translation reserve generated in the past by the consolidation of the Asian subsidiaries of Actuator Solutions GmbH, following their liquidation. For further details, please refer to the paragraph "Performance of the joint ventures in 2021" and to Note no. 9 and Note no. 17.

Similarly to the previous year, please note that, despite the joint venture Actuator Solutions closing 2021 in profit, the SAES share of this net profit was not recorded by the Group, as the equity of the joint venture is still negative, with respect to a SAES equity interest that has already been fully written off. The portion of the net loss realized by the joint venture Flexterra in the current year was also not recognized, as the investment had already been written-off³² at the end of the previous year. Please, also note there are to date no legal or implicit recapitalisation obligations on the part of the SAES with respect to Flexterra, Inc., as the joint venture's shareholders' equity as at December 31, 2021 was positive.

Write-downs of companies evaluated using the equity method, nil in the current year, amounted to -591 thousand of euro as at December 31, 2020 and were a consequence of the impairment test which completely eliminated the value of the equity investment in Flexterra (please refer to Note no. 17 for details).

The algebraic sum of the **exchange rate differences** recorded a negative balance in 2021 of -230 thousand of euro, compared to a still negative balance of -477 thousand of euro in the previous year. Both these balances include the effect of fluctuations of the US dollar against the euro on trade-related transactions,

³⁰ Please note that the first convertible note, equal to 3 million of dollars, was granted in July 2020, while the second, equal to a total of 2 million of dollars, was granted in two equal instalments in August and November 2021 respectively.

³¹ Obtained by adding to the share pertaining to SAES in the 2020 result of the joint venture (-1,811 thousand of euro), the reversal of the amortization on the portion of the capital gain of the IP sold by E.T.C. S.r.l. to Flexterra, Inc. (+76 thousand of euro) eliminated at the consolidated level, in application of IAS 28.

³² Equity investment completely written off zero as at December 31, 2020, following an impairment test.

including intercompany. In 2021, there were also realised losses (amounting to -121 thousand of euro) on the valuation of forward sales contracts on the US dollar, signed at the beginning of the financial year (March 2021) by the Parent Company, to hedge approximately 65% of the net flows in US dollars expected for the period April-December 2021.

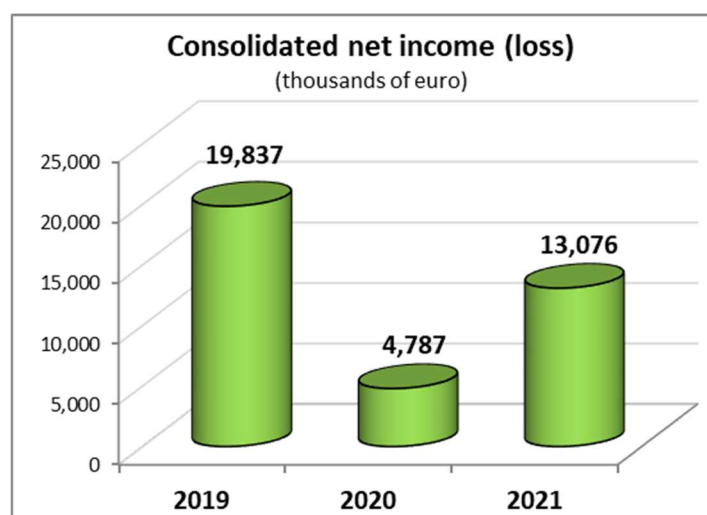
Consolidated income before taxes amounted to 22,480 thousand of euro (11.8% of consolidated revenues), more than double compared to the pre-tax profit of 9,294 thousand of euro in the previous year (5.5% of consolidated revenues). The strong increase is attributable to the overcoming of the negative impact of the pandemic crisis, both from an operational and a financial point of view. Added to this are also the lower write-downs of financial receivables and equity investments in joint ventures, as well as the more favourable equity valuations, after the write off of the equity investment in Flexterra due to impairment tests at December 31, 2020.

Excluding the penalizing effect of exchange rates (-1,741 thousand of euro) and the change in the scope of consolidation for the acquisition of Strumenti Scientifici Cinel S.r.l. (+5 thousand of euro), the organic increase in pre-tax profit would have been equal to 14,922 thousand of euro.

Income taxes in 2021 amounted to 9,404 thousand of euro, compared to 4,507 thousand of euro in 2020. The increase is mainly attributable to higher US taxes due to the business recovery, and to higher income taxes of the subsidiary SAES Investments S.A., at cost in the current year, but at income in the previous year, as the company, in profit in the 2021 financial year, had closed 2020 with a loss before taxes, due to the measurement at fair value of the securities portfolio, penalized by the Covid-19 crisis.

It should be noted that the item "income taxes" for the previous year included income of 389 thousand of euro related to the release of deferred tax liabilities of the Parent Company, following the realignment of the tax value of some assets, in application of Law Decree 104/2020.

The Group **tax rate** amounted to 41.8% (48.5% in the previous year), still significant since the Parent Company, SAES Innovative Packaging S.r.l. and SAES Coated Films S.p.A., similarly to the previous financial period, ended the current financial period with a negative taxable income, not measured as deferred tax assets.



Consolidated income before taxes in 2021 amounted to 13,076 thousand of euro (6.9% of consolidated revenues), almost three times the net profit of 4,787 thousand of euro (2.8% of consolidated revenues) of the previous year. Also in this case, the exchange rate effect was strongly penalizing (-1,507 thousand of euro), while the organic change was positive by 9,781 thousand of euro.³³

³³ It should be noted that the change in the scope of consolidation following the acquisition of Strumenti Scientifici Cinel S.r.l. generated a difference of +14 thousand of euro.

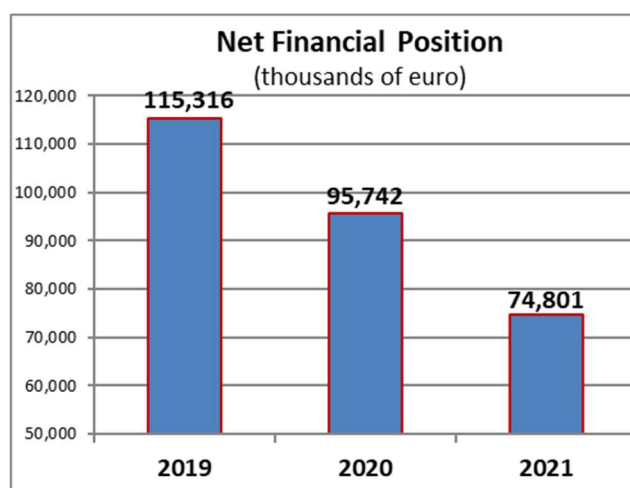
Financial position – Investments – Other information

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

(thousands of euro)

	December 31, 2021	June 30, 2021	December 31, 2020
Cash on hands	9	9	10
Cash equivalents	29,509	24,410	30,668
Cash and cash equivalents	29,518	24,419	30,678
Related parties financial assets, current	1	0	1
Securities - short term	94,655	70,279	70,661
Other financial receivables to third parties, current	9	0	0
Derivative instruments evaluated at fair value	0	0	11
Current financial assets	94,665	70,279	70,673
Short term debt	(63,935)	(44,508)	(33,491)
Current portion of long term debt	(109)	(4,142)	(5,199)
Derivative instruments evaluated at fair value	0	(38)	(32)
Other financial payables to third parties, current	(20)	(16)	(24)
Current financial liabilities for leases	(2,409)	(1,496)	(1,932)
Current financial liabilities	(66,473)	(50,200)	(40,678)
Current net financial position	57,710	44,498	60,673
Related parties financial assets, non current	49	49	49
Securities - long term	1,424	0	0
Other financial receivables to third parties, non current	71,887	135,161	134,087
Non current financial assets	73,360	135,210	134,136
Long term debt	(52,199)	(93,965)	(95,496)
Non current financial liabilities for leases	(4,070)	(3,337)	(3,571)
Non current financial liabilities	(56,269)	(97,302)	(99,067)
Non current net financial position	17,091	37,908	35,069
Net financial position	74,801	82,406	95,742

The **consolidated net financial position** at December 31, 2021 was positive for 74,801 thousand of euro (cash and cash equivalents for +29,518 thousand of euro and securities in portfolio for +166,542 thousand of euro, against net financial liabilities for -121,259 thousand of euro) and compares with net financial position of 95,742 thousand of euro at December 31, 2020 (cash and cash equivalents for +30,678 thousand of euro, securities in portfolio for +204,748 thousand of euro, against net financial liabilities for -139,684 thousand of euro).

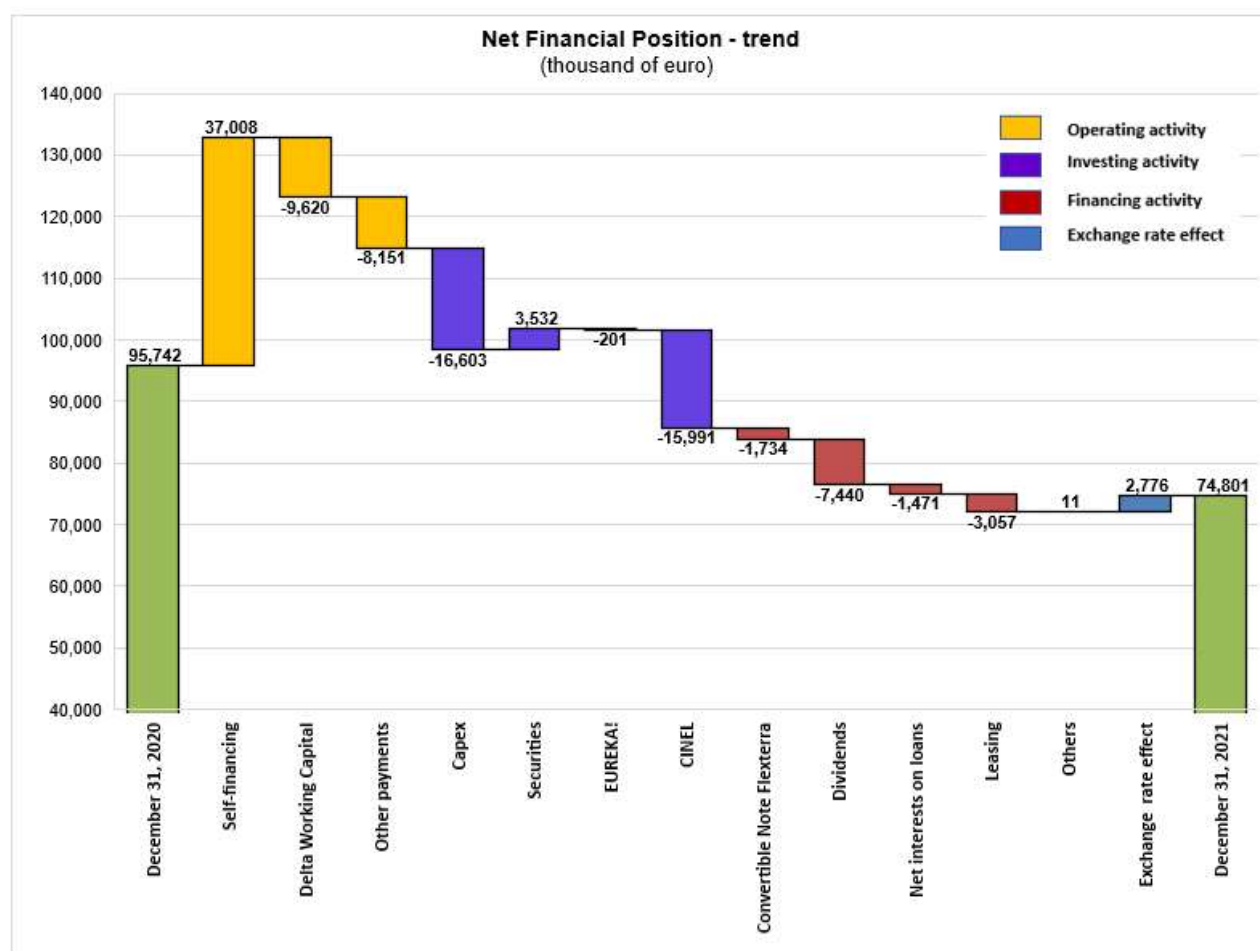


Compared to December 31, 2020, the decrease in the net financial position (-20,941 thousand of euro) was mainly attributable to investments in property, plant and equipment and intangible assets (-16,603 thousand of euro), the acquisition of Strumenti Scientifici Cinel S.r.l. (-15,991 thousand of euro, net of the net assets acquired), as well as to the outlay for dividends pertaining to the 2020 financial year, paid at the end of April 2021 (-7,440 thousand of euro). This outlay was only partially offset by **operating cash flows**, positive for 19,237 thousand of euro, albeit penalized by the increase in net working capital (in particular, the increase in trade receivables and inventories).

Lastly, **investment activity** included positive cash flows of 3,532 thousand of euro related to the securities portfolio³⁴, and negative cash flows of -201 thousand of euro related to investments in the EUREKA! venture capital fund.

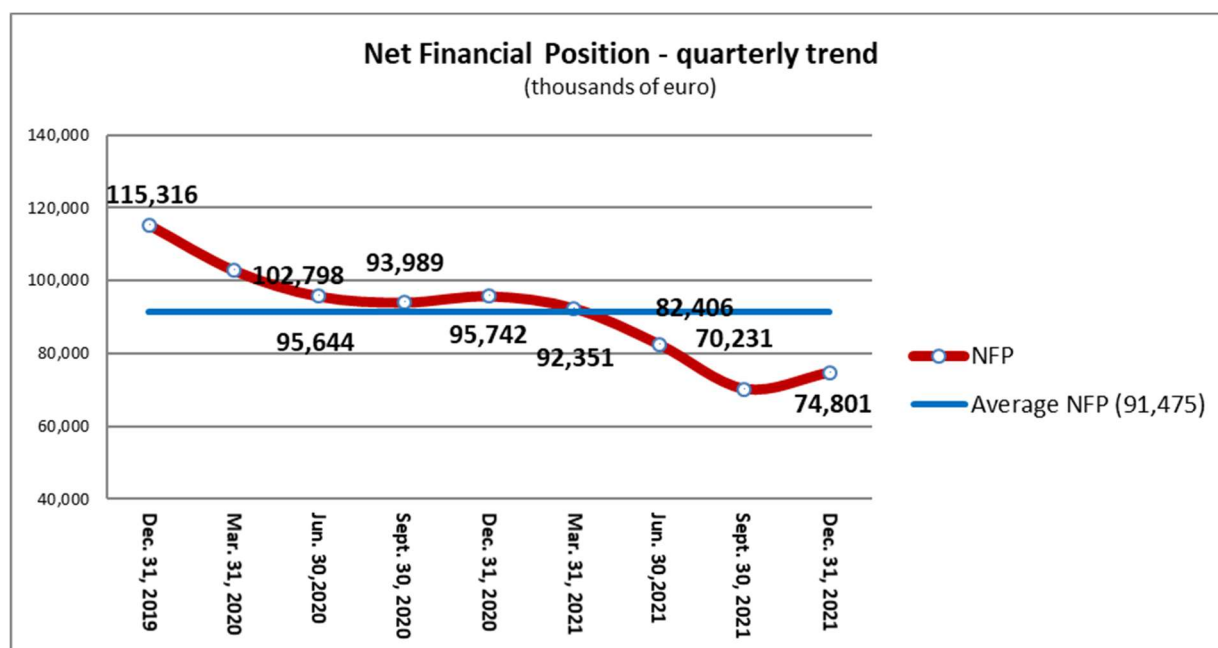
Financial management includes financial liabilities for new lease contracts or for renewed contracts (including interest accrued in the period and the financial effect for the early termination of some contracts) amounting to a total of -3,057 thousand of euro, to which negative flows of -1,471 thousand of euro are added for net interest accrued on loans, as well as the write-down of the capital portion of the second convertible loan granted to Flexterra, Inc. by -1,734 thousand of euro.

The exchange rate impact was positive (+2.8 million of euro), mainly due to the effect of the higher value of both the renminbi and the dollar as at December 31, 2021, compared to the end of 2020, on cash and cash equivalents in this currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the US subsidiaries.



³⁴ Coupons collected for +2,117 thousand of euro and changes in the fair value of securities of +2,070 thousand of euro, net of net capital losses on the sale of bonds and CLCs of -399 thousand of euro and management fees of -256 thousand of euro.

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



The net financial position in the **first quarter of 2021** was penalized above all by the increase in net working capital, which caused a negative closure of operations (-1.7 million of euro); the net capex also absorbed 3.1 million of euro in cash.

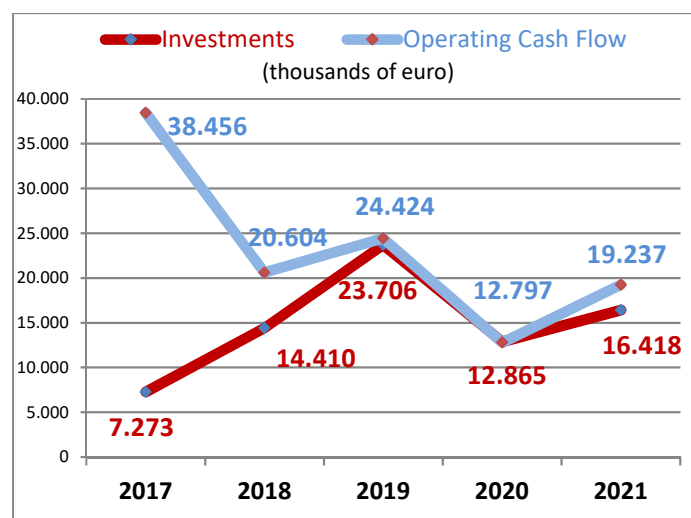
In the **second quarter**, dividends were paid (-7.4 million of euro) and net investments in property, plant and equipment and intangible assets of -5.2 million of euro were made, partially offset by positive flows from operations (+2.2 million of euro) and those related to the securities portfolio (+1.3 million of euro).

In the **third quarter**, despite the positive cash flows from operations (+8.2 million of euro), the worsening is mainly a consequence of the acquisition of Strumenti Scientifici Cinel S.r.l. (-15.9 million of euro³⁵) and of the capex net of the current quarter (-4.1 million of euro).

In the **fourth quarter** there was a turnaround (increase in the net financial position equal to +4.6 million of euro), thanks to the operating *cash flow* (+10.6 million of euro) partially offset by net investments in fixed assets (-4.2 million of euro) and the write-down of the capital portion of the convertible note granted to Flexterra, Inc. in the course of 2021 (-1.7 million of euro).

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

³⁵ Price inclusive of estimated adjustment, then adjusted during the fourth quarter of 2021.



The **cash flow deriving from operating activities** was positive by 19,237 thousand of euro, up compared to positive cash flows amounting to 12,797 thousand of euro in the previous year: the increase in self-funding, in line with that of the consolidated EBITDA, was only partially offset by the greater increase in net working capital and greater outflows for taxes due to higher advances paid by the US affiliates (in particular Memry Corporation) as a consequence of the recovery of business after the pandemic.

With regard to **working capital**, compared to December 31, 2020, the following should be noted:

- 1) the increase in **trade receivables**, as a result of higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the last part of the current year compared to the corresponding period of the previous year;
- 2) the increase in **inventory** in anticipation of higher sales in the following months in the consumer electronics sector (Specialty Chemicals Division) by the Parent Company and in the packaging sector, to cope with both the increase in orders and the shortage of some plastics. In the Nitinol sector, the greater inventories of work in progress and finished products related to both the resumption of post-pandemic sales and the finalization of the new Bethel tube department were offset by the decrease in the inventory of SAES Smart Materials, Inc. which had accumulated at the end of last year due to the swing in orders during the pandemic.

The increase in trade receivables and inventories is partially offset by the increase in **trade payables**, also mainly attributable to higher purchases of raw materials and consequent to the recovery of the market. We also highlight the higher payables related to the expansion of the SAES Smart Materials, Inc. building.

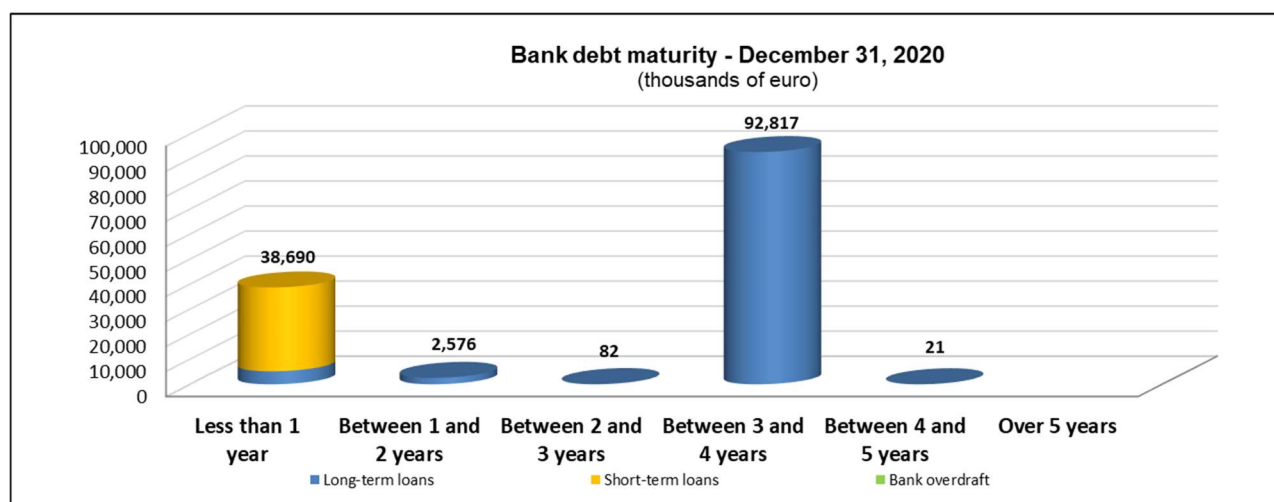
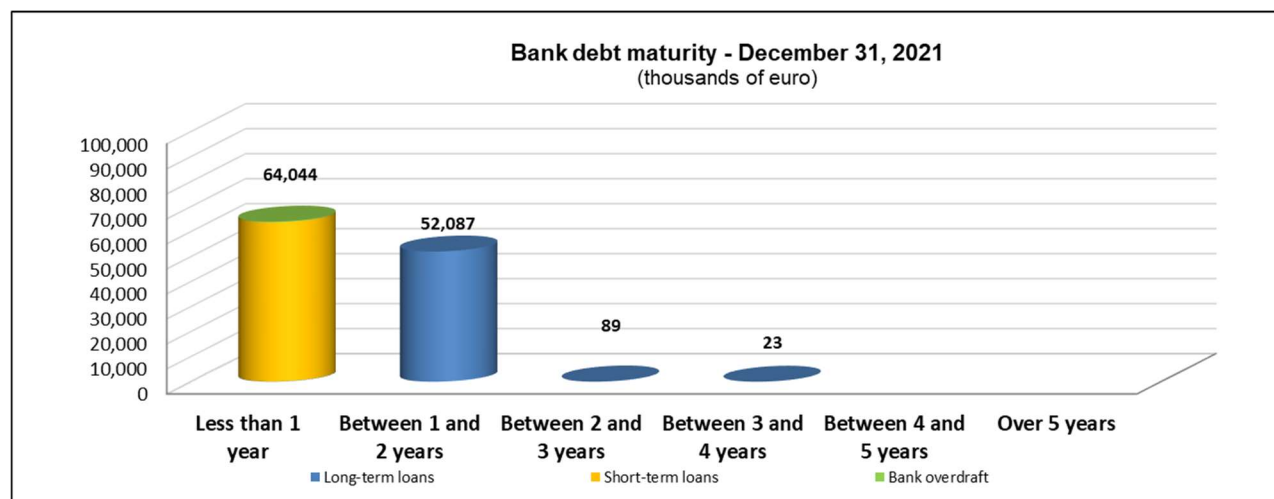
Finally, it should be noted that the **change in the scope of consolidation** following the acquisition of Strumenti Scientifici Cinel S.r.l. resulted in an increase in working capital of 1,980 thousand of euro (trade receivables of 909 thousand of euro; inventory of 1,181 thousand of euro; trade payables of 110 thousand of euro). The **exchange rate effect**, almost exclusively attributable to the revaluation of the US dollar, instead led to an increase in working capital of 2,788 thousand of euro.

In 2021, monetary outlays for **investments in property, plant and equipment** amounted to 16,418 thousand of euro, up compared to 12,865 thousand of euro in 2020; **investments in intangible assets** were not, however, significant (192 thousand of euro compared to 370 thousand of euro as at December 31, 2020). Capex in 2021 includes investments related to the completion of the new Nitinol tube processing plant in Bethel, as well as investments in the expansion of the production capacity of a number of existing lines, again in the SMA medical business. Please also note the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of capex mainly refer to the Parent Company and relates to the preparation of new production departments in the Speciality Chemicals and vacuum systems area, the completion of the new R&D emulsification pilot plant for the development of advanced flexible packaging, as well as the purchase of equipment for the R&D laboratories and the renovation and modernization of the offices in Lainate (both for corporate offices and for the research department).

Please refer to Notes no. 14 and no. 15 for further details on capex.

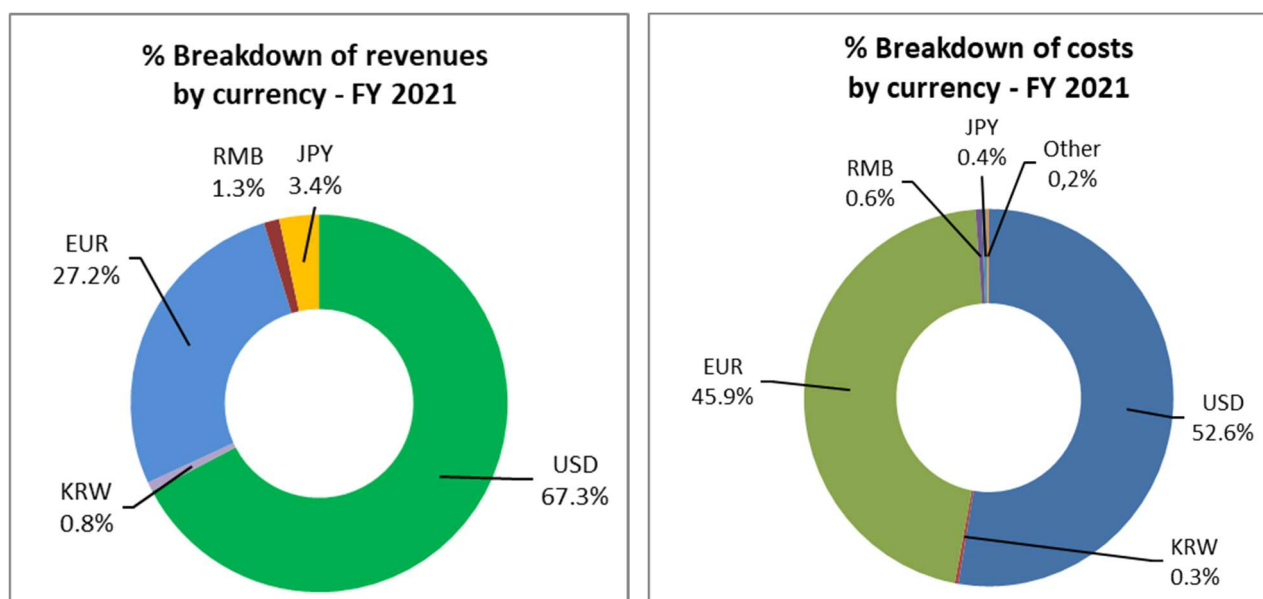
With regard to the **disposals of fixed assets**, the collections for the disposal of assets were of an immaterial amount in both years (+7 thousand of euro in 2021, compared to +4,6 thousand of euro in 2020).

The following chart shows the **maturity profile of consolidated bank debt** as at December 31, 2021 compared with the end of the previous year.

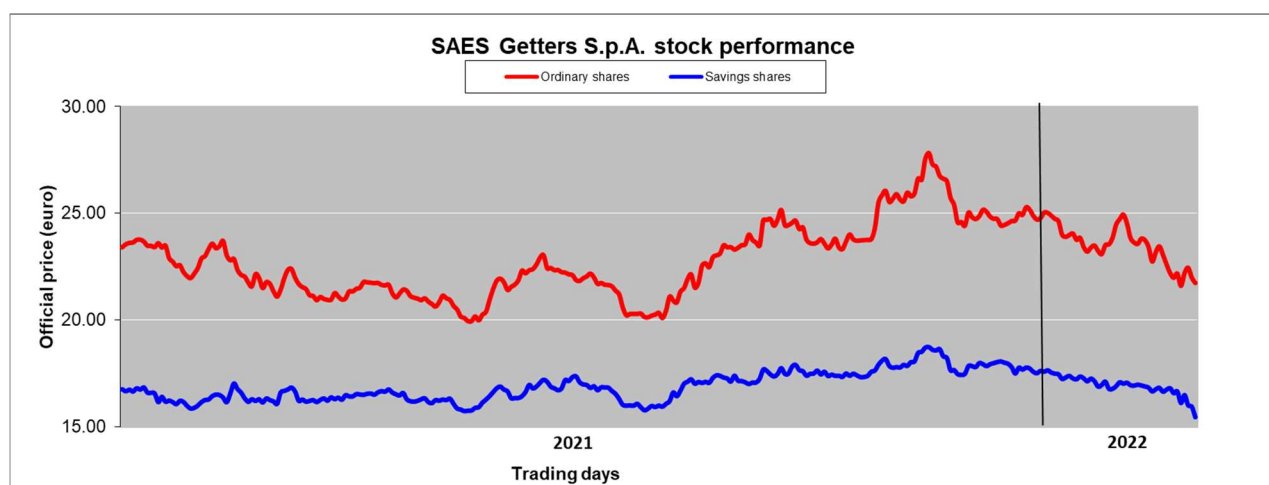


The bank debt at December 31, 2021 with a two-year maturity refers to the new Lombard medium-term loan signed at the end of the year with JP Morgan for an amount of 52 million of euro, with a duration of two years and repayment of the entire portion capital at maturity. The residual portions of all the previously outstanding loans (Unicredit S.p.A., Intesa Sanpaolo and Mediobanca) were repaid early at the end of the 2021 financial year. Both operations were aimed at reducing the incidence of interest expense on the financial management and on the Group's results.

The **breakdown of revenues and costs** (cost of sales and operating costs) **by currency** in 2021 is provided below.



The following chart shows the trend of the **official prices of ordinary and savings shares** in 2021 and in the first few weeks of 2022.



The value of ordinary shares, listed on the Euronext STAR Segment of the Mercato Telematico Azionario (electronic equity market) of Borsa Italiana S.p.A., rose by 5.8% during the year 2021, against a 22.5% increase recorded by the FTSE MIB index and a 43.6% increase recorded by the FTSE Italia STAR index. Savings shares increased in value by 5.2%, broadly in line with ordinary shares.

The following table shows the main **financial statement indicators**.

Ratios		2021	2020	2019
Operating income (loss)/Net sales	%	11.9	9.6	14.7
Income (loss) before taxes/Net sales	%	11.8	5.5	16.4
Income (loss) from continued operations/Net sales	%	6.9	2.8	10.8
Income (loss) from continued operations/Average equity (ROAE)	%	5.5	2.0	6.9
R&D expenses/Net sales	%	6.2	6.2	6.1
Depreciation of tangible fixed assets/Net sales	%	4.3	4.3	3.6
Cash flow from operating activities/Net sales	%	10.1	7.6	13.4
Taxes/Income (loss) before taxes	%	41.8	48.5	34.2
Net sales/average number of staff (*)	k euro	178	170	189
Depreciation fund/Tangible fixed assets	%	63.1	65.3	65.6

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

Performance of subsidiaries in 2021

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

In the current year, SAES Getters/U.S.A., Inc, recorded consolidated revenues of 35,780 thousand of dollars (30,253 thousand of euro, at the average exchange rate for 2021), against 29,029 thousand of dollars (25,415 thousand of euro, at the average exchange rate for 2020) in the previous year. The consolidated net profit amounted to 6,929 thousand of dollars (5,859 thousand of euro), against a consolidated net profit of 4,843 thousand of dollars in 2020 (4,240 thousand of euro).

Further notes are provided below.

The US parent company **SAES Getters/U.S.A., Inc.**, Colorado Springs, CO (USA), mainly operating in the Metallurgy Division, particularly in the security and defence business, closed 2021 with revenues of 25,650 thousand of dollars (corresponding to 21,688 thousand of euro), compared to 20,860 thousand of dollars in 2020 (equal to 18,263 thousand of euro): the increase (+23%) was concentrated in the security & defence segment, driven by higher sales of getter components for night vision systems and hydrogen absorbers for telecom (avionics and satellite) applications.

The company achieved a net profit of 6,929 thousand of dollars (equal to 5,859 thousand of euro), up by 43.1% compared to a net profit of 4,843 thousand of dollars (4,240 thousand of euro) in 2020, thanks to the increase in revenues and the higher income deriving from the equity evaluation of the investment in Spectra-Mat, Inc. Finally, note the slight increase in selling expenses (in particular, higher provisions for bonuses, against the increase in revenues).

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenues of 10,130 thousand of dollars (8,565 thousand of euro) in 2021, compared to 8,169 thousand of dollars (7,152 thousand of euro) in the previous year: this growth (+24%) is due to greater sales of solid-state thermal dissipation devices and electron emitters, in particular for medical applications.

The company closed the year 2021 with a net profit of 1,128 thousand of dollars (954 thousand of euro), up (+33.9%) compared to 843 thousand of dollars (738 thousand of euro) in the 2020, mainly following the increase in revenues and greater economies of scale, despite the organic increase in operating expenses (in particular, greater provisions for bonuses, against the increase in revenues).

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 2021, it achieved a net profit of 3,238 thousand of dollars (2,738 thousand of euro), down of 8.1% compared to the previous year (3,523 thousand of dollar, or 3,084 thousand of euro) due to lower commissions received from the subsidiary SAES Smart Materials, Inc., which was affected by a decline in turnover, mainly concentrated in the medical business, due to fewer orders from some specific customers with high levels of stock, because they were most affected by the Covid-19 crisis.

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

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

SAES Getters (Nanjing) Co., Ltd. closed 2021 with revenues of RMB 21,196 thousand (2,779 thousand of euro), down compared to RMB 47,819 thousand (6,072 thousand of euro) in the previous year, due to the slowdown in sales of getter components for thermo-scanners, which had seen strong growth in the previous year, during the Covid-19 pandemic.

The drop in revenues, in spite of the improvement of gross margins from the diverse and more favourable sales mix, as well as the slight increase in operating expenses (in particular, higher labour costs, justified by the increase in the average number of employees, and higher travel expenses, following the overcoming of the pandemic crisis) caused a reduction in net profit (from RMB 6,485 thousand, equal to 824 thousand of euro, to RMB 2,492 thousand, equal to 327 thousand of euro). Lastly, in the previous year, please note the income of RMB 535 thousand (68 thousand of euro) for the sale of 10% of the share capital of SAES Getters International Luxembourg S.A. to the Parent Company; in the current year there was higher bank interest income on cash and cash equivalents, which increased following the aforementioned sale of the investment, completed in December 2020.

MEMRY GmbH in liquidation, Weil am Rhein (Germany)

The company, which manufactures and sells shape memory alloy components for medical and industrial applications in the European market, after transferring all the manufacturing and sales activities to other companies of the Group³⁶ in October 2017, started the liquidation process, which was finalized in July 2021.

Memry GmbH closed 2021 with a loss of -19 thousand of euro, compared to a loss of -40 thousand of euro in 2020, mainly due in both years to some residual costs, mainly for consultancy, in preparation for the liquidation process, finalised in July 2021.

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

The company, 100% owned by SAES Getters S.p.A., has as its business purpose the design, production and sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH, together with the German group Alfmeier Präzision (for further details on the joint venture, please refer to following paragraph and to Notes no. 9 and no. 17 of the Consolidated financial statements).

SAES Nitinol S.r.l. closed the current year with a profit of 226 thousand of euro, in line with the 168 thousand of euro in the previous year. The result of both exercises includes:

³⁶ Memry Corporation, SAES Smart Materials, Inc. and SAES Getters S.p.A. (Avezzano plant).

- an income of 300 thousand of euro, for the release of the risk provision³⁷ recognised as at December 31, 2019 on the equity investment in Actuator Solutions GmbH, following the improvement in the financial situation of the joint venture;
 - the write-down (160 thousand of euro in 2021 and 481 thousand of euro in 2020) of the financial receivable corresponding to the interest income accrued in the year on the loans granted in the past to Actuator Solutions GmbH, entirely written down because it is not considered recoverable. The reduction in both interest income and the related write-down is the result of the fact that, starting from January 1, 2021, the parties have formally agreed a reduction in the interest rate applied from 6% to 2%.
- Lastly, it should be noted that in June 2021 SAES Nitinol S.r.l. waived part of the interest accrued in previous years on the above-mentioned loans, amounting to a total of 500 thousand of euro. This waiver had no effect on the results of the company as at December 31, 2021, as the financial receivable related to the interest-bearing loans (both principal and interest) was already fully written down as at December 31, 2020. For further details on the loans granted by SAES Nitinol S.r.l. to the joint venture, please refer to Note no. 21.

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

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

The company, which is not currently operational, closed the 2021 financial year with a net loss of -28 thousand of euro (compared to a net profit of +107 thousand of euro in the previous year), mainly made up of costs for consultancy related to tax, legal and corporate obligations.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate³⁸, MI (Italy) & Freiburg³⁹ (Germany)

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

In 2021 SAES Coated Films S.p.A. achieved revenues of 5,864 thousand of euro, down (-21.1%) compared to 7,432 thousand of euro in the previous year: the decrease is exclusively attributable to the phase-out of the more traditional metallized products; considering only lacquered products, sales are growing, in particular thanks to the excellent performance of recent months, which have seen a significant increase in orders, both as a result of the expansion of the customer portfolio and because of the unavailability of some plastic raw materials (polymers), which has favoured a greater penetration of SAES products which constitute an alternative.

Due to the reduction in sales revenues and a lower gross margin (4.7% in the current year, compared to 9.2% in the previous year) due to lower economies of scale and production inefficiencies related to the initial phase of operations of the second lacquering line, which entered into operation in the second half of the previous year and not yet used at full capacity, the current year ended with a net loss of -2,359 thousand of euro, compared to a more contained loss of -2,176 thousand of euro as at December 31, 2020.

³⁷ The provision for risks allocated as at December 31, 2019, amounting to 600 thousand of euro, had already been released for half of its amount (300 thousand of euro) during the second half of 2020 and for the remaining part (300 thousand of euro) in the first half of 2021.

³⁸ Local unit in Lainate, at the headquarters of the Parent Company.

³⁹ German branch of SAES Coated Films S.p.A., established on March 31, 2021, to improve its presence in markets considered strategic and to boost new business opportunities.

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 share capital was acquired by the Parent Company 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.

From the date of acquisition to December 31, 2021, Strumenti Scientifici Cinel S.r.l. achieved revenues of 1,895 thousand of euro and a negative net result of -182 thousand of euro: the results for the year were penalized both by the continuation of the pandemic and the difficulties encountered by the company in procuring raw materials and other key components for the production activity. The takeover by the SAES Group entailed a series of changes in direction, as well as in management, the results of which will be seen in the months to come.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

SAES Investments S.A., with registered office in Luxembourg, fully controlled by SAES Getters S.p.A., was established on October 23, 2018, and its purpose is to manage the cash from the sale of the purification business finalised in 2018, with the goal of maintaining the capital in view of potential future commitments.

The company closed the current year with a profit of +2,361 thousand of euro, compared with a net loss of -834 thousand of euro in the previous year: the previous year's loss was mainly due to the negative change in the fair value of securities held by the company, due to the Covid-19 financial crisis; the fair value measurement, on the other hand, turned positive during 2021 and is only partially offset by net charges deriving from the partial disinvestment of the bond portfolio, replaced by a Dynamic Multi-Asset management - DMAS.

It should also be noted that at the end of December 2021 SAES Investments S.A. almost completely⁴⁰ disposed of Branch I of the *Cardif Lux Vie Multiramo* policy and, on December 23, 2021, signed a *Lombard* loan with JP Morgan for an amount of 52 million euro. The loan has a duration of two years, with repayment of the entire principal amount at maturity, and provides for the quarterly payment of interest at a fixed rate of 0.21% per annum. There are no financial covenants and the loan is guaranteed by the "Buy & Hold" bond portfolio managed by JP Morgan and by the aforementioned DMAS management, again activated with JP Morgan in the first half of 2021 (for further details on the securities portfolio and its changes in the current year, please refer to Note no. 19).

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

The main objectives of SAES Getters International Luxembourg S.A. are the management and the acquisition of investments, the optimal cash management, the grant of intra-group loans and the coordination of the Group services. The company became a full subsidiary of the Parent Company on December 16, 2020, the date of the transfer of 10% of the share capital of SAES Getters International Luxembourg S.A. from SAES Getters (Nanjing) Co., Ltd. to SAES Getters S.p.A. (already holding 90% of the shares) was completed, with the approval of the authorities of the People's Republic of China.

In 2021, the company achieved a net profit of +13,499 thousand of euro, compared with a net profit of +2,374 thousand of euro in 2020: the strong increase is mainly attributable to the higher dividends received by the subsidiaries Memry Corporation (10.2 million of euro in 2021, compared to 8.5 million of

⁴⁰ For the remainder of Branch I of the *Cardif Lux Vie Multiramo* policy, its disposal is expected at the beginning of 2022 (25 thousand of euro of nominal value, in addition to the interest accrued for 2021 equal to 478 thousand of euro, for a total of 503 thousand of euro collected on January 25, 2022).

euro in 2020) and SAES Smart Materials, Inc. (6 million euro in 2021, compared to zero dividends in 2020), as well as the fact that the previous year was penalized by a write-down from impairment test on the investment in Flexterra, Inc.⁴¹ amounting to approximately 3 million of euro (in 2021 the write-downs from impairment tests on equity investments were much more contained and amounting to 0.1 million of euro, referred to SAES Getters Korea Corporation).

Finally, it should be noted that the result of both years includes the write-down of financial receivables related to the convertible loans granted to the Flexterra, Inc. joint venture (in 2021, write-down of 1,984 thousand of euro, referring to the second convertible loan, as well as the receivable for interest accrued during the year on both the first and the second loan; in 2020, write-down of 2,539 thousand of euro, referring to the first convertible loan, as well as the interest accrued on it).

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

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

In 2021, the company recorded revenues of KRW 2,085 million (1,540 thousand of euro), slightly down from KRW 2,217 million (1,648 thousand of euro) in the previous year, mainly due to lower sales in the security & defence sector.

The 2021 year closed with a loss of KRW -288 million (-213 thousand of euro), to be compared with a loss of KRW -255 million (-189 thousand of euro) in 2020: the decline in sales was offset by a more favourable sales mix, which made it possible to contain the negative effect on the net result.

SAES Smart Materials, Inc., based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, in 2021 recorded revenues amounting to 18,585 thousand of dollars (15,714 thousand of euro) compared to 20,092 thousand of dollars (17,591 thousand of euro) in 2020: the drop (-7.5%) is mainly concentrated in the medical sector⁴², due to lower orders from some specific customers with high stock levels, as they were more affected by the Covid-19 crisis. The reduction in revenues and the consequent lower economies of scale caused a reduction in net profit, which fell from 5,251 thousand of dollars (4,597 thousand of euro) in 2020 to 3,718 thousand of dollars (3,144 thousand of euro) in 2021.

Memry Corporation, Bethel, CT (USA) and Freiburg⁴³ (Germany), is a technological leader in the new generation medical devices with high engineering value sector, made of Nitinol shape memory alloy.

The company achieved revenues of 95,119 thousand of dollars (80,426 thousand of euro), up by 26.7% compared to 75,067 thousand of dollars (65,721 thousand of euro) in 2020, thanks to the gradual resumption of elective surgeries, which in the previous year had been suspended, in order to concentrate resources on Covid-19 cases.

The increase in sales and the consequent increase in gross profit made it possible to close 2021 with a net profit of 17,848 thousand of dollar (15,091 thousand of euro), almost doubled compared to 9,292 thousand of dollar (8,135 thousand of euro) in 2020, despite the organic increase in operating expenses (in particular, higher personnel costs, including higher allocations for bonuses, as well as higher consultancy costs for recruiting in order to accompany the current phase of post-production expansion pandemic and higher export fees paid to subsidiary SAES Getters Export, Corp.)

⁴¹ Value of the investment in Flexterra, Inc. fully written off as at December 31, 2020.

⁴² At the Medical Division level, the decline in direct revenues in SAES Smart Materials, Inc. was more than offset by the increase in those in Memry Corporation.

⁴³ German branch of Memry Corporation.

Performance of the joint ventures in 2021

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

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

Actuator Solutions recorded net revenues of 12,365 thousand of euro in 2021, compared to 14,183 thousand of euro in 2020. Revenues fell by 12.8%, but the two years are not comparable since in the second half of 2020 Actuator Solutions sold a production line of actuators for the automotive seat comfort business to its partner Alfmeier Präzision, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realized if the production activity had continued. Two other lines for the production of actuators for the automotive business were sold at the beginning of the third quarter of 2021, while the fourth and final line is expected to be transferred during 2022.

In general, without considering the outsourcing of production, there was a decline in sales in the automotive business, penalized, especially in the second half of the year, by difficulties in the procurement of electronic components. On the other hand, the fees generated by the application development activity in the actuator sector grew by over 22% compared to 2020, favoured by the prototyping activity carried out by Rapitag GmbH (tag for mobile check-out in retail applications and with anti-theft function⁴⁴). Lastly, the contract for the development and assembly of devices for Covid-19 rapid diagnostic tests recorded revenues of 1,719 thousand of euro (1,735 thousand of euro in 2020). Lastly, in 2021, the first sales of actuators for "intelligent" mattresses, based on AI platforms (250 thousand of euro), should be noted.

Despite a slight drop in operating profit (a difference of -172 thousand of euro), net profit amounted to 1,178 thousand of euro, three times the 377 thousand of euro in the previous financial year: the increase is mainly due to the financial income, equal to 500 thousand of euro, recognized by the joint venture following the partial waiver by the SAES Group of interest accrued on loans granted to Actuator Solutions GmbH. In addition, the interest rate applied to these loans as from January 1, 2021 was reduced from 6% to 2%, resulting in savings for the joint venture of approximately 320 thousand euro over the year. Lastly, it should be noted that the item "exchange rate differences" in 2020 included a negative amount of -150 thousand of euro deriving from the release to the income statement of the translation reserve generated by the consolidation of the Asian subsidiaries, following their liquidation.

⁴⁴ Please note that SAES Getters S.p.A. has signed a convertible loan worth 1.5 million of euro in favour of the German company Rapitag GmbH, with the agreement that the resources provided by SAES will be used by Rapitag for the prototyping activity carried out through the joint venture Actuator Solutions GmbH as an exclusive contractor.

(thousands of euro)

Actuator Solutions GmbH	December 31, 2021	December 31, 2020
	100%	100%
Net sales	12,365	14,183
Cost of sales	(9,118)	(10,671)
Gross profit	3,247	3,512
% on sales	26.3%	24.8%
Total operating expenses	(2,461)	(2,535)
Other income (expenses), net	176	157
Operating income (loss)	962	1,134
% on sales	7.8%	8.0%
Interests and other financial income, net	262	(604)
Foreign exchange gains (losses), net	(34)	(151)
Income taxes	(12)	(2)
Net income (loss)	1,178	377

The SAES Group's share of the joint venture's profit for 2021 was 589 thousand of euro (189 thousand of euro in 2020) but, as was the case in the previous year, this was not recognised by the Group as the joint venture's equity is still negative for a little more than 2 million of euro⁴⁵, against a SAES equity interest in Actuator Solutions GmbH that has already been fully written off.

The provision for risks, equal to 300 thousand euro, which was allocated as at December 31, 2020 and which coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations, was used in full during the first half of 2021.

Furthermore, please note that in 2021 the financial receivable related to the interest accrued in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 160 thousand of euro, was written down as it was considered unlikely to be recovered on the basis of the 2022-2026 five-year plan approved by the company's Supervisory Board on December 14, 2021 (a similar write-down had been carried out in the previous year for 481 thousand of euro).

Lastly, it should be noted that a cost of -278 thousand of euro was recognized in SAES Group's consolidated financial statements of the previous year for the release to the income statement of the translation reserve generated in previous years by the consolidation of the Asian subsidiaries of Actuator Solutions GmbH, following their liquidation.

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

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

SAES RIAL Vacuum S.r.l. ended 2021 with revenues of 6,961 thousand of euro, up by 23.5% compared to 5,636 thousand of euro in 2020 which, instead, had been characterised by the delay in some significant research projects also in part due to the Covid-19 pandemic. Despite the increase in revenues, gross margins are down (from 25.7% to 16.8%) due to a different product mix with the prevalence of projects with lower

⁴⁵ Consolidated pro rata at 50%.

margins. This decrease resulted in a decrease in gross profit which is also reflected in net profit (the latter decreased from 631 thousand of euro in 2020 to 408 thousand of euro in 2021).

(thousands of euro)

SAES RIAL Vacuum S.r.l.	December 31, 2021	December 31, 2020
	100%	100%
Net sales	6,961	5,636
Cost of sales	(5,789)	(4,185)
Gross profit	1,172	1,451
<i>% on sales</i>	<i>16.8%</i>	<i>25.7%</i>
Total operating expenses	(683)	(567)
Other income (expenses), net	104	43
Operating income (loss)	593	927
<i>% on sales</i>	<i>8.5%</i>	<i>16.4%</i>
Interests and other financial income, net	(30)	(38)
Foreign exchange gains (losses), net	(9)	0
Income taxes	(146)	(258)
Net income (loss)	408	631

The SAES Group's share of the joint venture's net profit for 2021 was equal to 200 thousand of euro (compared to 309 thousand of euro in 2020).

FLEXTERRA, Inc., Skokie, IL (USA)

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

SAES, which at December 31, 2020 held 46.73% of the share capital of the Flexterra, Inc. joint venture, during the fourth quarter of 2021 saw its stake increase to 46.84% following the repurchase for a symbolic value from part of the company of the shares previously owned by two small shareholders.

During 2021, the Flexterra project continued its development process, in collaboration with an important Taiwanese player in the consumer electronics industry. In particular, the materials developed by Flexterra are used in innovative displays for reading, currently in the final testing phase. Despite the delay in the timing of the project implementation compared to the initial plan, the tests continue positively and Flexterra is still considered by SAES to be an interesting business opportunity.

Therefore, in the second half of 2021, it was decided to proceed with the disbursement of a second convertible loan for a total value of 2 million of dollars (disbursed in two equal instalments, respectively in August and November 2021). This convertible loan follows a similar transaction carried out in July 2020 for a value of 3 million of dollars. As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

In the meantime, Flexterra has started an operation to cut operating expenses, with the aim of reducing its financial requirements, without prejudice to the aforementioned development project.

Flexterra, which qualifies as a joint venture, closed 2021 with a consolidated net loss of 4,099 thousand of euro (mainly costs for employees in research and general and administrative activities, consultancy, materials used in development activities, costs related to the management of patents and depreciation of intangible assets, including intellectual property), compared to a loss of 3,875 thousand of euro in 2020: the reduction in operating expenses compared to the previous year, attributable above all to the exchange rate effect and only to a lesser extent than the aforementioned cost containment plan that began only at the end of the year, was insufficient to offset the higher financial interest accrued on the convertible loans in

place (the first granted in July 2020 and the second disbursed in two instalments during the second half of 2021). The previous year was also favoured by positive net exchange differences of 270 thousand of euro (69 thousand of euro in 2021).

(thousands of euro)

Flexterra	December 31, 2021	December 31, 2020
	100%	100%
Net sales	5	54
Cost of sales	8	(24)
Gross profit	13	30
<i>% on sales</i>	<i>260.0%</i>	<i>55.6%</i>
Total operating expenses	(3,911)	(4,102)
Other income (expenses), net	23	2
Operating income (loss)	(3,875)	(4,070)
<i>% on sales</i>	<i>n.a.</i>	<i>n.a.</i>
Interests and other financial income, net	(267)	(116)
Foreign exchange gains (losses), net	69	270
Income taxes	(26)	41
Net income (loss)	(4,099)	(3,875)

SAES Group's share of the joint venture's loss for the year 2021 amounted to -1,917 thousand of euro (-1,811 thousand of euro in 2020); however, as SAES' equity investment in Flexterra has already been written off in full⁴⁶ and as there are to date no legal or implicit obligations for recapitalisation by the Group, SAES' share of the net loss was not recognised as a liability by the Group, in accordance with IAS 28.

Finally, it should be noted that, as at December 31, 2021, the write-down was carried out of the financial receivable correlated both with the interest accrued during the year on the convertible loan granted in mid-2020 (equal to 215 thousand of euro) and with the corresponding second loan convertible (in total 1,769 thousand of euro, of which 1,734 thousand of euro of principal and 35 thousand of euro of interest): despite the aforementioned progress of the Flexterra project and the confirmation of the business opportunity, because of the extension of the project's time horizon and the consequent increased uncertainties on the commercial success of the initiative, it was decided to proceed with the write-down, considering the receivables difficult to recover, on the basis of the information currently available.

It should be noted that the receivable corresponding to the first convertible loan (both the principal and interest accrued in 2020) had already been written down as at December 31, 2020.

The following table shows the **Group's total profit (loss)**, obtained by incorporating the Group's joint ventures⁴⁷ with the proportional method instead of the equity method.

⁴⁶ Equity investment completely written off zero as at December 31, 2020, following an impairment test.

⁴⁷ Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.73% in the first nine months of the year, increased to 46.84% in the fourth quarter of 2021).

December 31, 2021								
(thousands of euro)	Consolidated statement of profit (loss)	50% Actuator Solutions GmbH	Intercory eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l.	Intercory eliminations & other adjustments	Flexterra (*)	Intercory eliminations & other adjustments	Statement of comprehensive income (loss)
Net sales	190,198	6,183	(221)	3,411	(511)	3		199,063
Cost of sales	(108,886)	(4,559)	221	(2,837)	511	3		(115,547)
Gross profit	81,312	1,624	0	574	0	6		83,516
% on sales	42.8%							42.0%
Total operating expenses	(57,845)	(1,231)	0	(335)	0	(1,828)	76	(61,163)
Other income (expenses), net	(828)	88		51		10		(679)
Operating income (loss)	22,639	481	0	290	0	(1,812)	76	21,674
% on sales	11.9%							10.9%
Interest and other financial income, net	(129)	131	(170)	(15)	0	(125)	929	621
Share of result of investments accounted for using the equity method	200		0		(200)		0	0
Write-down of investments in companies valued using the equity method	0							0
Foreign exchange gains (losses), net	(230)	(17)		(3)		33		(217)
Income (loss) before taxes	22,480	595	(170)	272	(200)	(1,904)	1,005	22,078
Income taxes	(9,404)	(6)		(72)		(13)		(9,495)
Net income (loss) from continued operations	13,076	589	(170)	200	(200)	(1,917)	1,005	12,583
Net income (loss) from discontinued operations	0	0		0		0		0
Net income (loss) for the period	13,076	589	(170)	200	(200)	(1,917)	1,005	12,583
Minority interests in consolidated subsidiaries	0							0
Group net income (loss) for the period	13,076	589	(170)	200	(200)	(1,917)	1,005	12,583

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

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

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

The following are considered companies of significant relevance, as at December 31, 2021, they exceeded the individual significance parameters envisaged by article 151 of the Issuers' Regulations:

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

Research, Development and Innovation

Research and development expenses for 2021 amounted to a total of 11,704 thousand of euro (6.2% of consolidated revenues), a slight increase in absolute value, but in line, if as a percentage of revenues, with those of 2020 (10,421 thousand of euro, equal to 6.2% of consolidated revenues).

The activities of the **Group Research Labs** were focused on the radical development of the technological platforms of the SAES Group, through innovation projects carried out mainly in the field of fine chemicals, for the development of both innovative materials and new functional systems. In this activity, much attention was paid to the innovation of the research processes and to the ways for using the knowledge developed. A complete digitalization of the processes was adopted through the implementation of electronic laboratory notebooks and the creation of new applications for the management of the developed contents.

In addition, during the 2021 financial year, a significant restructuring of both the office areas and the actual laboratories was started, to facilitate more effective and efficient development processes and to allow the

carrying out of collaboration activities with external companies in specific areas. The work will continue in 2022 and will cover the entire area of the Group Research Labs.

As regards the development of innovative materials, two major projects based on the **specialty zeolites** platform were implemented in 2021.

New zeolites with bactericidal and virucidal properties (capable of also inhibiting the activity of SARS-CoV-2) have been developed and validated according to ISO 22196: 2011 standards and according to standard protocols of the Department of Microbiology and Virology of the San Matteo Poyclinic of Pavia. In the second part of 2021 these zeolites were then registered as "Biocidal Product" in Germany and France, while the procedure for registration in the USA was started. The resulting registrations will allow **virucidal zeolites** to be marketed in their respective countries under the trade name of ZeoAid™ in the form of powder or in a form integrated in different functional systems, such as coatings and dispersions. The zeolites with virucidal properties are the subject of an SAES patent application filed in 2020 and now being published.

Another project based on the specialty zeolites platform concerns the development of **optically active markers** for the tracking of compostable polymer formulations. The project is carried out in collaboration with Novamont, (www.novamont.com/leggi-comunicato-stampa/saes-coated-films-e-novamont-avviano-il-progetto-per-la-tracciabilit-dei-manufatti-compostabili/), a leading company in the bio-plastics and biochemicals sector, and envisages the functionalization of compostable formulations with SAES zeolites capable of guaranteeing their identification in end-of-life management processes. In the first part of 2021 the feasibility study was successfully completed and the project partners decided to pursue the development of some demonstrators to be subjected to evaluation tests. The preparation of a set of integrating active marker systems was carried out in the second part of the financial year and the verification of the functional properties for some specific applications is planned for 2022.

Further developments were carried out on membrane emulsification processes for the preparation of **organic capsules and spheres** with **functional properties**. In the second part of 2021, a new chemical emulsification plant on a pilot scale was completed and the installation and validation phase was started at the Lainate site. This plant was designed to support the development of polymer spheres and core-shell structures for innovative fillers, capable of introducing new functionalities in various industrial applications. Using the process defined previously on a laboratory scale, two new systems have already been developed: the first represented by polymeric spheres with high oxygen barrier properties, able to guarantee an extension of the conservation times of fresh products in the field of flexible packaging. These spheres will be integrated both in water-based coatings, such as the Coathink® systems of SAES Coated Films S.p.A., and in solvent-free coatings, subject to joint development with an industrial partner. The second product consists of sub-micrometric spheres of natural materials with antioxidant properties for flexible packaging structures, capable of preserving the characteristics of food products for long periods.

As regards the development of new **functional coatings**, in the second half of 2021 a new European project was activated, "Ecoefishent" (www.cordis.europa.eu/project/id/101036428), funded by the European Commission with a contribution of over 15 million euro, to develop new antioxidant coatings extracted from waste products from the fishing industry with circular economy approaches and to ensure their integration into flexible packaging. SAES is involved in this project for the development of antioxidant formulations to be applied in flexible substrates by roll-to-roll processes. This project is part of the SAES initiative for the development of functional green (water-based) lacquers for active packaging applications. In this context, the development of an antioxidant coating was completed to ensure better preservation of the sensory characteristics of a series of *Venchi* brand products for the entire duration of chocolate shelf-life.

(www.saesgetters.com/sites/default/files/pictures/COMUNICATO%20STAMPA%20VENCHI%20-70%25_004.pdf).

An SAES patent application is also associated with this product.

Other projects concern the development of lacquers with barrier properties for application in multilayer laminated structures, to be used in pasteurization processes, and the integration of the oxygen barrier function in lamination adhesives. Both projects are carried out in collaboration with industrial partners.

With regard to **dispensable getter solutions**, in 2021 the development of a new dispensable getter was carried out for the control of the quantity of humidity and volatile organic substances in photonic and optoelectronic devices. This system is based on the integration of functional materials, both based on functional polymers and nanostructured fillers, within a dispensable organic matrix. The development was completed in the second half of 2021 and a new patent application was filed. The new dispensable getter solution will expand the family of dispensable getter products already available, to preserve the functionality of electronic devices.

The activities of **SAES Coated Films S.p.A.** is focused on the development of aluminium oxide deposition technology on polyolefins, with particular reference to bi-oriented polypropylene and mono-oriented polyethylene, and on compostable substrates. The aluminium oxide layer guarantees a greater sustainability compared to the traditional aluminium metallization and ensures a high barrier performance and high transparency, broadening the spectrum of use of Coathink technology in new application areas, such as pasteurization and sterilization. An incremental development activity was carried out on barrier films based on mono-oriented polyethylene, after feedback received from the market that reported critical issues related to sealing and dimensional stability during the lamination and printing processes. The work was carried out in collaboration with suppliers of basic films, leading to the development of new product codes.

After the success of the first high-barrier compostable packaging for the Misura line (Colussi), the number of projects has considerably increased, leading to the qualification and marketing of the product in new application sectors, such as those of chocolate, coffee pods, nutraceuticals and processed meat. A project has been launched in collaboration with Novamont group for the development of a home-compostable barrier film, to follow the regulatory evolution of some countries, such as France and the United Kingdom, which support domestic composting.

The **Flexterra joint venture** continued its innovation activities on organic semiconducting and dielectric materials, activating a new development line for colour filters for a new generation of thin displays. This is a new class of organic materials, capable of integrating the functionality of active optical filters into Organic Thin Film Transistor (OTFT) structures. In parallel, organic semiconductors developed by Flexterra are being tested, through ink-jet printing processes, for the creation of new electronic plastic devices where the electronic mobility of semiconductors is a crucial aspect. Flexterra materials are also being assessed for use in microfluidic devices, where the use of organic transistors could guarantee the introduction of new active control functions.

With regard to developments in the **Metallurgy sector**, in the field of **bio-absorbable materials**, in the second part of the 2021 financial year, two patent applications were published on new quaternary alloys and the necessary actions were defined to achieve the realization of semi-finished products and validation of the technology developed through in-vivo tests. Assessments are underway to define the most suitable approaches to support the application development phase.

Furthermore, the scale-up activity of the smelting process continues for the production of high fatigue performance **SMA alloy** wires for industrial applications. The product, called Clean Melt, capable of guaranteeing fatigue resistance ten times higher than the reference values, exhibits enabling performances for fatigue rated applications. At the same time, the experimentation on the conversion processes of the Clean Melt material continues, to guarantee "Super Clean Melt" performance with fatigue resistance about one hundred times higher than the reference values.

The activities of the **Strategic Innovation Office** in 2021 focused on several fronts of the innovation plan, which aims to fuel business growth and accelerate the creation of value.

The three main drivers able to push the Group towards this growth were thus defined: the use of design driven innovation, the launch of a program of interaction with start-ups and the search for new strategic and technological directions.

The primary objective of **design driven innovation** and of the **Design House function**, which deals directly with it, is to systematically launch new innovative products with highly distinctive technologies onto the market. In 2021, the development of a first product continued, with launch scheduled for the second quarter of 2022.

The **program of interaction with start-ups**, whose name will be **REDZONE**, has the ultimate aim of bridging the gap between the Group's growing businesses and the technological solutions of start-ups in the field of advanced materials, to multiply opportunities and generate further growth through new business models. REDZONE will have to attract start-ups and integrate their innovative solutions. SAES will act as both a technological and an industrial partner, able to evaluate the technical opportunity, support the start-up in technological development and develop a valid product/solution, which responds to a clear market need.

At the end of the process, which includes two phases with an intermediate go/no go gate, a customer-supplier relationship will be defined relating to the co-developed solution, as well as a possible minority equity option.

With regard to the third driver, namely the **search for new strategic and technological directions**, in 2021 the new process of managing the analysis of potential collaboration opportunities with start-ups, spin-offs and SMEs, called Venture Assessment Tool, became operational, a tool available to the entire SAES Group, based on international best practices and on the experience gained in recent years by the internal Technology Observatory. The aim of the Venture Assessment Tool is to enable a venture portfolio management process related to growth opportunities through the use of a proprietary and standardized framework, to perform a detailed and shared analysis of the initiatives, as a support tool to the decisions of Top Management.

The tool is used to evaluate M&A opportunities, collaborations, partnerships, research into new technologies and advanced materials of interest to the Group and to the aforementioned REDZONE program.

In parallel, we are proceeding with a systematic analysis of social and technological mega-trends and new emerging trends, to select future SAES innovation trajectories, so that they are as consistent as possible with the expected evolution at a global level.

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

Impact of the Covid-19 pandemic on annual results

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

However, the persistence of the pandemic has also had positive effects on the sales of some of the Group's segments: the Specialty Chemicals Division (dispensable dryers used in oximeter displays); the thermal insulation business (getters used in insulating panels of containers for the transport of vaccines); the medical diagnostics sector (porous getters for X-ray tubes).

On the other hand, the slowdown in demand for thermal sensors getters should be noted, after the peak recorded last year due to the first phase of the Covid-19 pandemic (Business Electronic Devices).

Due to the pandemic, the Group incurred **exceptional costs**, in particular costs for sanitization and adaptation of access points and workspaces to ensure employee safety, as well as healthcare prevention expenses and consulting and training costs. These expenses were only partially offset by the **savings**

resulting from the use of the **Wage Guarantee Fund**⁴⁸ in the Lainate plant and by the **support measures put in place by the US Government** for businesses and households (in particular, partial reimbursement of days not worked due to Covid-19). The following tables provide details of these net extraordinary costs, both in the current and in the previous year.

(thousands of euro)						
One-off Covid-19	2021					
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
Personnel costs	(34)	(15)	(6)	(3)	23	(35) (*)
Maintenance and repairs					142	142
Depreciation					0	0
Various materials					9	9
Transports					0	0
Consultant fees and legal expenses					2	2
General services (canteen, cleaning, vigilance, etc.)					169	169
Training costs					0	0
Others					2	2
Total cost of sales & operating expenses one-off Covid-19	(34)	(15)	(6)	(3)	347	289

(*) The amount is composed by:
- savings for the US governmental measures to support companies and families, equal to -62 thousands of euro;
- additional personnel costs, equal to +27 thousands of euro.

(importi in migliaia di euro)						
One-off Covid-19	2020					
	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
Personnel costs	(156)	(76)	(54)	(13)	38	(261) (*)
Maintenance and repairs					164	164
Depreciation					2	2
Various materials					132	132
Transports					4	4
Consultant fees and legal expenses					135	135
General services (canteen, cleaning, vigilance, etc.)					147	147
Training costs					3	3
Others					2	2
Total cost of sales & operating expenses one-off Covid-19	(156)	(76)	(54)	(13)	627	328

(*) The amount is composed by:
- CIGO savings in the Lainate plant of the Parent Company, equal to -55 thousands of euro;
- savings for the US governmental measures to support companies and families, equal to -260 thousands of euro;
- additional personnel costs, equal to +54 thousands of euro.

It should be noted that in the 2021 financial year the net value of extraordinary costs was substantially in line with the previous financial year; however, in the 2020 financial year, both the extraordinary cost and revenue items had been higher in absolute value.

Please also note that in 2020 the SAES Group had made **donations** for a total of 691 thousand of euro to research organizations and hospitals operating on the front line in the battle against COVID-19, as well as to the Italian Civil Defence (the related costs are classified under "Other expenses"). Lastly, the item "Other income" included revenues of 32 thousand of euro of the Parent Company and SAES Coated Films S.p.A. related to the **tax credit on sanitation costs** (Italian Law Decree 34/2020, article 125).

(thousands of euro)		
One-off Covid-19	2021	2020
Other income	0	32
Other expenses	0	(691)
Total other income (expenses) one-off Covid-19	0	(659)

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

⁴⁸ CIGO used exclusively in the 2020 financial year.

Lastly, it is noted that the impact of Covid-19 on the financial markets led to a strong fall in the **fair value of securities** held by the Group for the investment of liquidity. The negative effect that emerged in the first quarter 2020 was gradually reabsorbed in the following months, making it possible to close the year with a securities valuation in line with the value as at December 31, 2019. The change in the fair value of the securities portfolio during 2021 was positive for 2.1 million of euro.

Group's main risks and uncertainties

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

Strategic risks

Industry risk

Some of the businesses in which the SAES Group operates are particularly sensitive to the trends of macroeconomic indicators (GDP trend, level of consumer confidence, availability of cash and of public funding, etc.).

In particular, 2021 was a year of general recovery (especially starting from the second quarter) compared to the previous one, which had instead been characterized by the spread of the Covid-19 pandemic and the negative consequences it had had on economic activities and aggregate production, impacting on all geographic areas across the board. With this in mind, 2021 translated into generally positive macroeconomic indicators at both national and international level. In particular, according to OECD analyses, the 2021 economic growth rate led to a substantial recovery of global GDP, surpassing pre-pandemic levels. In this regard, all the main countries in which SAES operates recorded a significant recovery compared to 2020, although in some primary markets the growth was not enough to offset the contraction of the previous year.

With reference to SAES' business, the economic recovery significantly affected the Medical Division, with significant growth compared to the previous year, thanks to the recovery of "deferrable treatments", especially in the United States, as well as the Vacuum Technology and Specialty Chemicals Divisions, thanks to the respectively recovery of public investments in the sector of particle accelerators and of the demand for products and materials for consumer electronics.

Within the Metallurgy Division, please note the continuous increase in sales of components for the security & defence sector, thanks to the good level of public investments in this area. Only the electronic devices business suffered a contraction, as it was affected, anti-cyclically, by the reduction in demand for thermal sensors for temperature and thermography measurements, which had grown strongly during the first months of the pandemic and which had remained high throughout 2020.

Another factor that can affect the Group is the presence of any customs duties deriving from global trade tensions and from poor cooperation between national governments. In particular, also during the 2021 financial year, the sales of SMA wire for consumer electronics applications were penalized by the US-China trade war, whose future developments and duration are still uncertain, also as a consequence of the geopolitical tensions in Eastern Europe (with effects also on the energy market, as detailed below).

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

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

Another area in which legislative changes can influence market opportunities for SAES is the packaging industry. The functional polymer technology developed by SAES improves "high barrier" abilities of recyclable plastic films and, in addition, makes it possible to use non-petroleum-derived, and therefore compostable, plastic films. The use of these materials on the market is therefore sensitive to the introduction of regulations aimed at greater eco-sustainability, at a time when public opinion is paying more attention to the environmental impact of plastics, as well as by government bodies, as evidenced by the primary role that the green transition has taken on in public investment decisions in multiple geographical areas (Europe, United States, etc.). The acceleration and large-scale implementation of these regulations could have a positive impact on the timing of the Group's success on the market for innovative, recyclable and compostable products in the food packaging sector.

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

Inflation risk

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

Rising inflation rates, as well as the uncertainties related to their evolution in the short and medium term, cause the variability in the price of raw materials (for example, nickel and titanium), the increase in energy supply costs (especially in Europe, also due to the geopolitical tensions linked to gas supplies), the increase in transport costs (for example due to the increase in fuel prices and the difficulties that have arisen in relation to shortages and delays in multiple production chains, as a consequence of both the pandemic and of specific events, such as the Ever Given ship accident in Suez at the beginning of 2021) and the increase in labour costs for the recruitment and retention of qualified personnel (in particular in the United States), especially in areas characterized by greater flexibility in the labour market. In this way, inflation rates can affect and/or alter consumption and savings habits of end customers, as well as the investment strategies of companies, with repercussions along the value chains in which SAES operates.

In the various markets in which the Group operates, the different contractual standards, the different commercial dynamics and the different positioning of SAES with respect to its competitors, entail a different capacity for the Group to respond to the increase in the cost of production factors. In fact, in the markets that are most competitive and characterized by greater price elasticity, SAES tries to mitigate the adverse effect of inflation through initiatives aimed at optimizing production and procurement strategies, as well as through the implementation of energy saving projects. Conversely, in less competitive and/or less flexible markets, in agreement with customers, SAES adopts policies for periodic review of price lists, also through indexing to reference parameters commonly accepted by the market.

Competition risk

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

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

To respond to these risks, the SAES Group has adopted a number of strategies. In particular, where possible and in compliance with current legislation, long-term supply agreements and commercial partnerships are stipulated, orders that are significant in terms of amount and volumes are favoured, opportunities for modifying procurement strategies/supervision of local markets are evaluated and possibilities of inorganic growth are carefully examined, also in relation to the external acquisition of distinctive technologies and technical capabilities, as in the case of the acquisition of Strumenti Scientifici Cinel S.r.l., completed in July 2021. Through the acquisition of technologies or the development of new solutions and services, we work to expand and complete our product portfolio. The strong orientation towards product innovation drives the Group to support investments in research and development activities and to offer products that meet the reference standards and are of superior quality, also by repositioning the range of products along different stages of the value chain.

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

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

Lastly, also by developing joint ventures, such as Actuator Solutions and SAES RIAL Vacuum S.r.l., the Group intends to pursue the objective of changing its positioning on the value chain, shifting from the production of simple components to that of more complex devices, of actual systems that can be sold directly to end users, which gives it the opportunity to handle the competition better due to the fact that it is closer to its customers. This objective also includes the strategic repositioning of SAES Coated Films S.p.A., from coated films manufacturer to packaging solution provider, pursued starting from the second half of 2021.

M&A risk

As part of its growth strategies, the Group evaluates potential investments related to the purchase of shareholdings/share classes/joint ventures in order to strengthen its position in the sectors in which it operates, diversify its product portfolio and expand into markets functional to those already it is already present in, also through careful monitoring and scouting of innovative projects and start-ups. Furthermore, through mergers and/or acquisitions, the Group aims to integrate critical and distinctive skills and

technologies within its perimeter, as well as exploit appropriate synergies between different business models, to invest more easily in markets functional to its own, achieving efficiencies in terms of production and procurement costs and/or greater effectiveness of business processes.

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

Risk linked to technological and technical trends

There are external factors that can undermine the Group's market positioning. The change in sector regulations (for example, in the environmental field), as well as the dependence on the technological success of the large players operating in the market, may influence reference technological trends. One risk that companies operating in consumer electronics are exposed to is the rapid technological obsolescence of applications and technologies on the market. As already mentioned, the replacement of a technology or of certain specifications of a product with others may be triggered by legislative changes in target markets. More specifically, also during 2021, the market of fluorescent lamps, in which the Group's getter solutions are used, came under pressure and was penalised by the technological competition of LED lamps.

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

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

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

Risks of catastrophic events

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

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

With regard to the presence of some of the Group's production plants in earthquake-prone areas (for example Abruzzo and California), the organisation has adopted specific risk mitigation measures, such as: operating in earthquake-proof buildings; drawing up special procedures to manage emergencies; ensuring

that the relevant authorities make periodic checks of the buildings; drawing up insurance policies to cover material assets and business interruption for the Italian sites and the foreign production subsidiaries; frequent evacuation drills for the employees that work there; investment plans finalised at the safeguarding of corporate assets and continuity of operations.

Investment risk

This risk refers - in general - to the non-timely definition of investment needs (for example, technology, structure, inorganic growth), to the failure to verify the economic and financial feasibility of investments, to the failure to monitor their performance and/or the sometimes long payback times for investments made, with negative consequences in operational and economic and financial terms.

With reference to the risk in question, SAES has an investment plan in progress that involves the operations areas of the Group companies (for example, expansion of production lines, modernization of plants, etc.) in order to increase its production capacity to satisfy market demand, offer quality products and services, as well as achieve efficiencies in the cost structure, in line with the Group's mission of pursuing a continuous approach to innovation with a focus on customer satisfaction.

In order to mitigate the risk at Group level, measures have been adopted which provide for a structured budget approval process, before and after evaluation with previously defined key performance indicators (KPIs), as well as a process for the close monitoring of investments and their payback by the Management Control function.

Uncertainty about the success of research and development projects

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

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

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

During 2021, the resumption of operational activities, compared to the delays and limitations of the previous year, allowed a substantial recovery in the development of research projects and a gradual return to a pre-pandemic situation. With the aim of mitigating the exposure still present with respect to the risks deriving from the pandemic effects, albeit more contained than in 2020, specific response actions were adopted regarding the definition of strategies in the field of innovation, the prioritization of projects for research, and the definition of KPIs to monitor the evolution of projects.

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

in order to continuously monitor the expenses of individual projects, the Innovation area uses specific tools for the management of research projects.

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

Protection of intellectual property

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

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

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

Operational risks

Risks related to production planning

The persistence of the spread of the coronavirus exposes the Group to the risk that its production planning and scheduling may be delayed, following the freezing and or postponement of shipments and/or supplies due to the temporary difficulties of the companies operating within the Group's value chain, especially when not equipped with effective business continuity safeguards or when characterized by a small number of employees, where, therefore, the prolonged unavailability of even a few resources can be critical.

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

Risks relating to dependence on customers deemed to be strategic

The risk refers to the possibility that for some businesses, revenues are concentrated on a small number of customers, with the consequence that the Group's results are excessively dependent on the economic-financial performance of the customers themselves or on their strategic decisions: for example, the possibility that one or more customers intend to vertically integrate, internally, the production of semi-finished products or components that they now purchase from the Group.

The Group constantly monitors its exposure with respect to its customer portfolio through monthly rolling forecasts and tries to mitigate the potential consequences of this risk by investing in customer relationship management solutions and broadening its customer base as much as possible, both through new prospects, and by diversifying the range of products offered to individual customers, increasing its commercial presence in new markets, also in order to identify and seize new business opportunities. Furthermore, the

Group aims to strengthen its partnerships with its key customers by sharing specific technical expertise where necessary, in accordance with intellectual property rights, and seeking to obtain and renew medium-long term contracts that guarantee less volatility of the volumes invoiced and of unit prices. Further focus is placed on innovation and product quality, as drivers that guide the Group in developing the business and strengthening its position in the reference markets.

Risks associated with the recruitment and retention of qualified resources

With reference to the labour market and more particularly to the ability to acquire and retain key technical and technological skills within SAES, while avoiding excessive growth in labour costs, especially in those geographical areas characterized by greater contractual flexibility and fewer obstacles (for example linguistic) to the movement of personnel, as in the case of the United States, there are difficulties in the process of selecting qualified personnel for operations areas, as well as in defining retention strategies for profiles with critical technical know-how, with the consequence that the recruitment process can take a long time and be frequently challenged. Local policies of increasing minimum wages and supporting the unemployed population can further exacerbate this dynamic.

In order to mitigate the risk, activities of continuous training and education of personnel, the structuring of specific retention plans that integrate economic and welfare aspects, the implementation of initiatives that nurture the corporate wellness of employees, as well as the development of ad hoc succession plans and preservation of know-how within SAES are foreseen.

Business continuity risk

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

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

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

Risks related to the security of information systems

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

In order to guarantee data security and prevent cyber-attacks, also in consideration of the Ukraine-Russia military conflict, the Group has defined over the years an implementation plan for cybersecurity through the continuous strengthening of existing procedures, strong authentication technological measures, system redundancy and a training and awareness plan on IT security issues. This plan also responds to the Consob call for attention of March 7, 2022.

Compliance risks

Risks related to climate change

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

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

Finally, the increasing attention paid by end consumers, legislators and public opinion in general to energy transition and to environmental protection issues can produce a significant impact in the markets downstream of those in which SAES operates, also in relation to ways in which companies present themselves to the public. This impact can, therefore, have important repercussions "backward" along the entire value chain, representing at the same time a source of risks (for example, SMA Industrial business for the automotive sector) and opportunities (for example, business packaging) for the Group and involving the need to change production processes through the timely introduction and effective use of green production factors, which include cutting-edge technologies and production techniques that are efficient from an energy and resource consumption point of view, guiding the transformation of business processes towards greater sustainability. In particular, regulatory developments in the automotive sector could affect the speed of transition from combustion engines to hybrid and electric engines, with a possible negative impact on the Group's commercial activities in the SMA Industrial segment. However, it should be noted how this risk may be more than offset for SAES by the opportunities that are likely to arise in relation to the business of SAES Coated Films S.p.A., thanks to technological, consumer and regulatory changes in the packaging sector, aimed at encouraging the use of eco-sustainable solutions, while maintaining the effectiveness of the products used in terms of high-barrier.

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

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

Financial and reporting risks

Budget & planning risk

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

To mitigate this risk, the Group involves all interested company departments in the forecasting process and, in specific circumstances and where available, uses assessments made by third parties or with the

cooperation of sector consultants to substantiate its own estimates; if the assumptions initially used change, additional reports are prepared and implemented, involving the various parties involved in the process.

Tax risk

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

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

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

Financial risks

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

- *Interest-rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio. This risk is also linked to the strategies implemented by governments and central banks to deal with the growing level of inflation (on this subject, see the previous section dedicated to strategic risks);
- *Exchange rate risk*, linked to the volatility of exchange rates, which may affect the relative value of the Group's costs and revenues according to the currencies in which the accounting transactions are denominated, as well as the amount of exchange differences, and may therefore have an impact on the Group's economic result. The figures of the financial receivables/payables denominated in currencies other than the euro also depend on the exchange rate, so not only the economic result is affected, but also the net financial position;
- *Price variation risk of productive factors (for example, raw materials)* which may affect the Group's product margins if it is not possible to offset this variation in the price agreed with customers;
- *Credit risk*, associated with the solvency of customers and, in general, the ability to collect and measure financial receivables;
- *Liquidity risk*, associated with the Group's ability to raise funds to finance its operating activities, or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

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

With regard to financial risk, the Board of Directors periodically reviews and defines the risk management policies, as illustrated in detail in Note no. 42, to which we refer also for the related sensitivity analysis.

Subsequent events

Please note that, in order to adapt the divisional structure of the Group to the evolution of technologies and their application offer, starting from January 1, 2022 the Group is organized into the following technological areas of competence (or "Divisions"):

- SAES Industrial Division (which coincides with the previous Metallurgy operating sector, with the addition of all SAES products based on functionalized 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 Division to the SAES Industrial Division for a rationalization 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 functionalized polymers, to the more traditional SAES getters, based on metal alloys);
- SAES High Vacuum Division (unchanged and coinciding with the Vacuum Technology operating unit);
- SAES Medical Nitinol Division (unchanged and previously named "Medical");
- SAES Packaging Division (unchanged and previously named "Advanced Packaging");
- SAES Chemicals Division, which 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).

Lastly, 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 by 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 following tables show the consolidated revenues and the income statement, both relating to the 2021 financial year, presented according to the new divisional structure, with evidence of the reclassifications with respect to the operating segments in place up to December 31, 2021.

(thousands of euro)

Divisions & Businesses	December 31, 2021	Reclass.	January 1, 2022
<i>Security & Defense</i>	18,168	0	18,168
<i>Electronic Devices</i>	13,162	0	13,162
<i>Healthcare Diagnostics</i>	5,208	0	5,208
<i>Lamps</i>	2,998	0	2,998
<i>Thermal Insulated Devices</i>	3,494	0	3,494
<i>Organic Electronics</i>	0	1,964	1,964
Getters & Dispensers	43,030	1,964	44,994
Sintered Materials	8,564	0	8,564
SMA Materials	10,710	0	10,710
SAES Industrial	62,304	1,964	64,268
High Vacuum Solutions	18,839	0	18,839
SAES High Vacuum	18,839	0	18,839
Medical Nitinol	86,422	0	86,422
SAES Medical Nitinol	86,422	0	86,422
Chemicals	16,760	(1,964)	14,796
SAES Chemicals	16,760	(1,964)	14,796
Packaging Solutions	5,873	0	5,873
SAES Packaging	5,873	0	5,873
Consolidated net sales	190,198	0	190,198

(thousands of euro)																		
Consolidated statement of profit or loss	SAES Industrial			SAES High Vacuum			SAES Medical Nitinol			SAES Chemicals			SAES Packaging		Not Allocated		Total	
	December 31, 2021	Revised	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	Revised	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	Revised	January 1, 2022	
Total net sales	62,384	1,964	64,268	18,839	18,839	86,422	86,422	16,760	(1,964)	14,796	5,873	5,873	0	0	190,198	0	190,198	
Cost of sales	(30,095)	(859)	(30,954)	(8,762)	(8,762)	(52,150)	(52,150)	(11,822)	859	(10,963)	(5,721)	(5,721)	(336)	(336)	(108,886)	0	(108,886)	
Gross profit	32,289	1,105	33,314	10,077	10,077	34,272	34,272	4,938	(1,105)	3,833	152	152	(336)	(336)	81,312	0	81,312	
% on net sales	51.7%		51.8%	53.3%	53.3%	39.7%	39.7%	29.5%		25.9%	2.6%	2.6%	n.a.	n.a.	42.8%			
Total operating expenses	(10,394)	(1,150)	(11,544)	(4,940)	(4,940)	(8,803)	(8,803)	(2,358)	1,150	(1,208)	(3,603)	(3,603)	(26,247)	(26,247)	(56,345)	0	(56,345)	
Other income (expenses), net	1	(5)	(4)	(5)	(5)	174	174	(27)	5	(22)	(1,129)	(1,129)	158	158	(828)	0	(828)	
Operating income (loss)	21,816	(50)	21,766	5,132	5,132	25,643	25,643	2,553	50	2,603	(4,580)	(4,580)	(26,425)	(26,425)	24,139	0	24,139	
% on net sales	35.0%		33.9%	27.2%	27.2%	29.7%	29.7%	15.2%		17.6%	-78.0%	-78.0%	n.a.	n.a.	12.7%		12.7%	
Interest and other financial income (expenses), net															2,019	0	2,019	
Write-down of financial assets															(2,148)	0	(2,148)	
Gain (losses) from equity method evaluated companies															200	0	200	
Write-down of investments in companies valued using the equity method															0	0	0	
Foreign exchange gains (losses), net															(230)	0	(230)	
Income (loss) before taxes															23,980	0	23,980	
Income taxes															(9,766)	0	(9,766)	
Net income (loss) from continued operations															14,214	0	14,214	
Net income (loss) from discontinued operations															0	0	0	
Net income (loss)															14,214	0	14,214	
Minority interests in consolidated subsidiaries															0	0	0	
Group net income (loss)															14,214	0	14,214	

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 health care sector.

On January 31, 2022 the **EUREKA Fund! - Technology Transfer** 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** and SAES' investment was diluted from 4.81% to 4.79%.

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. Therefore, Strumenti Scientifici Cinel S.r.l. will be 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.** (share capital equal to 49 thousand of euro). On the same date, the joint venture also repaid the loan granted by the other shareholder, Rodofil S.r.l. (share capital equal to 51 thousand of euro).

On March 1, 2022 SAES Nitinol S.r.l. resolved to **waive** - subject to the approval of the same transaction by the Board of Directors of SAES Getters S.p.A., which subsequently intervened with a resolution of March 14, 2022, issued with the favourable opinion of the Related Parties Committee of March 8, 2022 - a further portion of **interest accrued on the loans granted to the joint venture Actuator Solutions GmbH**, equal to 300 thousand of euro.⁴⁹ The above waiver will have 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, as it was deemed difficult to recover.

Regarding the completed **investment in the EUREKA! venture capital fund**, on March 7, 2022 a **payment of 49 thousand of euro was made**, including both the portion of commissions and management fees, and the portion of an investment made from the fund in the start-up NOVAC S.r.l.⁵⁰

⁴⁹ This was in addition to the portion of interest, equal to 500 thousand of euro, which SAES Nitinol S.r.l. had already waived in June 2021.

⁵⁰ NOVAC S.r.l. is an innovative start-up operating in the field of electrical energy storage and release systems, through the development of a new type of super capacitors, capable of providing high power and very short charging times.

It should be noted that the **performance** of the Group's **securities portfolio** was negative and equal to approximately -1.2% in January 2022. The yield was always negative and equal to about -2.1% during the month of February (-3.3% the progressive performance from January 1 to February 28, 2022).

The very recent international political events involving Ukraine and Russia require the focus of attention on providing, where possible, the disclosure required by IAS 10 - Events occurring after the closing date of the reference year, in the drafting of the financial statements as at December 31, 2021.

It should be noted that the Group's direct exposure to Russia, Ukraine and Belarus is marginal. The turnover of 2021, concentrated in Russia alone, was immaterial. The forecasts for 2022, drawn up before the crisis, also confirm the irrelevance of these markets. Furthermore, the Group has no suppliers from these countries.

However, the unpredictable dynamics of the geopolitical, military and economic evolutions of the 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 crisis. The expected results of the operating activities remain conditioned by the evolution of the global macroeconomic context and the consequent effects on the cost of raw materials and energy.

Trans-functional and corporate working groups (with particular attention to European realities) have been set up, coordinated by the headquarters, with the aim of photographing the possible effects and identifying trends and risks, in order to identify and implement mitigation actions. Maximum attention is placed on the cost of energy and utilities in general, on the tensions in the supply chains indirectly impacted by the sanctions (availability of parts and their prices), on inflation, on the value of the securities portfolio, on central bank rates, on exchange rates, and on GDP in general.

Business outlook

In the **first two months of 2022, consolidated net revenues** amounted to 38,162 thousand of euro, strongly up (+43.9%) compared to 26,527 thousand of euro in the corresponding period of 2021. Net of both the **exchange rate effect** (positive and equal to +6.3%), and that related to the **change in the scope of consolidation**⁵¹ (positive and equal to +4.5%), the **organic increase** was equal to +33.1% (8,764 thousand of euro in absolute value): all Divisions recorded increasing revenues and, in absolute value, the growth was mainly driven by the Nitinol Medical Division, which in the first two months of 2021 had suffered from the protracted effects of the Covid-19 pandemic. Lastly, in the Packaging Division, the consolidation of the recovery signs already manifested in the last months of the 2021 financial year should be noted.

The table below shows the **revenues of the first two months of 2022** for each Division, with the relative percentage change, at current and comparable exchange rates and with evidence of the effect deriving from the change in the scope of consolidation.

⁵¹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

(thousands of euro)

Divisions & Businesses	February, 2022	February, 2021	Total difference	Total difference %	Exchange rate effect %	Organic change %	Perimeter variation %
Getters & Dispensers	8,248	7,526	722	9.6%	4.4%	5.2%	0.0%
Sintered Materials	1,555	1,147	408	35.6%	9.0%	26.6%	0.0%
SMA Materials	2,284	1,877	407	21.7%	2.7%	19.0%	0.0%
SAES Industrial	12,087	10,550	1,537	14.6%	4.6%	10.0%	0.0%
High Vacuum Solutions	4,585	2,174	2,411	110.9%	3.2%	53.1%	54.6%
SAES High Vacuum	4,585	2,174	2,411	110.9%	3.2%	53.1%	54.6%
Medical Nitinol	17,152	11,107	6,045	54.4%	10.2%	44.2%	0.0%
SAES Medical Nitinol	17,152	11,107	6,045	54.4%	10.2%	44.2%	0.0%
Chemicals	2,329	1,598	731	45.7%	0.0%	45.7%	0.0%
SAES Chemicals	2,329	1,598	731	45.7%	0.0%	45.7%	0.0%
Packaging Solutions	2,009	1,098	911	83.0%	0.0%	83.0%	0.0%
SAES Packaging	2,009	1,098	911	83.0%	0.0%	83.0%	0.0%
Consolidated net sales	38,162	26,527	11,635	43.9%	6.3%	33.1%	4.5%

Including the share of revenues from joint ventures⁵² in the Group's revenues, the **total Group revenues** in the **first two months of 2022** amounted to 38,940 thousand of euro, up 38.2% compared to 28,184 thousand of euro in the corresponding period of 2021, exclusively driven by the increase in consolidated net revenues.

(thousands of euro)

	February, 2022	February, 2021	Total difference	Total difference %
Consolidated net sales	38,162	26,527	11,635	43.9%
50% joint venture Actuator Solutions' net sales	470	1,486	(1,016)	-68.4%
49% joint venture SAES RIAL Vacuum S.r.l.'s net sales	345	351	(6)	-1.7%
Joint venture Flexterra' s net sales (*)	0	0	0	n.a.
Intercompany eliminations	(33)	(178)	145	-81.5%
Other adjustments	(4)	(2)	(2)	100.0%
Total revenues of the Group	38,940	28,184	10,756	38.2%

(*) 46.73% in the first two months of 2021, 46.84% in the first two months of 2022.

As already stated, starting from January 1, 2022, the Group is organized in the following technological competency areas (or "Divisions"):

- SAES Industrial Division (which coincides with the previous Metallurgy Division, with the addition of all SAES products based on functionalized polymers that have a getter function - i.e. dispensable getter and dryer, barrier sealant with getter function and filler containing getter species - move from the SAES Chemicals Division to the SAES Industrial Division for a rationalization 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 functionalized polymers, to the more traditional SAES getters, based on metal alloys);
- SAES High Vacuum Division (unchanged and coinciding with the Vacuum Technology Division);
- SAES Medical Nitinol Division (unchanged and previously named "Medical");
- SAES Packaging Division (unchanged and previously named "Advanced Packaging");
- SAES Chemicals Division, which 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:

⁵² Actuator Solutions GmbH (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (46.84%).

- Getters & Dispensers (which, in addition to the aforementioned "organic electronics" business consisting of all products with a getter function reclassified by 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").

In the next few months, further growth is expected in the medical sector and in the vacuum systems business, as well as the consolidation of the signs of recovery, which had already appeared at the end of 2021, in the commercial activities of shape memory alloys for applications of mobile telephony and in the packaging business.

Business continuity

The financial statements are prepared on the basis of business continuity as, even though in the presence of a difficult and uncertain economic and financial environment caused by the persisting of the Covid-19 pandemic and by geopolitical tensions linked to crisis between Russia and Ukraine, in the light of the results achieved in 2021 and, in particular, of the progressive increase in the Medical Division sales, which have exceeded pre-Covid levels, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial Statements) regarding business continuity.

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

Related party transactions

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

A full disclosure on related party transactions carried out during the year is provided in Note no. 44 of the consolidated financial statements.

Consob regulatory simplification process

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

Consolidated Non-Financial Statement

The Consolidated Non-Financial Disclosure of the SAES Group for 2021, prepared pursuant to Italian Legislative Decree 254/16 and approved by the Board of Directors on March 14, 2022, constitutes a separate report from this Report on Operations as envisaged by Article 5, paragraph 3(b) of Italian Legislative Decree 254/16, and is also available on the website www.saesgetters.com, in the "Investor relations - Sustainability" section.

Report on corporate governance and ownership structure

The Report on corporate governance and ownership structures of SAES Getters S.p.A. for 2021, drawn up pursuant to arts. 123-*bis* of the Consolidated Law on Finance and 89-*bis* of the Consob Issuers' Regulation and approved by the Board of Directors on 14 March 2022, constitutes a separate report from this Report on Operations and is also available on the website www.saesgetters.com, in the "Investor relations - Corporate Governance" section.

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

Consolidated statement of profit or loss			
(thousands of euro)	Notes	2021	2020
Total net sales	4	190,198	168,703
Cost of sales	5	(108,886)	(98,590)
Gross profit		81,312	70,113
Research & development expenses	6	(11,704)	(10,421)
Selling expenses	6	(12,971)	(11,045)
General & administrative expenses	6	(33,101)	(31,721)
Write-down of trade receivables	6	(69)	(56)
Total operating expenses		(57,845)	(53,243)
Other income (expenses), net	7	(828)	(596)
Operating income (loss)		22,639	16,274
Interests and other financial income	8	4,613	2,904
Interests and other financial expenses	8	(2,594)	(4,147)
Write-down of financial receivables and other financial assets	8	(2,148)	(2,965)
Share of result of investments accounted for using the equity method	9	200	(1,704)
Write-down of investments in companies valued using the equity method	9	0	(591)
Foreign exchange gains (losses), net	10	(230)	(477)
Income (loss) before taxes		22,480	9,294
Income taxes	11	(9,404)	(4,507)
Net income (loss) from continued operations		13,076	4,787
Net income (loss) from discontinued operations		0	0
Net income (loss) for the period		13,076	4,787
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		13,076	4,787
Net income (loss) per ordinary share	12	0.71368	0.25699
- from continued operations		0.71368	0.25699
- from discontinued operations		0.00000	0.00000
Net income (loss) per savings share	12	0.73031	0.27362
- from continued operations		0.73031	0.27362
- from discontinued operations		0.00000	0.00000

Consolidated statement of other comprehensive income			
(thousands of euro)	Notes	2021	2020
Net income (loss) for the period from continued operations		13,076	4,787
Exchange differences on translation of foreign operations	30	10,123	(9,555)
Exchange differences on equity method evaluated companies	30	0	(630)
Total exchange differences		10,123	(10,185)
Total components that will be reclassified to the profit (loss) in the future		10,123	(10,185)
Actuarial profit (loss) on defined benefit plans relating to SAES Getters S.p.A. and subsidiaries	30	(49)	80
Income taxes	30	12	(19)
Actuarial profit (loss) on defined benefit plans, net of taxes - SAES Getters S.p.A. and subsidiaries		(37)	61
Actuarial profit (loss) on defined benefit plans relating to companies valued using the equity method	30	13	(1)
Income taxes	30	(3)	0
Actuarial profit (loss) on defined benefit plans, net of taxes - companies valued using the equity method		10	(1)
Fair value variation of investments in other companies	30	(95)	(110)
Income taxes	30	0	0
Fair value variation of investments in other companies, net of taxes		(95)	(110)
Total components that will not be reclassified to the profit (loss) in the future		(122)	(50)
Release of conversion reserve for liquidation of companies valued with the equity method	30	0	278
Total components that have been reclassified in profit (loss) for the period		0	278
Other comprehensive income (loss), net of taxes - continued operations		10,001	(9,957)
Total comprehensive income (loss), net of taxes - continued operations		23,077	(5,170)
Total comprehensive income (loss), net of taxes - discontinued operations		0	0
Net income (loss) for the period from discontinued operations		0	0
Total comprehensive income (loss), net of taxes - discontinued operations		0	0
Total comprehensive income (loss), net of taxes		23,077	(5,170)
attributable to:			
- Equity holders of the Parent Company		23,077	(5,170)
- Minority interests		0	0

Consolidated statement of financial position

(thousands of euro)	Notes	December 31, 2021	December 31, 2020 (*)
<u>ASSETS</u>			
Non current assets			
Property, plant and equipment	14	83,543	73,353
Intangible assets	15	58,951	41,165
Right of use	16	6,399	5,415
Investments accounted for using the equity method	17	2,362	2,152
Investments in other companies	18	1,381	1,274
Securities in the portfolio	19	71,887	134,087
Deferred tax assets	20	9,243	9,061
Financial receivables from related parties	21	49	49
Other long term assets	22	381	1,448
Other financial receivables from third parties	23	1,424	0
Total non current assets		235,620	268,004
Current assets			
Inventory	24	35,392	30,012
Trade receivables	25	29,614	19,453
Other receivables, accrued income and prepaid expenses	26	6,063	5,965
Derivative financial instruments measured at fair value	27	9	0
Cash and cash equivalents	28	29,518	30,678
Financial receivables from related parties	21	1	1
Securities in the portfolio	19	94,655	70,661
Other financial receivables from third parties	29	0	11
Total current assets		195,252	156,781
Total assets		430,872	424,785
<u>EQUITY AND LIABILITIES</u>			
Capital stock		12,220	12,220
Share issue premium		25,724	25,724
Treasury shares		(93,382)	(93,382)
Legal reserve		2,444	2,444
Other reserves and retained earnings		281,413	284,188
Other components of equity		12,304	2,181
Net income (loss) of the period		13,076	4,787
Group shareholders' equity	30	253,799	238,162
Other reserves and retained earnings of third parties		0	0
Minority interests in consolidated subsidiaries	30	0	0
Total equity		253,799	238,162
Non current liabilities			
Financial debts	31	52,199	95,496
Financial liabilities for leases	32	4,070	3,571
Deferred tax liabilities	20	8,761	7,758
Severance indemnities and other employee benefits	33	9,025	8,005
Provisions for risks and charges	34	1,704	991
Total non current liabilities		75,759	115,821
Current liabilities			
Trade payables	35	13,280	11,424
Other payables	36	12,864	12,840
Accrued income taxes	37	790	155
Provisions for risks and charges	34	5,334	5,136
Derivative financial instruments measured at fair value	27	0	32
Current portion of medium/long term financial debts	31	109	5,199
Financial liabilities for leases	32	2,409	1,932
Other financial liabilities to third parties	38	20	24
Bank debts	39	63,935	33,491
Accrued expenses and deferred income	40	2,573	569
Total current liabilities		101,314	70,802
Total equity and liabilities		430,872	424,785

(*) Some amounts shown in the column do not coincide with what is reported in the 2020 Annual Financial Report as they reflect some reclassifications aimed at improving the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. are were reclassified from the item "Other financial payables to third parties" to the item "Bank debts").

Consolidated Cash Flows Statement

(thousands of euro)	2021	2020
Cash flows from operating activities		
Net income (loss) from continued operations	13,076	4,787
Net income (loss) from discontinued operations	0	0
Current income taxes	8,041	5,174
Changes in deferred income taxes	937	(958)
Depreciation of financial leased assets	2,295	2,160
Depreciation	8,228	7,325
Write-down (revaluation) of property, plant and equipment	1,168	166
Amortization	1,183	1,244
Write-down (revaluation) of intangible assets	332	0
Net loss (gain) on disposal of fixed assets	(38)	(30)
Interest and other financial (income) expenses, net	(71)	6,503
Write-down of trade receivables	69	56
Other non-monetary costs (revenues)	(9)	0
Accrual for termination indemnities and similar obligations	1,126	2,078
Accrual (utilization) of investments provision	671	0
	37,008	28,505
Working capital adjustments		
<i>Cash increase (decrease)</i>		
Account receivables and other receivables	(8,688)	2,073
Inventory	(2,451)	(6,272)
Account payables	1,746	(4,270)
Other current payables	(227)	103
	(9,620)	(8,366)
Payment of termination indemnities and similar obligations	(653)	(436)
Interests and other financial payments	(591)	(606)
Interests and other financial receipts	349	196
Taxes paid	(7,256)	(6,496)
Net cash flows from operating activities	19,237	12,797
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(16,418)	(12,865)
Proceeds from sale of tangible and intangible assets	7	46
Disbursements for acquisition of intangible assets	(192)	(370)
Purchase of securities, net of disinvestments	39,876	(1,174)
Income from securities, net of management fees	1,856	2,115
Investments in other companies	(190)	(1,395)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired	(15,757)	0
Net cash flows from investing activities	9,182	(13,643)
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	52,000	0
Proceeds from short term financial liabilities	30,166	5,599
Dividends payment	(7,440)	(9,198)
Repayment of long term financial liabilities	(100,462)	(5,382)
Interests paid on long term financial liabilities	(1,173)	(1,232)
Interests paid on short term financial liabilities	(298)	(206)
Other costs paid	(27)	(28)
Financial receivables repaid (granted) from related parties	(1,734)	(2,628)
Financial receivables repaid (granted) from third parties	(1,392)	0
Interests receipts on financial receivables from related parties	1	1
Other financial payables	2	2
Repayment of financial liabilities for leased assets	(2,266)	(2,044)
Interests paid on leased assets	(215)	(168)
Net cash flows from financing activities	(32,838)	(15,284)
Net foreign exchange differences	3,005	(1,691)
Net (decrease) increase in cash and cash equivalents	(1,414)	(17,821)
Cash and cash equivalents at the beginning of the period	30,700	48,521
Cash and cash equivalents at the end of the period	29,286	30,700

Consolidated statement of changes in equity as at December 31, 2021											
(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2020	12,220	25,724	(93,382)	2,444	2,181	0	284,188	4,787	238,162	0	238,162
Distribution of 2020 result							4,787	(4,787)	0		0
Dividends paid							(7,440)		(7,440)		(7,440)
Net income (loss)								13,076	13,076	0	13,076
Other comprehensive income (loss)					10,123		(122)		10,001		10,001
Total comprehensive income (loss)					10,123	0	(122)	13,076	23,077	0	23,077
December 31, 2021	12,220	25,724	(93,382)	2,444	12,304	0	281,413	13,076	253,799	0	253,799

Consolidated statement of changes in equity as at December 31, 2020											
(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2019	12,220	25,724	(93,382)	2,444	12,088	0	273,599	19,837	252,530	0	252,530
Distribution of 2019 result							19,837	(19,837)	0		0
Dividends paid							(9,198)		(9,198)		(9,198)
Net income (loss)								4,787	4,787	0	4,787
Release of conversion reserve for liquidation of companies valued with the equity method					278				278		278
Other comprehensive income (loss)					(10,185)		(50)		(10,235)		(10,235)
Total comprehensive income (loss)					(9,907)	0	(50)	4,787	(5,170)	0	(5,170)
December 31, 2020	12,220	25,724	(93,382)	2,444	2,181	0	284,188	4,787	238,162	0	238,162

EXPLANATORY NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

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

S.G.G. Holding S.p.A.⁵³ is a relative majority shareholder⁵⁴ and does not exercise management and coordination activities towards SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the Report on corporate governance and ownership structure).

The Board of Directors approved and authorised the publication of the 2021 annual consolidated financial statements with the resolution passed on March 14, 2022.

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

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

The consolidated financial statements for the year ending December 31, 2021 have been prepared in accordance with the IFRSs issued by the *International Accounting Standards Board* ("IASB") and approved by the European Union ("IFRS"), Consob resolutions no. 15519 and no. 15520 of July 27, 2006, Consob communication no. DEM/6064293 of July 28, 2006 as well as article 149-*duodecies* of the Issuers' Regulations. The abbreviation "IFRS" includes all revised International Accounting Standards ("IAS") and all interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), including those previously issued by the *Standing Interpretations Committee* ("SIC").

For comparative purposes, comparative figures for 2020 are also shown, in application of IAS 1 – *Presentation of Financial Statements*.

According to the provisions of the European Commission Regulation 815/2019 (so-called European Single Electronic Format Regulation - ESEF), the 2021 Annual Financial Report of SAES Getters S.p.A. was prepared in xHTML format, marking some information in the consolidated financial

⁵³ With registered office in Milan, via Santa Maria Fulcorina, 2.

⁵⁴ As at December 31, 2021, S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A. and, taking into account enhanced voting rights, 51.15% of all voting rights that could be exercised on that date.

statements according to the Inline XBRL specifications contained in the basic taxonomy issued by ESMA (European Securities and Markets Authority).

Accounting schedules

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

Moreover, it should be noted that:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities as current or non-current and by stating "Assets held for sale" and "Liabilities held for sale" in two separate items, as required by IFRS 5;
- the consolidated statement of profit or loss has been prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group's specific business, complies with internal reporting procedures and is in line with standard industry practice;
- the consolidated cash flow statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as allowed by IAS 7.

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

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

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

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

Reclassifications on balance sheet values as at December 31, 2020

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

Segment information

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

- Metallurgy;
- Vacuum Technology;

- Medical;
- Specialty Chemicals;
- Advanced Packaging.

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

Seasonality of revenues

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

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at December 31, 2021.

<i>Company</i>	<i>Currency</i>	<i>Capital Stock</i>	<i>% of Ownership</i>	
			<i>Direct</i>	<i>Indirect</i>
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. Vigona, PD (Italy)	EUR	78,000	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)	USD	30,000,000	-	100.00

The following table shows the companies included in the scope of consolidation according to the equity method as at December 31, 2021.

<i>Company</i>	<i>Currency</i>	<i>Capital Stock</i>	<i>% of Ownership</i>	
			<i>Direct</i>	<i>Indirect</i>
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*

SAES RIAL Vacuum S.r.l. Parma, Parma (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	-	46.84** (#)
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.).

(#) At the beginning of October 2021 SAES Getters International Luxembourg S.A. 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 dollars (1 dollar for each small shareholder).

The following table shows the investments in other companies as at December 31, 2021, other than subsidiaries, associates or joint ventures, included in the scope of consolidation through measurement at fair value, pursuant to IFRS 9.

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	8,883,903*	4.81**	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	49,514***	-	0.86***

* This amount represents the total capital payments by investors as at December 31, 2021, against a total commitment of Euro 62,422,500.

** Compared to December 31, 2020, the equity investment of SAES was diluted from 7.51% to 4.81% following the completion of the third, fourth and fifth closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment of approximately 22.5 million of euro.

*** % of indirect ownership held through SAES Getters International Luxembourg S.A. Compared to December 31, 2020, the capital stock of Cambridge Mechatronics Limited increased from GBP 48,565 to GBP 49,514, while the SAES equity investment was diluted from 0.87% to 0.86%, following the issue by the company of new preferred ordinary shares in January 2021, upon completion of the same financing round for a total of GBP 7.5 million in which the SAES Group also participated; following the issue of new ordinary shares, used as part of the consideration for the purchase of a business unit from a sub-supplier; following the issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

The main changes in the scope of consolidation during 2021 are shown below.

- On July 7, 2021, SAES Getters S.p.A. finalised the closing for the acquisition of 100% of the capital stock of **Strumenti Scientifici Cinel S.r.l.** 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.
- On July 22, 2021, the liquidation process of the German subsidiary **Memry GmbH** was completed (started at the end of 2017) with the cancellation of the company from the Register of Companies.

Please note that:

- on March 31, 2021, the establishment of a **Branch of SAES Coated Films S.p.A. in Freiburg - Germany** (registration number HRD723906) was completed, in line with the strategy that sees

the company committed to improving its presence in strategic markets, in order to boost new business opportunities;

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

Lastly, note that in 2021 SAES Getters S.p.A. made capital injections into the venture capital fund EUREKA! Fund I - Technology Transfer for a total amount of 305 thousand of euro and received repayments of approximately 104 thousand of euro following the finalization of the third, fourth and fifth Closing by the same fund. As at December 31, 2021, against a total commitment of 3 million of euro, SAES Getters S.p.A. made capital injections into the EUREKA! Totalling 427 thousand of euro⁵⁵ while the residual commitment is equal to 2,573 thousand of euro.

2. ACCOUNTING STANDARDS

Consolidation principles

The consolidated financial statements contain the financial statements of SAES Getters S.p.A. and the financial statements of all of the subsidiaries starting from the date on which their control was taken over and until the time when said control ceased to exist.

Control exists when the Group is exposed or is entitled to varying yields arising from its relationship with the entity in which it has invested and, at the same time, it has the ability to affect these yields, by exercising its power over the entity.

Specifically, the Group controls an investee if it simultaneously has:

- decision-making power, or the ability to manage the relevant activities of the investee, i.e. those activities that make a significant impact on the results of the same investee;
- the right to varying profits or losses coming from its investment in the entity;
- the possibility to use its decision-making power to determine the relevant activities of the investee.

When the Group holds less than the majority of voting rights (or similar rights), it considers all of the relevant events and circumstances to determine if it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights arising from contractual agreements;
- voting rights and potential voting rights of the Group.

When preparing the consolidated financial statements, the assets, liabilities and the costs and revenues of the subsidiaries are taken on a line-by-line basis in their total amount, assigning the Third-party Shareholders the share of the shareholders' equity and of the profit or loss of the year due to them in specific items of the statement of financial position and income statement.

The book value of the investment in each of the subsidiaries is eliminated against the corresponding share of shareholders' equity including any adjustments to fair value as at the date of acquisition; the positive difference that emerges is recognised as goodwill under the intangible assets, as explained further below, while the negative difference is recognised in the income statement.

When preparing the consolidated financial statements, all equity and financial balances between the Group companies and the profits and losses not realised on inter-company transactions are eliminated.

⁵⁵Amounts 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.

All companies over which the Group is able to exercise considerable influence are considered associated companies. Considerable influence means the power to take part in determining financial and management policies of the investee without having its control or joint control.

A joint venture, on the other hand, is an agreement to exercise joint control over an entity on the basis of which the parties holding the joint control enjoy rights to the net assets of the entity. Joint control is the sharing, established in an agreement, of the control of an economic activity that only exists when the unanimous consent of all parties sharing the control is required to take decisions regarding said activity.

Joint ventures differ from joint operations which are instead agreements that give rights to single assets and obligations for the single liabilities relating to the agreement to the parties of the agreement that have joint control over the initiative.

Equity investments in associates and joint ventures are measured using the equity method. In the case of a joint operation, the assets and liabilities, costs and revenues of the agreement based on the accounting standards of reference are instead recognised.

Equity investments other than associates or joint ventures, i.e. minority interests not held for trading purposes, are reported under non-current assets as "Investments in other companies" and, in accordance with IFRS 9, are measured at fair value, with accounting of changes in other comprehensive income, without reversal in the income statement.

Criteria for translating items expressed in foreign currencies

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

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

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

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 converted at the exchange rate at year end.

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

expressed in foreign currency (per 1 euro)

Currency	December 31, 2021		December 31, 2020	
	Average rate	Final rate	Average rate	Final rate
US dollar	1.1827	1.1326	1.1422	1.2271
Japanese yen	129.8767	130.3800	121.8458	126.4900
South Korean won	1,354.0570	1,346.3800	1,345.5765	1,336.0000
Renminbi (P.R. of China)	7.6282	7.1947	7.8747	8.0225
Taiwan dollar	33.0361	31.3671	33.6227	34.4807

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

Business combinations and Goodwill

Business combinations are recognised using the purchase method. According to this method, the assets (including intangible assets not previously recognised), liabilities and potential liabilities (excluding future restructuring) acquired and identifiable, are recognised at their fair value on the date of acquisition. The positive difference between the purchase cost and the Group's share of the fair value of said assets and liabilities is classified as goodwill and recognised as an intangible asset. Any negative difference ("negative goodwill") is instead recognised in the income statement at the time of the acquisition.

Any considerations subject to conditions set out in the business combination contracts are measured at fair value as at the date of acquisition and are included in the value of the considerations transferred into the business combination in order to determine goodwill. Any subsequent changes in this fair value that can be put down as adjustments arising during the measurement period are retrospectively included in goodwill. The changes in fair value that can be put down as adjustments arising during the measurement period are those that derive from more information on events and circumstances that existed as at the date of acquisition, obtained during the measurement period (that cannot exceed the period of one year from the business combination).

If the acquisition cost and/or the value of the assets and liabilities acquired can be determined only temporarily, the Group will record the business combination using temporary values that will be determined definitively within 12 months from the date of acquisition. This accounting methodology, if used, will be reported in the Explanatory notes.

The accessory transaction costs are recognised in the income statement when they are incurred. Goodwill is not amortised, but annually, or more frequently if certain specific events or particular circumstances indicate the possibility that it may be impaired, it is tested to identify any impairment losses, in accordance with IAS 36 - *Impairment of Assets*. After initial recognition, goodwill is valued at cost, net of any accumulated impairment losses. Once goodwill has been written down, impairment losses will not be reversed.

To assess consistency, the goodwill acquired in a business combination is allocated, on the acquisition date, to the Group's individual *Cash Generating Units* (CGU), or to groups of cash generating units, which should benefit from synergies of the business combination, regardless of the fact that other assets or liabilities of the Group are allocated to these units or groups of units. Each CGU or group of CGUs to which the goodwill is allocated, represents the lowest level, as regards the Group, at which goodwill is monitored for internal management purposes.

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

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

In the case of options that give no actual access to the yields associated with ownership of the minority shares, the shares or quotas that the options concern are recognised as at the date control is acquired as "quotas attributable to third parties"; the portion of profits and losses (and other

shareholders' equity movements) of the entity acquired following the business combination is attributed to the third-party quota. The third-party quota is reversed at each balance sheet date and reclassified as financial liability at its fair value (equal to the current value of the price for exercising the option), as if the acquisition were to occur on that date. The Group has recognised as goodwill the difference between the financial liability at fair value and the third-party quota reversed at the date of the financial statements (Parent entity extension method).

Intangible assets

Development costs

Costs incurred internally to develop new products and services are considered, depending on the case, as tangible or intangible assets generated internally and are recognised as assets only if the costs can be determined reliably and the technical feasibility of the product, the expected volumes and prices, indicate that the costs incurred at the development stage will generate future economic benefits.

Development costs capitalised only include expenses incurred that may be directly attributed to the development process.

Development costs capitalised are amortised systematically, starting from the start of production, for the estimated lifetime of the product/service.

Other assets with a finite useful life

Other intangible assets with a finite useful life purchased or produced internally are recognised as assets, in accordance with the provisions of IAS 38 - *Intangible Assets*, when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.

These assets are recognised at purchase or production cost and amortised on a straight-line basis for their estimated useful life. Intangible assets with a finite useful life are tested for impairment on an annual basis, or whenever there is any indication that the asset may be impaired.

Amortisation is calculated on the basis of a straight-line criterion for the estimated useful life of the assets; the rates of amortisation are reviewed annually and are changed if the current estimate of the useful life differs from the previous estimate. The impact of these changes is recognised in the income statement on a forward-looking basis.

Intangible assets are amortised on the basis of their estimated useful life, if established, as follows.

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

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost or, for those in place as at January 1, 2004, at deemed cost, which for some assets is represented by the revalued cost. The costs incurred after the purchase are capitalised only if they lead to an increase in future economic benefits inherent to the asset to which they refer. All other costs are recognised in the income statement when incurred. The cost of the assets also includes the costs envisaged by the dismantling of the asset and the recovery of the site where a legal or implicit obligation is present. The corresponding liability is recognised, at its present value, in the period in which the obligation arises, in a fund recognised under liabilities as part of the provisions for risks and charges; the recognition of the capitalised expense in the income statement is made over the useful life of the relative property, plant and equipment through the depreciation process of the same.

Depreciation is calculated on the basis of a straight-line criterion for the estimated useful life of the assets.

Land, including that relating to buildings, is not depreciated.

The rates of depreciation are reviewed annually and are changed if the current estimated life differs from that estimated previously. The impact of these changes is recognised in the income statement on a forward-looking basis. The minimum and maximum rates of depreciation are shown below.

Buildings	2.5% - 20%
Plant and machinery	6% - 33%
Industrial and commercial equipment	3% - 40%
Other assets	3% - 25%

Lease contracts

Lease agreements are recognised following the indications of IFRS 16. This standard sets a single model for the recognition and measurement of lease agreements (including operating leases) for the lessee, which provides for the recognition of the leased asset among balance sheet assets (right of use) with an offsetting item under financial debt. Exceptions are made only for short-term leases (i.e., leases with a duration equal to or less than twelve months) and leases where the underlying asset represents a low-value asset (i.e., underlying assets that do not exceed the value of 5 thousand of euro, when new); for these, the Group continues to recognize the lease payments in the income statement on a straight-line basis for the duration of their contracts, unless another systematic basis is found to be a better representation of the time when the economic benefits of the leased assets are enjoyed.

Liabilities towards the lessor are classified as financial liabilities in the statement of financial position and are initially measured at the value of the payments required by the lease contract that were not already paid at the commencement date, discounted using the contract's implicit rate. If this rate cannot be inferred from the contract, the lessee uses its own effective financing rate.

Payments considered in the measurement of lease liabilities mainly include:

- fixed lease payments, net of any incentives;
- variable payments that depend on an index or rate, initially measured using the index or rate at the contract's commencement date;
- exercise price of purchase options, if lessees are reasonably certain they will exercise these options; and
- penalties paid to terminate the lease contract, where the term of the lease reflects the exercise of an option to terminate the lease contract.

The carrying amount of this liability is reduced to reflect the lease payments made during the year.

Rights of use refer to leased assets. These assets, representative of the right of use on the goods, are recognized by the Group as a special item in the consolidated balance sheet, separate from tangible and intangible assets. The assets relating to the right of use are initially equal to the corresponding lease liability, net of incentives received and initial direct costs, if any. Subsequently, they are measured at cost less accumulated depreciation and impairment. If the Group incurs a cost obligation to dismantle and remove a leased asset, restore the site where the asset is located or restore the underlying asset to the conditions required by the terms and conditions of the lease, a provision is recognized and measured according to IAS 37. Right-of-use assets are depreciated over the term of the lease contract. If the Group expects to exercise the purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation begins on the commencement date of the lease contract.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired, as described in the paragraph "Impairment of assets".

Depreciation of the right-of-use asset and interest expense accrued on the lease liability are recognised in the income statement.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use) if:

- the duration of the lease has changed or a significant event or a change in circumstances occurs which changes the measurement of the exercise of the purchase option; in this case, the lease liability is remeasured by discounting the modified future payments, using a revised discount rate;
- lease payments change due to changes in an index or rate or a change in the expected payment based on a guaranteed residual value; in this case, the lease liability is restated by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is due to a change in a variable interest rate, for which a revised discount rate is used);
- a lease contract is amended and therefore the liability is restated over the term of the amended lease by discounting the amended lease payments using a discount rate that is revised to the effective date of the amendment.

Impairment of assets

On each reporting date, the Group assesses if there are any indications that intangible assets with a finite useful life, as well as property, plant and equipment, may have suffered an impairment loss. Goodwill and intangible assets with an indefinite useful life undergo impairment testing at least once a year, or, more frequently, whenever there is any indication that the asset may be impaired. The rights of use relating to leased assets are also among the assets subject to impairment testing.

Goodwill

Goodwill undergoes impairment testing to identify its recoverable amount on the reporting date and whenever there are indicators of problems with said item during the year. The goodwill acquired and allocated during the year undergoes impairment testing to identify the recoverable amount before the end of the year in which the acquisition and allocation took place.

To assess its recoverable amount, the goodwill is allocated, on the acquisition date, to each *Cash Generating Unit* (CGU) or group of CGUs, which benefit from the acquisition, regardless of the fact that other assets or liabilities of the entity acquired are allocated to these units.

If the carrying amount of the Cash Generating Unit (or group of CGUs) exceeds the respective recoverable amount, an impairment loss is recognised in the income statement corresponding to the difference.

The impairment loss is recognised in the income statement, first by reducing the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and only later to the other assets of the unit in proportion to their carrying amount up to the recoverable amount of the asset with a finite useful life.

The recoverable amount of a Cash Generating Unit, or group of CGUs, to which the goodwill is allocated, is the higher between the fair value less selling costs, and the value in use of the same CGU.

The value in use of an asset is represented by the present value of expected cash flows calculated by applying a discounting rate that reflects current market valuations of the time value of money and of the specific risks of the asset. The explicit future cash flows cover a period of three years and are projected for a specific period of between 2 and 12 years, with the exception of cases in which either the explicit forecasts and the projections require longer periods as in the case of newly started businesses and start-ups. The long-term growth rate used to estimate the terminal value of the CGU (or group of CGUs) is assumed at a value not exceeding the average long-term growth rate of the sector, country or market in which the CGU (or group of CGUs) operates.

The value in use of Cash Generating Units in foreign currency is estimated in the local currency by discounting on the basis of an appropriate rate for said currency. The present value obtained in this way is converted into euro on the basis of the spot exchange rate on the reference date of the impairment test (in our case the reporting date of the financial statements).

Future cash flows are estimated by referring to the current conditions of the Cash Generating Unit and, therefore, neither the benefits resulting from future restructuring which the entity has not yet committed to, nor future investments to improve or optimise the CGU are considered.

For impairment testing purposes, the carrying amount of a Cash Generating Unit is calculated according to the criterion with which the recoverable amount of the Cash Generating Unit is determined, excluding surplus assets (namely financial assets, deferred tax assets and net non-current assets held for sale).

After having conducted impairment testing of the Cash Generating Unit (or group of CGUs) to which the goodwill is allocated, a second-level impairment test is conducted also including centralised assets with accessory functions (corporate assets) that cannot be allocated according to a criterion that is reasonable and consistent to the individual CGUs and those that do not generate positive cash flows. At this second level, the recoverable amount of all of the CGUs (or groups of CGUs) is compared with the carrying amount of all of the CGUs (or groups of CGUs), also including those CGUs to which no goodwill has been allocated, and centralised assets.

If the conditions that led to the previously recognised impairment loss no longer apply, the original value of the goodwill is not reversed, in accordance with the provisions of IAS 36 – *Impairment of Assets*.

(Intangible and tangible) assets with a finite useful life

During the year, the Group checks whether there are indications that tangible or intangible assets with a finite useful life may have suffered impairment losses. To this end, internal and external sources of information have been considered. As regards the former (internal sources) the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that envisaged. As regards external sources, instead, the following are considered: the trend of the market prices of the assets, any negative changes in technology, markets or laws, the trend of market interest rates, the cost of capital used to value the investments and lastly, if the carrying amount of the net assets of the Group are higher than market capitalisation.

If there are indications that either tangible or intangible assets with a finite useful life have suffered an impairment loss, the carrying amount of the assets is reduced to the relative recoverable amount. The recoverable amount of an asset is defined as the higher between the fair value, net of selling costs, and its value in use. The value in use of an asset is represented by the present value of expected cash flows calculated by applying a discounting rate that reflects current market valuations of the time value of money and of the specific risks of the asset. When the recoverable amount of a single asset cannot be estimated, the Group estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

The impairment loss is recognised in the income statement.

If, subsequently, the reasons that led to the impairment loss no longer exist, the carrying amount of the asset or of the Cash Generating Unit is increased up to the new estimated recoverable amount which, in any event, cannot exceed the amount that would have been determined if no impairment loss had been recognised. The reversal of the impairment loss is recognised in the income statement.

Equity investments in associates and joint ventures

Equity investments in associates and joint ventures are measured using the equity method, on the basis of which the investment is recognised at cost at the time of acquisition, and is later adjusted for the fraction concerning the changes in the shareholders' equity of the same associate. The portions of profit or loss arising from application of this consolidation method are recognised in the income statement under the item "Share of result of investments accounted for using the equity method".

The losses of the associates exceeding the portion the Group owns of them are not recognised unless the Group has undertaken an obligation to hedge them.

The surplus of the acquisition costs over and above the percentage of the current value of the assets, liabilities and potential identifiable liabilities of the associate as at the acquisition date pertaining to the Group is the goodwill and remains included in the book value of the investment. The lesser acquisition book value compared to the percentage of the fair value of the assets, liabilities and potential identifiable liabilities of the associate as at the acquisition date pertaining to the Group is credited to the income statement in the year as soon as the process of applying the acquisition method within the twelve months following the acquisition is completed.

If an associate or joint venture recognises adjustments with direct recognition to the shareholders' equity and the statement of comprehensive income, the Group in turn recognises its portion in the shareholders' equity and, where applicable, represents it in the statement of changes in shareholders' equity and in the consolidated statement of comprehensive income.

The consolidated profit or loss is adjusted to eliminate the positive or negative economic effects arising from intercompany transactions with the associate or the joint venture and not yet realised with the third parties at the end of the year.

Every year the Group assesses the existence of any impairment indicators by comparing the value of the investment recognised with the equity method and its recoverable value. Any impairment is allocated to the investment as a whole with a balancing entry in the income statement.

When considerable influence over an associate or joint control of a joint venture is lost, the Group assesses and recognises the residual investment at fair value. The difference between the book value of the investment as at the date considerable influence or joint control is lost and the fair value of the residual investment and payments received is recognised in the income statement.

Minority interests, not held for trading purposes

Equity investments other than associates or joint ventures, i.e. minority interests not held for trading purposes, are recognised as non-current assets under "Investments in other companies" and, in compliance with the provisions of IFRS 9, are measured at fair value. Upon initial recognition, fair value is normally the transaction price; subsequently, any changes in fair value are recognised in other comprehensive income, with no expectation that they will be reclassified to profit or loss.

Dividends from the investment are recognised in profit (loss) for the year.

The risk deriving from any losses exceeding shareholders' equity is recognised in a specific provision for risks to the extent that the investing company is committed to performing legal or implicit obligations of the investee company, or in any event to hedging its losses.

Financial assets (other than trade receivables) and financial liabilities

Pursuant to IFRS 9, the classification and measurement of financial assets is made on the basis of the business model chosen by the Group for their management, as well as on the basis of the characteristics of the contractual cash flows of the financial assets in question.

The business models adopted by the Group are the following:

- *Held to Collect*: these are financial instruments used to absorb *temporary cash surpluses*; they are characterised by a low level of risk and mostly held to maturity. The measurement is made at amortised cost.
- *Held to Collect and Sell*: these are monetary instruments, bonds and *equity trading* instruments used for the dynamic management of cash surpluses; they are characterised by a low level of risk and usually held to maturity or sold to cover specific liquidity requirements.

The measurement is made *at fair value* through profit and loss.

The impairment of financial assets other than trade receivables is made following the expected losses model and in particular, using the general model that identifies the expected losses on receivables in the following 12 months, or over the entire residual life if the credit risk substantially worsens. Specifically, with respect to cash, expected losses are calculated in accordance with

default percentages associated with each bank with which the cash is deposited, obtained on the basis of each bank's ratings.

Financial liabilities include financial payables as well as financial liabilities, including financial derivatives. They also include trade payables and those of a miscellaneous nature.

Financial liabilities are measured at amortised cost. These liabilities are recorded according to the settlement date principle and initially recognised at fair value, which usually corresponds to the fee received, net of settlement costs directly attributable to the financial liability. After initial recognition, these instruments are measured at amortised cost, using the effective interest rate criterion.

Trade receivables

Group trade receivables are characterised by a low level of risk and are generally held to maturity; they are classified in the category "*Held to Collect*" and are measured at amortised cost.

The impairment of trade receivables is recognised using the simplified approach permitted by IFRS 9. This approach involves estimating the expected loss over the life of the receivable at initial recognition and in subsequent measurements. The estimate is made mainly by calculating the average expected uncollectability, based on historic and geographical indicators. For some receivables characterised by specific risk, specific measurements of the single credit positions are made instead.

Contractual assets and liabilities

Contractual assets and contractual liabilities deriving from the valuation of long-term contracts are recognised on the basis of the contractual payments, defined with reasonable certainty with the customers, in relation to work progress. In consideration of the nature of the contracts and the type of work, progress is determined through the use of an input-based method, on the basis of the percentage that emerges from the ratio between the costs incurred compared to the total costs estimated by the contract (method of *cost-to-cost*). To incorporate the economic effects deriving from the application of this method, with respect to the payments recognised among the revenues of the core business, the positive differences between the payments accrued in relation to the stage of work completion are recorded under contractual assets from the valuation of long-term work contracts and recorded revenues, while negative differences are recorded under the contractual liabilities.

Financial derivatives

The financial derivatives set in place by the SAES Group seek to cover the exposure to exchange rate and interest rate risk and to a diversification of debt parameters, which enable the cost and the volatility to be reduced to within set operational thresholds.

The SAES Group has decided to defer the application of the hedge accounting model envisaged by IFRS 9 and to continue to apply the IAS 39 model.

Therefore, in accordance with the provisions of IAS 39, derivative hedges are recognised according to the procedures established for hedge accounting only when:

- a) at the beginning of the hedge, there are the formal description and the documentation of the hedging relationship in question;
- b) the hedge is expected to be highly effective;
- c) the effectiveness can be reliably measured;
- d) the hedge in question is highly effective during the different accounting periods to which it pertains.

All financial derivatives are measured at fair value, as established in IAS 39.

When derivative instruments have the characteristics to be measured according to hedge accounting criteria, the following accounting treatments are applied:

- *Fair value hedge* – If a financial derivative is designated to hedge exposure to changes in the fair value of an asset or liability, attributable to a specific risk, the profit or the loss resulting from subsequent changes in the *fair value* of the hedging derivative is recognised in the income statement. The profit or loss resulting from the adjustment to the *fair value* of the item hedged, for the part attributable to the risk hedged, changes the carrying amount of said item and is recognised in the income statement.
- *Cash flow hedge* – If a financial derivative is designated to hedge the exposure to the fluctuation of the cash flows of an asset or liability recognised in the financial statements or of a transaction deemed as highly likely, the effective portion of the profits or losses resulting from the adjustment to *fair value* of the derivative instrument is recognised in a specific equity reserve (Reserve for the *fair value* adjustment of hedging derivatives). The accrued profit or loss is reversed from the equity reserve and recognised in the income statement in the same years in which the effects of the hedged transaction are recognised in the income statement.

The profit or loss associated to that part of the ineffective hedge is immediately recognised in the income statement. If the hedged transaction is no longer deemed likely, the profits or losses not yet realised, recognised in the equity reserve, are immediately recognised in the income statement.

For derivatives for which no hedging relationship has been established, the profits or the losses resulting from their measurement at fair value are recognised directly in the income statement.

Inventories

Inventories - represented by raw materials, products purchased, semi-finished goods, work in progress and finished products - are measured at the lower of purchase and production cost and assumed realisable value; the cost is calculated using the FIFO method. The measurement of inventories includes direct costs of materials and of labour and the indirect costs of production (variable and fixed).

In addition, provisions are allocated for materials, finished products, spare parts and other supplies considered obsolete or slow moving, taken their future expected use and their assumed realisable value into account.

Assets held for sale/Discontinued operations

Divested assets, Assets held for sale and Discontinued operations refer to those business lines and to those assets (or operations) sold or about to be sold, the carrying amount of which has been or will be recovered mainly through their sale rather than ongoing use.

These conditions are considered to be met when the sale or the discontinuance of the disposal group is considered highly likely and the assets and liabilities are immediately available for sale in their current condition.

Assets held for sale are measured at the lower of their net carrying amount and fair value net of selling costs.

If these assets originate from recent business combinations, they are measured at their present value net of selling costs.

In compliance with IFRS, the data relating to the assets divested and/or held for sale are presented as follows:

- in two specific items on the statement of financial position: Assets held for sale and Liabilities held for sale;
- in a specific income statement item: Income (loss) from discontinued operations.

Provisions relating to personnel

Staff Leaving Indemnities (TFR)

Staff Leaving Indemnities (Trattamento di Fine Rapporto, or TFR), mandatory for Italian enterprises pursuant to article 2120 of the Italian Civil Code, are a type of deferred remuneration and are correlated to the length of the employee's working life and to the remuneration received in the relative period of service.

In application of IAS 19, the TFR, calculated in this way, is considered a "Defined Benefits Plan" and the relative obligation to be recognised in the financial statements (Payable for TFR) is established by an actuarial calculation, using the *Projected Unit Credit Method*. As envisaged by the revised version of IAS 19, the profits and losses resulting from the actuarial calculation are fully recognised in the statement of comprehensive income in the period in which they arise. These actuarial differences are immediately recognised in profits carried forward and are not classified in the income statement in later periods.

As the time for payment of the benefit comes closer, the costs related to the increase in the present value of the employee severance indemnity are included under "Personnel costs". From January 1, 2007, the 2007 Finance Law and relative implementing decrees introduced significant changes to the TFR scheme, including giving workers a choice as to the destination of their accruing TFR, to supplementary pension plans or to the "Treasury Fund" managed by INPS.

Therefore, this means that the obligation towards INPS and the contributions made to supplementary pension plans are considered, according to IAS 19, "Defined contribution plans", while the amounts recognised as payables for TFR continue to be considered "Defined benefit plans". The legislative changes that have been made since 2007 have therefore led to a redetermination of actuarial assumptions and of the consequent calculations used to establish the TFR.

Other long-term benefits

Bonuses for anniversaries or other benefits linked to length of service and long-term incentive plans are discounted to establish the present value of the obligation for defined benefits and the relative cost of current work performed. Any actuarial differences, as envisaged by the revised version of IAS 19, are fully recognised in the statement of comprehensive income in the period in which they arise. These actuarial differences are immediately recognised in profits carried forward and are not classified in the income statement in later periods.

Provisions for risks and charges

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

Changes in estimates are reflected in the income statement of the year in which the same arose.

Treasury shares

Treasury shares are deducted from shareholders' equity.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in force on the date of the transaction. Monetary assets and liabilities in foreign currency are converted at the exchange rate in force on the reporting date of the financial statements. The exchange rate differences generated by the cancellation of monetary entries or by their conversion at rates different to those of their

initial recognition in the year or to those at the end of the previous year are recognised in the income statement.

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 converted at the exchange rate at year end.

Recognition of revenues

Pursuant to IFRS 15, a contract with a customer is only recognised if it is likely that the Group will receive the consideration it will have a right to in exchange for goods and services that will be transferred to the customer.

The recognition of revenues is based on the following five *steps*:

- (i) the identification of a contract with the customer;
- (ii) identification of the *performance obligations*, represented by the contractual promises to transfer goods and/or services to a customer;
- (iii) determination of the transaction price;
- (iv) allocation of the transaction price to the performance obligations identified on the basis of the "*stand alone*" sales price of each good or service;
- (v) recognition of the revenue when the related performance obligation is satisfied, that is, upon the transfer to the customer of the promised good or service; the transfer is considered completed when the customer obtains control of the good or service, which can take place continuously in a diluted and prolonged period of time ("*over time*"), as in the case of contractual assets from valuation of long-term orders, or at a specific moment in time ("*at a point in time*"). The Group also recognises revenues relating to those assets that are still held in stock but for which there is no alternative use and for which there is already an unconditional right to be paid by the customer.

In consideration of the nature of the contracts and the type of work, the progress of the long-term orders is determined by using an input-based method, based on the percentage that emerges from the ratio of costs incurred compared to the total costs estimated by the contract (*cost-to-cost* method). This method is applied in particular to some contracts of the Vacuum Technology Division.

Revenues are recorded net of discounts, allowances and returns.

Cost of sales

The cost of sales includes the cost of production or purchase of the products and of the goods that have been sold. It includes all costs for materials, processing and general expenses directly associated with the production, including the depreciation of assets used in production and the write-downs of the inventories.

Research and development costs

Research costs, referring both to basic research aimed at increasing the company's knowledge, and to the production of a new or improved product / process, are charged directly to the income statement in the year in which they are incurred. Development costs, referring to activities related and consequent to applied research, aimed at putting into practice the results of the research activities, can be capitalized if the conditions envisaged by IAS 38, and already mentioned in the paragraph on intangible assets, are met. If the requirements for the mandatory capitalisation of development costs are not met, the charges are booked to the income statement of the year in which they were incurred.

In regard to the current year, it should be noted that all development costs incurred by the Group were charged directly to the income statement as they did not meet the requirements for capitalization.

Government grants

Government grants are recognised in the financial statements in accordance with IAS 20, namely when it is reasonably certain that the company will meet all of the conditions envisaged for the receipt of the grants and that the grants in question will be received. Grants are recognised in the income statement for the period in which the costs relating to the same are recorded.

Current and deferred taxes

Income taxes include all of the taxes calculated on the taxable income of the Group companies. Income taxes are recognised in the income statement, with the exception of those relating to items that are directly debited from or credited to an equity reserve, in which case the relative tax is recognised directly in the respective equity reserve.

The provisions for taxes that might be generated by the transfer of non-distributed profits of the subsidiaries are made only where there is a real intention to transfer these profits.

Deferred tax assets/liabilities are recognised according to the *balance sheet liability* method. These are calculated on all temporary differences that emerge between the tax base of the assets and liabilities and their book values in the consolidated financial statements, except for the fiscally non-deductible goodwill.

Deferred tax assets on tax losses that may be carried forward are recognised to the extent to which future taxable income is likely to be generated against which they can be recovered.

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

Deferred tax assets and deferred tax liabilities are calculated by adopting the tax rates that are expected to be applicable, in the respective systems of the countries where the Group companies operate, in the years in which the temporary differences will cancel each other out.

Earnings (loss) per share

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

Use of estimates and subjective valuations

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

In particular, estimates and subjective evaluations are used to recognise the recoverable amount of non-current assets (including goodwill), accruals to provisions for receivables, obsolete and slow-rotation inventory, depreciation and amortisation, employee benefits, deferred tax assets, restructuring provisions as well as other accruals and provisions, including both provisions for risks and for pension plans and other post-employment benefits. The estimates are also used to define the duration and interest rate of the transactions that relate to lease contracts. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.

In the absence of a standard or an interpretation that applies specifically to a transaction, Company Management makes weighted subjective valuations to establish which accounting methods it intends to adopt to provide relevant and reliable information so that the financial statements:

- truly reflect the equity/financial situation, the profit/loss and the cash flows of the Group;
- reflect the economic substance of the transactions;
- are neutral;
- are prepared on prudential bases;
- are complete in terms of all relevant aspects.

The financial statement items that require greater subjectivity by the directors in drawing up estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, the write-down of fixed assets, the amortisation/depreciation of fixed assets, deferred tax assets, the bad debt provision, the provision for obsolete inventory, the risks provision, pension plans and other post-employment benefits.

Please refer to the relative paragraphs of the Explanatory Notes for the main assumptions adopted and the sources used for making the estimates.

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

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

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

On March 31, 2021 the IASB published an amendment called "*Covid-19 - Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)*", extending the period of application of the amendment for a year, issued in 2020, giving lessors the option to account for the reduction of the payments connected to Covid-19 without having to evaluate, by analysing the contracts, whether the definition of lease modifications of IFRS 16 was complied with or not. Therefore, lessors applying this option in 2020 accounted for the effects of the reductions in lease payments directly in the income statement as at the effective date of the decrease.

The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of April 1, 2021 and early adoption is allowed.

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

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

On June 25, 2020, the IASB published "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption for the application of IFRS 9 to be extended until January 1, 2023 for insurance companies.

The adoption of this amendment did not affect the Group's financial statements as it was not applicable.

Interest Rate Benchmark Reform – Phase 2

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

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

These amendments became effective from January 1, 2021.

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

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

Below are the standards and amendments approved by the European Union but not yet mandatorily applicable and not adopted by the Group in advance at December 31, 2021.

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

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

- **Amendments to IFRS 3 – *Business Combinations***: the amendments update the reference in IFRS 3 to the revised version of the *Conceptual Framework*, without changing the provisions.
- **Amendments to IAS 16 – *Property, Plant and Equipment*** - the amendments do not allow the deduction of the amount received from goods produced in an asset's trial phase from the cost of property, plant and equipment. Such revenues from sales and the related costs are therefore recognised in the statement of profit or loss.
- **Amendments to IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*** - the amendment clarifies that all costs directly attributable to the contract must be considered when estimating any contract liabilities. Consequently, the measurement of any contract liability includes not only the incremental costs (e.g., the cost of material directly used in processing), but also all costs that the company cannot avoid in that it signed the contract (e.g., the percentage depreciation of machinery used to fulfil the contract).
- **Annual Improvements 2018-2020** - the amendments were made to IFRS 1 – *First-time Adoption of International Financial Reporting Standards*, IFRS 9 – *Financial Instruments*, IAS 41 – *Agriculture* and the *Illustrative Examples* in IFRS 16 – *Leases*.

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

From a first assessment, the adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

IFRS 17 – *Insurance Contracts*

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

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

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

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

The main features of the *General Model* are as follows:

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

The *PAA* envisages measurement of the liability for the residual coverage of a group of insurance contracts provided that, on initial recognition, the entity provides that such a liability represents a

reasonable approximation of the *General Model*. Contracts with a coverage period of one year or less are automatically eligible for the *PAA*. The simplifications arising from application of the *PAA* method do not apply to the assessment of liabilities for existing *claims* that are measured using the *General Model*. However, it is not necessary to discount those cash flows if the balance to be paid or settled is expected to take place within one year from the date in which the *claim* was filed. The entity must apply the new principle to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a *discretionary participation feature (DPF)*.

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

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

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

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

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

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

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

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

Amendment to IAS 1 and to IFRS Practice Statement 2 - Disclosure of Accounting Policies ***Amendment to IAS 8 - Definition of Accounting Estimates***

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

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

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

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

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

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

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

Amendment to IFRS 17 - Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

On December 9, 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and, therefore, at improving the usefulness of comparative information for readers of the financial statements.

The amendments will apply from January 1, 2023, together with the application of IFRS 17.

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

IFRS 14 - Regulatory Deferral Accounts

On January 30, 2014, the IASB published IFRS 14 - *Regulatory Deferral Accounts*, which allows only those adopting IFRS for the first time to continue to recognize the amounts relating to assets subject to regulated tariffs ("*Rate Regulation Activities*"). according to the previous accounting standards adopted.

As the Group is not a *first-time adopter*, this standard is not applicable.

3. BUSINESS COMBINATIONS

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

On July 7, 2021, the SAES Group finalised the closing for the acquisition of 100% of the capital stock 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.

The company was acquired by the Parent Company SAES Getters S.p.A.

The following table shows the historical values of assets and liabilities acquired and the reconciliation with the goodwill generated by the transaction.

(thousands of euro)

July 7, 2021

Strumenti Scientifici Cinel S.r.l.	Book values
	100%
Property, plant and equipment	153
Intangible assets	8
Right of use	196
Deferred tax assets	53
Total non current assets	410
Inventory	1,181
Trade receivables	909
Other receivables, accrued income and prepaid expenses	150
Cash and cash equivalents	3,490
Total current assets	5,730
Total assets	6,140
Financial liabilities for leases	81
Deferred tax liabilities	0
Severance indemnities and other employee benefits	1,046
Total non current liabilities	1,127
Trade payables	110
Other payables	340
Accrued income taxes	237
Provisions for risks and charges	1,257
Financial liabilities for leases	115
Current portion of medium/long term financial debts	38
Bank debts	0
Total current liabilities	2,097
Equity	2,916
Total equity and liabilities	6,140
Avviamento derivante dall'operazione	16,331
Totale attività nette e avviamento	19,247
Totale esborso finanziario alla data di <i>closing</i>	18,982
Goodwill resulting from the operation	265
Total	19,247

The following table shows the financial outlay, net of the net cash and cash equivalents acquired (positive for 3.5 million of euro).

(thousands of euro)

Total financial outlay at the closing date	18,982
Price adjustment	265
Net cash and cash equivalents acquired	3,490
Financial outlay net of acquired net cash	15,757

The process of determining the current values of assets and liabilities acquired is still in progress. The difference between the price paid and the value of the assets acquired on the basis of the historical values as of the date of the acquisition has been provisionally allocated to the item goodwill and, in accordance with IFRS 3, the definitive treatment of this difference will be finalized within twelve months from the operation.

Consequently, please note that the assets and liabilities associated to Strumenti Scientifici Cinel S.r.l., fully consolidated in the Group's financial statements as at December 31, 2021, consist of the carrying values disclosed in the subsidiary's financial statements, adjusted according to

international accounting standards, as of the date of the acquisition, including the changes occurred since from the date of the acquisition to December 31, 2021.

In accordance with IFRS 3, the accessory charges to the acquisition were charged to the income statement in 2021, that is, in the year in which they incurred.

4. NET SALES

Consolidated net sales in 2021 amounted to 190,198 thousand of euro, up to 12.7% compared to 168,703 thousand of euro in 2020, despite the penalizing effect of exchange rates, equal to -2.9% (-4,878 thousand of euro), mainly related to the devaluation of the US dollar against the Euro, concentrated in the first part of the year.

Net sales for the year have overall exceeded pre-Covid levels⁵⁶ and show organic double-digit growth compared to the previous year, equal to 14.5% (24,478 thousand of euro), mainly driven by the strong recovery in the medical device sector in Nitinol (*Medical Division*) and, to a lesser extent in absolute value, by that of vacuum systems (*Vacuum Technology Division*) and by the advanced materials business for the consumer electronics segment (*Specialty Chemicals Division*).

Lastly, the contribution of the recent acquisition of Strumenti Scientifici Cinel S.r.l., completed in July 2021, which generated an increase in sales equal to 1.1% (+1,895 thousand of euro) was the change in the scope of consolidation, concentrated in the *Vacuum Technology Division*.

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

(thousands of euro)

Divisions & Businesses	2021	2020	Total difference	Total difference %	Exchange rate effect %	Organic change %	Perimeter variation %
Security & Defense	18,168	17,299	869	5.0%	-2.5%	7.5%	0.0%
Electronic Devices	13,162	16,980	(3,818)	-22.5%	-1.5%	-21.0%	0.0%
Healthcare Diagnostics	5,208	4,456	752	16.9%	-1.9%	18.8%	0.0%
Lamps	2,998	3,248	(250)	-7.7%	-1.4%	-6.3%	0.0%
Thermal Insulated Devices	3,494	3,001	493	16.4%	-4.5%	20.9%	0.0%
Sintered Components for Electronic Devices & Lasers	8,564	7,152	1,412	19.7%	-4.2%	23.9%	0.0%
SMA Industrial	10,710	10,894	(184)	-1.7%	-1.4%	-0.3%	0.0%
Metallurgy Division	62,304	63,030	(726)	-1.2%	-2.2%	1.0%	0.0%
Solutions for Vacuum Systems	18,839	12,479	6,360	51.0%	-2.9%	38.7%	15.2%
Vacuum Technology Division	18,839	12,479	6,360	51.0%	-2.9%	38.7%	15.2%
Nitinol for Medical Devices	86,422	73,579	12,843	17.5%	-4.1%	21.6%	0.0%
Medical Division	86,422	73,579	12,843	17.5%	-4.1%	21.6%	0.0%
Functional Dispensable Products	16,760	12,180	4,580	37.6%	-0.5%	38.1%	0.0%
Specialty Chemicals Division	16,760	12,180	4,580	37.6%	-0.5%	38.1%	0.0%
Advanced Coatings	5,873	7,435	(1,562)	-21.0%	0.0%	-21.0%	0.0%
Advanced Packaging Division	5,873	7,435	(1,562)	-21.0%	0.0%	-21.0%	0.0%
Consolidated net sales	190,198	168,703	21,495	12.7%	-2.9%	14.5%	1.1%

For further details and comments, please refer to the Group Report on operations.

5. COST OF SALES

The cost of sales for 2021 amounted to 108,886 thousand of euro, compared to 98,590 thousand of euro in the previous year.

A **breakdown of the cost of sales by category** is provided below, compared with the figure of the previous year.

⁵⁶ Consolidated net sales for 2019 amounted to 182.4 million of euro.

(thousands of euro)

Cost of sales	2021	2020	Difference	of which: Perimeter variation
Raw materials	30,894	30,479	415	457
Direct labour	30,317	27,091	3,226	453
Manufacturing overhead	49,303	45,466	3,837	679
Increase (decrease) in work in progress and finished goods	(1,628)	(4,446)	2,818	(233)
Total cost of sales	108,886	98,590	10,296	1,356

By eliminating both the decrease attributable to the exchange rate trend (cost reduction equal to -2,600 thousand of euro), and the increase related to the acquisition in July 2021 of Strumenti Scientifici Cinel S.r.l. (increase in costs equal to +1,356 thousand of euro), the percentage change in the cost of sales (+11.7%) was substantially in line with the organic growth of consolidated sales revenues (+14.5%).

In particular, observing the individual components of the cost of sales, net of the effect of both currencies and of the change in the scope of consolidation, the **cost of raw materials** recorded a percentage increase exactly coinciding with the organic change in sales revenues (+14.5%, also including the change in inventories of work in progress and finished goods, as well as that of raw materials).

The **cost of direct labour** and **manufacturing overhead**, on the other hand, recorded a slightly lower percentage increase (respectively equal to +13% and +9.3%) due to the different and more favourable sales mix, as well as greater economies of scale, in all sectors, with the sole exception of the Advanced Packaging Division, penalized by production inefficiencies related to the start-up of the second lacquering line starting from the second half of 2020 and not yet fully used.

6. OPERATING EXPENSES

Operating expenses in 2021 amounted to 57,845 thousand of euro, compared to 53,243 thousand of euro in the previous year.

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

(thousands of euro)

Operating expenses	2021	2020	Difference	of which: Perimeter variation
Research & development expenses	11,704	10,421	1,283	45
Selling expenses	13,040	11,101	1,939	208
General & administrative expenses	33,101	31,721	1,380	292
Total operating expenses	57,845	53,243	4,602	545

Net of the exchange rate effect (-525 thousand of euro) and the change in the scope of consolidation⁵⁷ (+545 thousand of euro), offsetting each other, the organic increase was equal to 4,582 euro (+8.6%). In particular, the organic increase is distributed almost equally across all spending destinations, although it has a greater impact on **selling expenses** (+17.3%, equal to 1,921 thousand of euro, due to the increase in the average number of Parent Company sales personnel and for the higher variable remuneration for the business recovery, as well as for higher consultancy costs for due diligence and business development, as well as higher marketing expenses).

The organic increase in **research expenses** (+12.8%, equal to 1,330 thousand of euro) is due both to the return of R&D activity to pre-Covid levels, and to the Group's new approach to innovation, through the creation of a dedicated *Strategic Innovation Office* within the Parent Company,

⁵⁷ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

oriented towards open innovation and the world of innovative start-ups. Within it, there is also the creation of the new *Design House* department, focused on the development of highly innovative products and processes.

Finally, the organic increase in **general and administrative expenses** (+4.2%, equal to 1,331 thousand of euro) is attributable to the write-down for impairment test of property, plant and equipment and intangible assets in the packaging sector (1,500 thousand of euro).

A **breakdown of costs by nature included in the cost of sales and operating expenses** is provided below, compared with those of the previous year, and with evidence of the effect attributable to exchange rate fluctuations and that related to the change in the scope of consolidation (that is, the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021).

(thousands of euro)				of which:	
Total costs by nature	2021	2020	Difference	Perimeter variation	Exchange rate effect
Raw materials	30,894	30,479	415	457	(763)
Personnel costs	82,158	76,352	5,806	895	(1,623)
Corporate bodies	5,048	5,134	(86)	33	0
Travel expenses	382	332	50	2	(9)
Maintenance and repairs	4,495	4,206	289	56	(56)
Various materials	9,399	8,645	754	70	(238)
Transports	1,839	1,824	15	37	(17)
Commissions	213	280	(67)	33	(5)
Licenses and patents	792	784	8	0	(11)
Consultant fees and legal expenses	7,320	6,995	325	99	(68)
Audit fees (*)	593	570	23	35	1
Rent and operating leases	728	559	169	0	(6)
Insurances	1,205	1,085	120	21	(15)
Advertising costs	389	248	141	0	(4)
Utilities	5,249	3,904	1,345	88	(54)
Telephones and faxes	336	285	51	3	(8)
General services (canteen, cleaning, vigilance, etc.)	2,148	1,993	155	16	(26)
Training costs	233	183	50	0	(3)
Depreciation	8,228	7,325	903	49	(122)
Amortization	1,183	1,244	(61)	3	(25)
Depreciation on leased assets	2,295	2,160	135	118	(50)
Write-down of non current assets	1,500	166	1,334	0	0
Provision (release) for bad debts	69	56	13	0	(1)
Others	1,663	1,470	193	119	(28)
Total costs by nature	168,359	156,279	12,080	2,134	(3,131)
Increase (decrease) in work in progress and finished goods	(1,628)	(4,446)	2,818	(233)	6
Total cost of sales and operating expenses	166,731	151,833	14,898	1,901	(3,125)

(*) Of which 60 thousands of euro for out-of-pocket expenses incurred in the year 2021 and -6 thousands of euro as an adjustment on out-of-pocket expenses relating to the previous year (in 2020, 53 thousands of euro for out-of-pocket expenses for the year and -7 thousands of euro as a balance on out-of-pocket expenses relating to the previous year).

Below is the comment on the main organic differences (i.e., net of the exchange rate effect and of the effect related to the acquisition of Strumenti Scientifici Cinel S.r.l. in mid-2021).

The items **"Raw materials"** and **"Increase (decrease) 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 **"Personnel costs"** was 6,534 thousand of euro, mainly due to the increase in the average number of employees, especially at Memry Corporation (business recovery after the pandemic phase and finalization of the new tube department in Bethel), at the subsidiary Spectra-Mat, Inc. (higher sales in the US market) and at the Parent Company (increase in sales personnel and the above mentioned creation of the *Strategic Innovation Office* within the R&D area). Lastly, note the increase in the use of temporary work at Memry Corporation, as well as the higher allocation to bonuses by the US subsidiaries, against the increase in revenues. Severances for the 2021 year amounted to 625 thousand of euro, compared to 125 thousand of euro in the previous year.

The item "**Corporate bodies**" includes the remuneration due to the executive and non-executive Directors and to the members of the Board of Statutory Auditors of the Parent Company and is substantially in line with the previous year: the greater 2020 provision for three-year monetary incentive plans that have expired was, in fact, balanced in the year 2021 by a greater annual incentive and a greater provision for *phantom shares* (with reference to *phantom shares*, the value of the total liability estimated at the expiry of the plan increased following the increase in the value of the SAES share at the end of the 2021 financial year, compared to the listing at the end of the 2020 financial year). For the details on the amounts paid in terms of remuneration in 2021 and the comparison with the previous year, please refer to Note no. 44 and to the Report on remuneration.

The increase in the items "**Maintenance and repairs**" and "**Various materials**" is mainly attributable to the US subsidiaries and is a consequence of the increase in variable production costs, following the recovery of business.

The item "**Consultant fees and legal expenses**" increased as a result of due diligence activities and strategic business development projects, currently under assessment, as well as for the recruiting of new personnel by the US affiliates, in order to accompany the current production expansion phase after Covid-19.

The change in the item "**Utilities**" is related to the increase in both consumption and unit costs of electricity, especially at the Italian companies of the Group.

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

The item "**Write-down of non-current assets**" as at December 31, 2021 only includes the write-down of property, plant and equipment and intangible assets in the packaging sector following an impairment test (for further details, see Note no. 15). As at December 31, 2020 the same item was mainly composed of the write-down of the residual value of some SMA furnaces decommissioned during the year by the subsidiary SAES Smart Materials, Inc.

It should be noted that the item "**Provision (release) for bad debts**" includes the generic write-down of trade receivables, including those not yet past due, in application of the *Expected Credit Loss* model envisaged by IFRS 9 (cost equal to 69 thousand of euro) in the current year, compared to a cost of 56 thousand of euro in the previous year).

The breakdown by nature of **extraordinary items related to the Covid-19 pandemic**, included in the cost of sales and operating expenses for both 2021 and the previous year, is provided below, with the relative details by nature.

(thousands of euro)		2021				
One-off Covid-19	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
Personnel costs	(34)	(15)	(6)	(3)	23	(35) (*)
Maintenance and repairs					142	142
Depreciation					0	0
Various materials					9	9
Transports					0	0
Consultant fees and legal expenses					2	2
General services (canteen, cleaning, vigilance, etc.)					169	169
Training costs					0	0
Others					2	2
Total cost of sales & operating expenses one-off Covid-19	(34)	(15)	(6)	(3)	347	289

(*) The amount is composed by:

- savings for the US governmental measures to support companies and families, equal to -62 thousands of euro;
- additional personnel costs, equal to +27 thousands of euro.

(importi in migliaia di euro)		2020				
One-off Covid-19	Direct labour	Manufacturing overhead	Research & development expenses	Selling expenses	General & administrative expenses	Total
Personnel costs	(156)	(76)	(54)	(13)	38	(261) (*)
Maintenance and repairs					164	164
Depreciation					2	2
Various materials					132	132
Transports					4	4
Consultant fees and legal expenses					135	135
General services (canteen, cleaning, vigilance, etc.)					147	147
Training costs					3	3
Others					2	2
Total cost of sales & operating expenses one-off Covid-19	(156)	(76)	(54)	(13)	627	328

(*) The amount is composed by:

- CIGO savings in the Lainate plant of the Parent Company, equal to -55 thousands of euro;
- savings for the US governmental measures to support companies and families, equal to -260 thousands of euro;
- additional personnel costs, equal to +54 thousands of euro.

The extraordinary expenses (351 thousand of euro in 2021 and 643 thousand of euro in 2020) refer mainly to costs for sanitization and adaptation of access points and workspaces to ensure employee safety, as well as healthcare and prevention expenses and consulting and training costs. Also note the decrease in personnel costs, equal to a total of -62 thousand of euro as at December 31, 2021, correlated to the support measures implemented by the US Government that benefited some of the Group's US operating subsidiaries (in the previous year, the reduction in the personnel costs was -315 thousand of euro, made possible not only by the support measures implemented by the US government but also by the recourse to the government furlough scheme at the Parent Company's Lainate plant).

7. OTHER INCOME (EXPENSES)

The item "Other income (expenses)" as at December 31, 2021 had a negative balance, equal to -828 thousand of euro, compared to a negative balance equal to -596 thousand of euro in the previous year.

A breakdown of this item in both years is provided below.

(thousands of euro)				of which:
	2021	2020	Difference	Perimeter variation
Other income	860	713	147	8
Other expenses	(588)	(1,309)	721	0
Cost for cancellation of down payment for potential minority equity investment	(1,100)	0	(1,100)	0
Total other income (expenses)	(828)	(596)	(232)	8

The item "Other income" includes all those revenues that do not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials and the capital gains coming from sale of the assets.

This item also includes the Parent Company's income related to the tax credit for investments in research and development, in accordance with the provisions of the 2021 Budget Law (equal to 454 thousand of euro pertaining to 2021, compared to 259 thousand of euro pertaining to 2020). Lastly, in the current year, the extraordinary public contribution, equal to 85 thousand of euro, paid to SAES Smart Materials, Inc. following the conclusion of the insourcing of some processes should be noted; the previous year included other revenues of the Italian companies, equal to 32 thousand of euro, for the tax credit on the sanitation costs pursuant to Article 125 of Legislative Decree 34/2020.

The item "Other expenses" includes the property taxes and other taxes, other than income taxes, mainly paid by the Group's Italian companies. The decrease compared to the previous year is the consequence of the fact that as at December 31, 2020, the item included donations, amounting to a total of 691 thousand of euro, made by the Parent Company to research entities and hospital facilities working on the front line to overcome the Covid-19 emergency, as well as to the Italian Civil Defence. It should also be noted that, in the previous year, a provision for risks, equal to 80 thousand of euro, was made following administrative sanction proceedings initiated by Consob against SAES Getters S.p.A. for violation of current regulations on public disclosure of privileged information (Market Abuse Regulation, MAR) for the press release concerning the agreement for the sale of the gas purification business, finalized in mid-2018 (for further details please refer to Note no. 34).

Lastly, please also note in the current year the cost, equal to 1,100 thousand of euro, for the cancellation of the advance for a potential minority investment in the packaging business, which was subsequently suspended due to a change in strategy. The receivable was cancelled, as it was deemed difficult to recover (for further details, see Note no. 22).

8. FINANCIAL INCOME (EXPENSES) AND WRITE-DOWN OF FINANCIAL RECEIVABLES AND OTHER FINANCIAL ASSETS

The following tables provide a breakdown of financial income (expenses) in 2021, compared to the previous year.

(thousands of euro)

Financial income	2021	2020	Difference	of which: Perimeter variation
Bank interest income	228	190	38	0
Other financial income	564	582	(18)	0
Gains from securities evaluated at fair value	2,070	0	2,070	0
Coupons and other <u>net</u> income realized on securities	1,718	2,114	(396)	0
Gains realized on derivative instruments	0	0	0	0
Gains from derivative instruments evaluated at fair value	33	18	15	0
Total financial income	4,613	2,904	1,709	0

(thousands of euro)

Financial expenses	2021	2020	Difference	of which: Perimeter variation
Bank interests and other bank expenses	2,085	1,931	154	9
Other financial expenses	11	142	(131)	0
Losses from securities evaluated at fair value	0	1,602	(1,602)	0
Commissions and other securities costs	256	276	(20)	0
Interest on lease financial liabilities	215	168	47	3
Realized losses on derivative instruments	27	28	(1)	0
Losses from derivative instruments evaluated at fair value	0	0	0	0
Total financial expenses	2,594	4,147	(1,553)	12
Write-down of financial receivables and other financial assets	2,148	2,965	(817)	0
Total financial expenses & write-down of financial assets	4,742	7,112	(2,370)	12

The item "Other financial income" is mainly composed, in both years, of interest income accrued on interest-bearing loans granted by the Group to the joint ventures Actuator Solutions GmbH and SAES RIAL Vacuum S.r.l., as well as those on the two convertible loans granted to Flexterra, Inc. (the first convertible loan, of 3 million of dollars, was paid in July 2020; the second, totalling 2 million of dollars, was granted in two equal instalments, paid respectively in August and November 2021). The lower interest income accrued on the loans granted to the joint venture Actuator Solutions GmbH, following a reduction in the rate applied⁵⁸ starting from January 1, 2021, were offset by the higher interest accrued on the convertible loans granted to Flexterra, Inc. Please refer to Note no. 21 for further details. Finally, it should be noted that, in the 2021 financial year, the item also 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. 23).

The items "Gains/Losses from securities evaluated at fair value" are associated with the measurement at fair value of the securities subscribed⁵⁹ to invest the cash deriving from the extraordinary sale of the purification business completed at the end of June 2018. During 2021, there was an increase in the fair value of securities of +2,070 thousand of euro, compared to a negative change in 2020 (-1,602), manifested in particular in the first half of the year⁶⁰ and a consequence of the Covid-19 crisis on the financial markets.

Again in relation to the securities portfolio, the item "Coupons and other net income realized on securities", in addition to including income from the collection of coupons (+2,117 thousand of euro in 2021, compared to +2,325 thousand of euro in 2020), also includes the net charges deriving from the partial disinvestment of the bond portfolio, replaced by a *Dynamic Multi-Asset (DMAS)* management, and from the replacement of an investment in a *Credit Link Certificate*, with the aim of protecting the value of the invested capital (net charges equal to -399 thousand of euro in 2021, compared to -211 thousand of euro in 2020).

Finally, the item "Commissions and other securities costs" consists of the management fees of the aforementioned securities portfolio and is in line with the previous year (-256 thousand of euro as at December 31, 2021, compared to -276 thousand of euro as at December 31, 2020).

Please refer to Note no. 19 for further details on the securities subscribed.

The item "Income/Losses from derivative instruments evaluated at fair value" (+33 thousand of euro in 2021, compared to +18 thousand of euro in 2020) includes the effect on the income statement of the fair value measurement of the hedge contracts, including those embedded, on the long-term variable rate loans subscribed by the Parent Company.

The item "Realized gains/losses on derivative instruments" (-27 thousand of euro in 2021, compared to -28 thousand of euro in 2020), on the other hand, includes the interest spreads actually paid to banks during the year for those contracts.

It should be noted that as at December 31, 2021 all the hedging contracts on the risk of changes in interest rates were expired or terminated early, following the early repayment by SAES Getters S.p.A. of the related variable rate bank loans. For further details, see "Significant events in 2021" in the Group Report on operations and Note No. 27.

The item "Bank interests and other bank expenses" included interest expenses on both short term and long term loans granted to the Parent Company, SAES Coated Films S.p.A. and the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The balance as at December 31, 2021 shows a slight increase compared to the previous year (-2,085 thousand of euro in 2021, compared to -1,931 thousand of euro in 2020) due to the penalty paid on the early repayment of the Mediobanca loan (penalty equal to -325

⁵⁸ The interest rate applied from January 1, 2021 was reduced from 6% to 2%.

⁵⁹ Securities subscribed by the Parent Company and SAES Investments S.A.

⁶⁰ The negative effect that emerged in the first part of the year was gradually reabsorbed in the following months of 2020.

thousand of euro and corresponding to the negative mark-to-market value of the *IRS* derivative stipulated by the lender to hedge the risk of interest rate fluctuations on a fixed-rate loan). In the previous year, on the other hand, please note the upfront fees on the two new revolving credit lines subscribed by the Parent Company (approximately -195 thousand of euro).

Interest expenses on leases amounted to -215 thousand of euro in 2021, essentially in line compared to -168 thousand of euro in the previous year, and were a consequence of the application of IFRS 16.

The item "Write-down of financial receivables and other financial assets" amounted to 2,148 thousand of euro in 2021, compared to 2,965 thousand of euro in the previous year.

The 2021 amount includes the write-down (-1,769 thousand of euro) of the second convertible loan (both principal and accrued interest) granted to Flexterra, Inc., as well as that relating to the financial credit related to the interest accrued on the first convertible loan granted in July 2020 (-215 thousand of euro): despite the progress made in the current year by the Flexterra project and the confirmation of the business opportunity, due to the extension of the project time horizon and the consequent increased uncertainties about the commercial success of the initiative, it was decided to proceed with the write-down, considering the receivables difficult to recover, on the basis of the information actually available. Again in 2021, the write-down (-160 thousand of euro) should also be noted of the financial receivable for the interest accrued during the year on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH: although the joint venture closed the current year in profit, in light of the five-year plan approved by the *Supervisory Board* of the German company on December 14, 2021, uncertainty remains about its economic and financial remains and, therefore, the Group's financial receivable was written down, being considered unlikely to be recovered.

In 2020, the write-down of the first convertible loan granted to Flexterra, Inc. was equal to -2,539 thousand of euro (of which -2,445 thousand of euro for the principal amount and -94 thousand of euro for interest accrued in the second half of 2020), while the write-down of the interest accrued on the loan granted to Actuator Solutions GmbH was amounted to -481 thousand of euro.

Lastly, the item "Write-down of financial receivables and other financial assets" includes write-downs of financial assets (in particular, cash and cash equivalents) in application of IFRS 9. *Expected losses* were calculated according to a *default* percentage associated with each bank with which the funds are deposited, obtained on the basis of the *rating* of each bank.

This calculation resulted in a non-material increase in the *expected losses* on cash and cash equivalents in the year 2021, equal to 4 thousand of euro (unchanged both the overall liquidity held by the Group and the risk associated with the credit institutions with which SAES operates). The reduction in *expected losses* as at December 31, 2020 was instead equal to 55 thousand of euro (lower liquidity held by the Group, against a substantially unchanged risk level).

9. SHARE OF RESULT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD & WRITE-DOWN OF EQUITY INVESTMENTS IN COMPANIES VALUED USING THE EQUITY METHOD

The item "Income (loss) from equity method evaluated companies" includes the Group's share in the net income of the joint ventures Actuator Solutions GmbH⁶¹, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.⁶², consolidated with the equity method.

⁶¹ It should be noted that Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., both controlled by Actuator Solutions GmbH and in liquidation since the end of 2019, concluded the liquidation process in September 2020.

⁶² Flexterra, Inc., in turn, consolidated the wholly owned subsidiary Flexterra Taiwan Co., Ltd. (established in January 2017).

(thousands of euro)

	2021	2020	Difference
Actuator Solutions GmbH	0	(278)	278
SAES RIAL Vacuum S.r.l.	200	309	(109)
Flexterra (*)	0	(1,735)	1,735
Total income (loss) from equity method evaluated companies	200	(1,704)	1,904

(*) Amount obtained by adding to SAES's share of the result of the joint venture, the reversal of the amortization on the portion of the capital gain of the IP sold by the Group to Flexterra, Inc. in 2019 (76 thousands of euro both in 2021 and 2020).

In 2021, the result deriving from the valuation with the equity method of the jointly controlled companies was positive for +200 thousand of euro, referring exclusively to the joint venture **SAES RIAL Vacuum S.r.l.** In the previous financial year the same item was negative for -1,704 thousand of euro, of which -1,735 thousand of euro⁶³ attributable to the joint venture **Flexterra**, +309 thousand of euro referred to **SAES RIAL Vacuum S.r.l.** and -278 thousand of euro for the **release to the income statement of the translation reserve generated in the past by the consolidation of the Asian subsidiaries of Actuator Solutions GmbH**, following their liquidation.

Actuator Solutions GmbH

In spite of the fact that Actuator Solutions GmbH closed 2021 in profit (+1,178 thousand of euro), the portion pertaining to SAES (equal to +589 thousand of euro) was not recorded by the Group, in line with the previous year, as the joint venture's shareholders' equity is still negative for a little more than 2 million of euro⁶⁴, against a SAES' equity interest in Actuator Solutions GmbH already fully written off.

On the other hand, as at December 31, 2020, a cost of -278 thousand of euro was recognized for the release to the income statement of the translation reserve generated in previous years by the consolidation of the Asian subsidiaries of Actuator Solutions GmbH, following their liquidation.

SAES RIAL Vacuum S.r.l.

SAES RIAL Vacuum S.r.l. closed the year 2021 with a net profit of 408 thousand of euro, down from 631 thousand of euro in the previous year, despite the increase in revenues, which grew by 23.5%: the decrease of the gross margin, caused by the different product mix, led to a contraction of the gross industrial profit, which was then also reflected on the net profit. The income recognized for the equity valuation was 200 thousand of euro, compared to 309 thousand of euro in the previous year.

Flexterra

During 2021, the Flexterra project continued its development process, in collaboration with an important Taiwanese player in the consumer electronics industry. In particular, the materials developed by Flexterra are used in innovative displays for reading, currently in the final testing phase. Since these are mainly prototyping activities, in 2021 revenues were still of an insignificant amount (5 thousand of euro), against operating costs equal to 3,911 thousand of euro (mainly costs for employees in research and general and administrative activities, consultancy, materials used in development, costs related to the management of patents and amortisation of intangible assets, including intellectual property). The 2021 financial year closed with a net loss of -4,099 thousand of euro, but the share pertaining to the Group (-1,917 thousand of euro) was not recognised as a liability, as the SAES' equity investment in Flexterra has already been written down⁶⁵ and as there are to date no legal or implicit obligations for recapitalisation from the Group, in accordance with

⁶³Obtained by adding to the share pertaining to SAES in the 2020 result of the joint venture (-1,811 thousand of euro), the reversal of the amortization on the portion of the capital gain of the IP sold by E.T.C. S.r.l. to Flexterra, Inc. (+76 thousand of euro) eliminated at the consolidated level, in application of IAS 28.

⁶⁴ Consolidated pro rata at 50%.

⁶⁵Equity investment completely written off zero as at December 31, 2020, following an impairment test.

IAS 28. The loss deriving from the valuations using the equity method in the previous year, however, was equal to -1,735 thousand of euro (obtained by adding the share pertaining to SAES in the 2020 profit of the joint venture, equal to -1,811 thousand of euro, the reversal of the amortization on the portion of the capital gain of the IP sold by the Group to Flexterra, Inc. in 2019, equal to +76 thousand of euro, eliminated at the consolidated level, in application of IAS 28).

For further details on the performance of the joint ventures, please refer to the Group Report on operations, paragraph "Performance of the joint ventures in 2021" and to Note no. 17.

A breakdown of the item "Write-downs of investment in companies valued using the equity method" is provided in the following table.

(thousands of euro)

	2021	2020	Difference
Actuator Solutions GmbH	0	0	0
SAES RIAL Vacuum S.r.l.	0	0	0
Flexterra	0	(591)	591
Write-down of investments in companies valued using the equity method	0	(591)	591

The write-downs of equity investments in companies valued using the equity method, nil in the current year, amounted to -591 thousand of euro as at December 31, 2020 and were a consequence of the impairment test which completely eliminated the value of the equity investment in Flexterra.

10. FOREIGN EXCHANGE GAINS (LOSSES), NET

In 2021 the exchange rates management recorded a negative balance equal to -230 thousand of euro, compared to a still negative balance equal to -477 thousand of euro in the previous year.

The breakdown of foreign exchange gains and losses as at December 31, 2021 compared to the previous year is given below.

(thousands of euro)

Foreign exchange gains and losses	2021	2020	Difference	of which: Perimeter variation
Foreign exchange gains	869	723	146	17
Foreign exchange losses	(987)	(1,200)	213	(1)
Foreign exchange gains (losses), net	(118)	(477)	359	16
Realized exchange gains on forward contracts	17	0	17	0
Realized exchange losses on forward contracts	(138)	0	(138)	0
Gains (losses) from forward contracts evaluated at fair value	9	0	9	0
Gains (losses) on forward contracts	(112)	0	(112)	0
Total foreign exchange gains (losses), net	(230)	(477)	247	16

The item "Foreign exchange gains (losses), net" (-118 thousand of euro in 2021, compared to -477 thousand of euro in 2020) in both years is mainly attributable to the effect of the fluctuations of the dollar against the euro on transactions of a commercial nature, including intragroup.

The item "Gains (losses) on forward contracts" shows a negative balance of -112 thousand of euro in the year 2021 and includes both the realization (-121 thousand of euro) deriving from the closing of the forward contracts on the dollar, signed by the Parent Company at the beginning of the year (March 2021) to hedge approximately 65% of the net flows in dollars expected for the period April-December 2021, and the economic impacts deriving from the valuation at fair value (+9 thousand

of euro) of forward contracts stipulated at the end of the year to hedge the net flows in dollars estimated for the year 2022.

As at December 31, 2020, the Group did not have any forward sales contracts in place and no derivative contracts on currencies were closed in the previous year.

For details on the forward contracts signed during 2021 and on those still open as at December 31, 2021, please refer to the paragraph "Significant events in 2021" in the Group Report on operations and to Note no. 27.

11. INCOME TAXES

In 2021, income taxes amounted to 9,404 thousand of euro, compared to 4,507 thousand of euro in the previous year.

The related details are provided below.

(thousands of euro)				of which:
	2021	2020	Difference	Perimeter variation
Current taxes (*)	8,467	5,465	3,002	(12)
Deferred taxes	937	(958)	1,895	2
Total	9,404	4,507	4,897	(10)

(*) Current taxes, both for 2021 and 2020, do not coincide with what is reported in the consolidated cash flow statement as they do not include the income for tax credits recognized on investments in research and development (pursuant to Law 29 / 2019) and on sanitation costs (pursuant to Legislative Decree 34/2020), classified under the item "Other net income (expenses)".

Income taxes in 2021 amounted to 9,404 thousand of euro, compared to 4,507 thousand of euro in 2020. The increase is mainly attributable to higher US taxes due to the business recovery, and to higher income taxes of the subsidiary SAES Investments S.A., at cost in the current year, but for revenues in the previous financial year, as the company, in profit in the 2021 financial year, had closed 2020 with a loss before taxes, due to the measurement at fair value of the securities portfolio, penalized by the Covid-19 crisis.

It should be noted that the item "Income taxes" for the previous year included income of 389 thousand of euro related to the release of deferred tax liabilities of the Parent Company, following the realignment of the tax value of some assets, in application of Law Decree 104/2020.

The Group tax rate amounted to 41.8% (48.5% in the previous year), still significant since the Parent Company, SAES Innovative Packaging S.r.l. and SAES Coated Films S.p.A., similarly to the previous financial period, ended the current financial period with a negative taxable income, not measured as deferred tax assets.

The reconciliation between the theoretical tax charge based on the current tax rates in Italy (IRES) and the actual tax charge recognised in the consolidated financial statements is shown below.

(thousands of euro)				
	2021		2020	
Income (loss) before taxes		22,480		9,294
Taxes and theoretical rates	24.00%	5,395	24.00%	2,231
Different rates effect	-0.73%	(165)	0.30%	28
Non-deductible costs/(Net sales) not taxable	1.06%	238	2.10%	195
Provisions taxes on the profits of subsidiaries	7.82%	1,758	0.82%	76
Not recognized (recognized) deferred tax assets on tax losses	10.93%	2,457	21.82%	2,028
Realignment of the assets' tax value (D.L.104/2020), net of substitute tax	0.00%	0	-3.67%	(341)
R&D credits and other tax credits	-0.40%	(89)	-7.22%	(671)
Restatement of deferred taxation following a change in the tax rate	-2.49%	(559)	-0.01%	(1)
Other permanent differences	-0.28%	(64)	4.85%	451
IRAP and other local taxes	1.93%	433	5.50%	511
Taxes and effective rates	41.83%	9,404	48.49%	4,507

As already happened last year, no company of the Group recognized deferred tax assets on tax losses incurred in 2021. These tax losses were equal to 12,364 thousand of euro compared to negative taxable income of 13,958 thousand of euro in 2020. The decrease is mainly related to the lower negative taxable income of SAES Getters International Luxembourg S.A., which closed 2021 with a lower tax loss than in the previous year, penalised by the write-down of investment in Flexterra, Inc., only partially offset by the higher tax losses of the Parent Company and of SAES Coated Films S.p.A. (for details on the performance of the subsidiaries during the current year and for the comparison with the previous year, please refer to the section "Performance of subsidiaries in 2021" of the Group Report on Operations).

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

On April 1, 2021, the Company received a request from the Revenue Agency for additional documentation in relation to the aforementioned request for a ruling. Pending the production of additional documentation, on July 5, 2021 the Inland Revenue Agency published the draft circular regarding the CFC regulations, as amended by Legislative Decree no. 142/2018, which states that "*the positive response provided in response to requests for ruling submitted pursuant Article 8-ter, under the same circumstances, continues to be valid for the purposes of the new legislation*". The validity of the favourable rulings pursuant to paragraph 8-ter was then confirmed by the final version of the circular (circular 18/2021), published on December 27, 2021.

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

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

In light of the above, taking into consideration:

- (i) the favourable response obtained in 2012 pursuant to paragraph 8-ter to the request for ruling for the non-application of the CFC regime;
- (ii) and that the Group's operating structure in the United States and, in particular, the operation of the ICD Regime has never been changed over the years, with the exception of the sale of Saes Pure Gas, Inc., which in any case has not changed the "operation and function of ICD in the context of the Group's business in the USA,

it can be considered that the favourable ruling obtained by the Company in 2012 is still to be considered valid for the purposes of the non-application of the CFC regulations for ICD.

12. EARNINGS (LOSS) PER SHARE

As indicated in Note no. 30, the share capital of SAES Getters S.p.A. is represented by two different types of shares (ordinary shares and savings shares), with different rights in regard to the distribution of dividends.

The portion of profits due to each share type is calculated based on the respective rights to receive dividends. Therefore, earnings per share are calculated by deducting from net income of the year the value of the preferred dividends contractually due to savings shares in the case of theoretical distribution of these profits. The value obtained is divided by the average number of shares outstanding during the year.

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

The following table shows earnings per share in 2021, compared with 2020 figures.

Earning (loss) per share	2021			2020		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (thousands of euro)			13,076			4,787
Theoretical preference dividends (thousands of euro)		1,022	1,022		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	7,687	4,366	12,054	2,768	997	3,765
Total profit (loss) attributable to the different categories of shares (thousands of euro)	7,687	5,389	13,076	2,768	2,019	4,787
Average number of outstanding shares	10,771,350	7,378,619	18,149,969	10,771,350	7,378,619	18,149,969
Basic earning (loss) per share (euro)	0.71368	0.73031		0.25699	0.27362	
- from continued operations (euro)	0.71368	0.73031		0.25699	0.27362	
- from discontinued operations (euro)	0.00000	0.00000		0.00000	0.00000	
Diluted earning (loss) per share (euro)	0.71368	0.73031		0.25699	0.27362	
- from continued operations (euro)	0.71368	0.73031		0.25699	0.27362	
- from discontinued operations (euro)	0.00000	0.00000		0.00000	0.00000	

13. SEGMENT INFORMATION

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

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

The operating structure is unchanged compared to the previous year.

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

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

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

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

(thousands of euro)

Consolidated statement of profit or loss	Metallurgy		Vacuum Technology		Medical		Specialty Chemicals		Advanced Packaging		Not Allocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total net sales	62,304	63,030	18,839	12,479	86,422	73,579	16,760	12,180	5,873	7,435	0	0	190,198	168,703
Cost of sales	(30,095)	(31,749)	(8,762)	(4,982)	(52,150)	(45,632)	(11,822)	(8,895)	(5,721)	(6,890)	(336)	(442)	(108,886)	(98,590)
Gross profit	32,209	31,281	10,077	7,497	34,272	27,947	4,938	3,285	152	545	(336)	(442)	81,312	70,113
% on net sales	51.7%	49.6%	53.5%	60.1%	39.7%	38.0%	29.5%	27.0%	2.6%	7.3%	n.a.	n.a.	42.8%	41.6%
Total operating expenses	(10,394)	(11,164)	(4,940)	(3,798)	(8,803)	(8,177)	(2,358)	(1,692)	(5,103)	(3,084)	(26,247)	(25,328)	(57,845)	(53,243)
Other income (expenses), net	1	43	(5)	9	174	71	(27)	(31)	(1,129)	19	158	(707)	(828)	(596)
Operating income (loss)	21,816	20,160	5,132	3,708	25,643	19,841	2,553	1,562	(6,080)	(2,520)	(26,425)	(26,477)	22,639	16,274
% on net sales	35.0%	32.0%	27.2%	29.7%	29.7%	27.0%	15.2%	12.8%	-103.5%	-33.9%	n.a.	n.a.	11.9%	9.6%
Interest and other financial income (expenses), net													2,019	(1,243)
Write-down of financial assets													(2,148)	(2,965)
Gains (losses) from equity method evaluated companies													200	(1,704)
Write-down of investments in companies valued using the equity method													0	(591)
Foreign exchange gains (losses), net													(230)	(477)
Income (loss) before taxes													22,480	9,294
Income taxes													(9,404)	(4,507)
Net income (loss) from continued operations													13,076	4,787
Net income (loss) from discontinued operations													0	0
Net income (loss)													13,076	4,787
Minority interests in consolidated subsidiaries													0	0
Group net income (loss)													13,076	4,787

A breakdown of the main **balance sheet items** by operating segment is provided below.

(thousands of euro)

	Metallurgy		Vacuum Technology		Medical		Specialty Chemicals		Advanced Packaging		Not Allocated		Total	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Assets and liabilities														
Non current assets	23,158	20,797	24,300	5,857	75,342	65,172	6,876	6,917	13,540	16,198	92,404	153,063	235,620	268,004
Current assets	20,856	19,613	7,037	2,814	29,396	23,675	6,885	4,147	4,050	2,533	127,028	103,999	195,252	156,781
Total assets	44,014	40,410	31,337	8,671	104,738	88,847	13,761	11,064	17,590	18,731	219,432	257,062	430,872	424,785
Non current liabilities	3,147	3,246	2,479	701	1,838	1,690	952	771	1,218	1,009	66,125	108,404	75,759	115,821
Current liabilities	9,473	8,700	5,328	1,937	8,073	6,504	3,365	2,322	1,536	2,068	73,539	49,271	101,314	70,802
Total liabilities	12,620	11,946	7,807	2,638	9,911	8,194	4,317	3,093	2,754	3,077	139,664	157,675	177,073	186,623
Other information														
Increase of fixed assets	4,131	4,145	2,017	978	9,326	7,094	700	271	442	541	2,895	3,542	19,511	16,571
Depreciation	2,911	3,260	703	416	4,519	4,110	691	525	1,269	975	1,613	1,443	11,706	10,729
Other non monetary costs	35	96	9	8	0	106	0	9	1,500	2	25	1	1,569	222

Information on geographical areas

A breakdown of **non-current assets** by geographical area is provided below.

(thousands of euro)

	Italy	Europe	United States	Asia	Total non current assets (*)
2021	68,320	1,127	83,351	219	153,017
2020	51,505	3,033	70,117	152	124,807

(*) This amount includes: tangible fixed assets, intangible assets, rights of use, equity investments valued using the equity method, equity investments in other companies and other long-term assets.

For the breakdown of **consolidated net sales by customer's location**, please refer to the table and the comments in the Group Report on operations.

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

(thousands of euro)

Country in which the Group's entity is located	2021	%	2020	%	Total difference
Italy	68,714	36.1%	61,041	36.2%	7,673
Europe	0	0.0%	0	0.0%	0
North America	117,426	61.7%	100,202	59.4%	17,224
South Korea	1,513	0.8%	1,640	1.0%	(127)
China	2,513	1.3%	5,736	3.4%	(3,223)
Other Asian countries	32	0.1%	84	0.0%	(52)
Others	0	0.0%	0	0.0%	0
Consolidated net sales	190,198	100.0%	168,703	100.0%	21,495

The increase in revenues generated in **North America** is mainly attributable to the resumption of deferred hospital interventions, after the slowdown caused by the pandemic in 2020 (Medical Division), as well as to the progressive growth in sales in the security and defence sector.

The increase in revenues generated in **Italy** is driven by the Vacuum Technology Divisions (higher sales of vacuum pumps in all sectors, especially that of particle accelerators) and Specialty Chemicals (increased sales of advanced materials in the consumer electronics business), as well as the change in the scope of consolidation (i.e., the acquisition of Strumenti Scientifici Cinel S.r.l., completed in July 2021).

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

Operational structure from January 1, 2022

As already highlighted in the paragraph "Subsequent events" of the Group Report on operations, in order to adapt the Group's divisional structure to the evolution of technologies and their application offer, starting from January 1, 2022 the Group is organized in the following technological areas of competence (or "Divisions"):

- **SAES Industrial Division** (which coincides with the previous Metallurgy operating sector, with the addition of all SAES products based on functionalized 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 Division to the SAES Industrial Division for a rationalization based on their ultimate function, namely the selective absorption of gases in the packaging of devices. This getter function, in fact, unites these dispensable products, based on functionalized polymers, to the more traditional SAES getters, based on metal alloys);
- **SAES High Vacuum Division** (unchanged and coinciding with the Vacuum Technology operating unit);
- **SAES Medical Nitinol Division** (unchanged and previously named "Medical");
- **SAES Packaging Division** (unchanged and previously named "Advanced Packaging");
- **SAES Chemicals Division**, which 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).

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 by the Chemicals Division, groups 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 following tables show the **economic and financial data**, both relating to the 2021 financial year, presented 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 or loss	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SAES Chemicals		SAES Packaging		Not Allocated		Total	
	December 31, 2021	Reclass.	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	Reclass.	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022
Total net sales	62,304	1,964	64,268	18,839	18,839	86,422	86,422	16,760	(1,964)	14,796	5,873	5,873	190,198	190,198
Cost of sales	(30,093)	(859)	(30,952)	(8,762)	(8,762)	(52,150)	(52,150)	(11,822)	859	(10,963)	(5,721)	(5,721)	(108,886)	(108,886)
Gross profit	32,209	1,105	33,316	10,077	10,077	34,272	34,272	4,938	(1,105)	3,833	152	152	81,312	81,312
% on net sales	51.7%		51.8%	53.5%	53.5%	39.7%	39.7%	29.5%	23.9%	2.6%	2.6%	n.a.	42.8%	
Total operating expenses	(10,394)	(1,150)	(11,544)	(4,940)	(4,940)	(8,803)	(8,803)	(2,358)	1,150	(1,208)	(3,603)	(3,603)	(56,345)	(56,345)
Other income (expenses), net	1	(5)	(4)	(5)	(5)	174	174	(27)	5	(22)	(1,129)	(1,129)	158	(828)
Operating income (loss)	21,816	(50)	21,768	5,132	5,132	25,643	25,643	2,553	50	2,603	(4,580)	(4,580)	24,139	24,139
% on net sales	35.0%		33.9%	27.2%	27.2%	29.7%	29.7%	15.2%	17.6%	-78.0%	-78.0%	n.a.	12.7%	12.7%
Interest and other financial income (expenses), net													2,019	2,019
Write-down of financial assets													(2,148)	(2,148)
Gains (losses) from equity method evaluated companies													200	200
Write-down of investments in companies valued using the equity method													0	0
Foreign exchange gains (losses), net													(230)	(230)
Income (loss) before taxes													23,980	23,980
Income taxes													(9,766)	(9,766)
Net income (loss) from continued operations													14,214	14,214
Net income (loss) from discontinued operations													0	0
Net income (loss)													14,214	14,214
Minority interests in consolidated subsidiaries													0	0
Group net income (loss)													14,214	14,214

(thousands of euro)

	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SAES Chemicals		SAES Packaging		Not Allocated		Total				
	December 31, 2021	Reclass.	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	Reclass.	January 1, 2022	December 31, 2021	January 1, 2022	December 31, 2021	January 1, 2022	31 dicembre 2021	Reclass.	January 1, 2022
Assets and liabilities																	
Non current assets	23,158	574	23,732	24,300	24,300	75,342	75,342	6,876	(574)	6,302	13,540	13,540	92,404	92,404	235,620	0	235,620
Current assets	20,856	461	21,317	7,037	7,037	29,396	29,396	6,885	461	6,424	4,050	4,050	127,028	127,028	195,252	0	195,252
Total assets	44,014	1,035	45,049	31,337	31,337	104,738	104,738	13,761	(1,113)	12,726	17,590	17,590	430,872	430,872	630,872	0	630,872
Non current liabilities	3,147	156	3,303	2,479	2,479	1,838	1,838	952	(156)	796	1,218	1,218	66,125	66,125	75,759	0	75,759
Current liabilities	9,473	378	9,851	5,328	5,328	8,073	8,073	3,365	(378)	2,987	1,536	1,536	73,539	73,539	101,314	0	101,314
Total liabilities	12,620	534	13,154	7,807	7,807	9,911	9,911	4,317	(534)	3,783	2,754	2,754	139,664	139,664	177,073	0	177,073
Other information																	
Increase of fixed assets	4,131	12	4,143	2,017	2,017	9,326	9,326	700	(12)	688	442	442	2,895	2,895	19,111	0	19,111
Depreciation	2,911	65	2,976	703	703	4,519	4,519	691	(65)	626	1,269	1,269	1,613	1,613	11,706	0	11,706
Other non monetary costs	35	0	35	9	9	0	0	0	0	0	1,500	1,500	25	25	25	0	25

14. PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment amounted to 83,543 thousand of euro as at December 31, 2021, showed an increase of 10,190 thousand of euro compared to December 31, 2020.

The changes occurred during the current year and during the previous year are shown below.

(thousands of euro)

Property, plant and equipment	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2020	4,550	24,772	34,207	9,824	73,353
Acquisitions	0	756	4,941	10,721	16,418
Disposals	0	0	(5)	0	(5)
Reclassifications	0	707	7,838	(8,484)	61 (*)
Change in the consolidation area	0	0	144	9	153
Depreciation	0	(1,925)	(6,303)	0	(8,228)
Write-downs	(84)	(289)	(795)	0	(1,168)
Revaluations	0	0	0	0	0
Translation differences	262	676	1,407	614	2,959
December 31, 2021	4,728	24,697	41,434	12,684	83,543
December 31, 2020					
Historical cost	4,608	50,168	146,445	10,196	211,417
Accumulated depreciation and write-downs	(58)	(25,396)	(112,238)	(372)	(138,064)
Net book value	4,550	24,772	34,207	9,824	73,353
December 31, 2021					
Historical cost	4,870	52,760	155,474	13,056	226,160
Accumulated depreciation and write-downs	(142)	(28,063)	(114,040)	(372)	(142,617)
Net book value	4,728	24,697	41,434	12,684	83,543

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

(thousands of euro)

Property, plant and equipment	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2019	4,851	24,147	28,987	12,908	70,893
Acquisitions	0	660	6,257	5,948	12,865
Disposals	(11)	0	(2)	0	(13)
Reclassifications	0	2,333	6,188	(8,521)	0
Depreciation	0	(1,640)	(5,685)	0	(7,325)
Write-downs	0	(3)	(163)	0	(166)
Revaluations	0	0	0	0	0
Translation differences	(290)	(725)	(1,375)	(511)	(2,901)
December 31, 2020	4,550	24,772	34,207	9,824	73,353
December 31, 2019					
Historical cost	4,909	48,760	139,034	13,280	205,983
Accumulated depreciation and write-downs	(58)	(24,613)	(110,047)	(372)	(135,090)
Net book value	4,851	24,147	28,987	12,908	70,893
December 31, 2020					
Historical cost	4,608	50,168	146,445	10,196	211,417
Accumulated depreciation and write-downs	(58)	(25,396)	(112,238)	(372)	(138,064)
Net book value	4,550	24,772	34,207	9,824	73,353

It should be noted that, as at December 31, 2021, land and buildings were not burdened by mortgages or other guarantees.

During 2021, investments in property, plant and equipment were equal to 16,418 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 Company and refers to the preparation of new production departments in the Speciality Chemicals area and in the vacuum systems area, the completion of the new R&D emulsification pilot plant for the development of advanced flexible

packaging, as well as the purchase of equipment for the R&D laboratories and investments for the renovation and modernization of the offices in Lainate headquarters (both corporate offices and those for the research department).

The item "Change in the consolidation area" refers to property, plant and equipment of Strumenti Scientifici Cinel S.r.l. as at July 7, 2021, the date on which the acquisition of the latter company by SAES Getters S.p.A. was finalized. As reported in Note no. 3 and as allowed by IFRS 3, property, plant and equipment deriving from the acquisition of Strumenti Scientifici Cinel S.r.l. are provisionally accounted for in the consolidated financial statements on the basis of the historical values present in the financial statements of the subsidiary at the date of acquisition.

Depreciation for 2021, equal to 8,228 thousand of euro, up compared to the previous year (7,325 thousand of euro), despite the opposite effect attributable to exchange rates (equal to -122 thousand of euro), mainly for depreciation of the new Memry Corporation's plants and equipment (both for the expansion of the existing production capacity, and dedicated to the new Bethel tube department), as well as the depreciation of the new lacquering machine and the new R&D pilot plant in the Advanced Packaging Division, which came into operation respectively at the end of the first half of 2020 and during the first quarter of 2021. Finally, please note that the acquisition of Strumenti Scientifici Cinel S.r.l. led to an increase in depreciation of 49 thousand of euro.

The write-downs, totalling 1,168 thousand of euro, are exclusively related to the impairment test on the Advanced Packaging operating segment. For further details on impairment testing, refer to the paragraph "Impairment testing of non-current assets" in Note no. 15 below.

The translation differences (gains of +2,959 thousand of euro) relate to assets owned by the US companies and result from the revaluation of the US dollar as at December 31, 2021 compared to the exchange rate of December 31, 2020.

The item "Assets under construction and advances" mainly includes assets still under construction or for which the final testing process is not yet complete. As at December 31, 2021, this item mainly included the investments yet to be completed in the Nitinol segment, aimed at the expansion of the SAES Smart Materials, Inc. building, and the construction of the above mentioned new Bethel tube department. Lastly, please note the advances and work in progress of the Parent Company relating to the aforementioned renovation of the Lainate offices, as well as for the installation of an R&D emulsification plant and for the setting up of a new department in the *Specialty Chemicals* area.

All the property, plant and equipment described in this paragraph are owned by the SAES Group. Please refer to Note no. 16 for more details on leased assets as at December 31, 2021; the corresponding right of use was recognised under capital asset in application of IFRS 16 – *Leases*.

15. INTANGIBLE ASSETS

Net intangible assets amounted to 58,951 thousand of euro as at December 31, 2021 and recorded an increase of 17,786 thousand of euro compared to December 31, 2020.

The changes occurred during the current year and during the previous year are shown below.

(thousands of euro)

Intangible assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2020	35,417	0	4,027	470	938	313	41,165
Acquisitions	0	0	51	1	93	47	192
Disposals	0	0	0	0	0	(1)	(1)
Reclassifications	0	0	2	159	118	(340)	(61)
Change in the consolidation area	16,331	0	0	8	0	0	16,339
Amortization	0	0	(466)	(334)	(383)	0	(1,183)
Write-downs	0	0	(332)	0	0	0	(332)
Revaluations	0	0	0	0	0	0	0
Translation differences	2,713	0	31	18	62	8	2,832
December 31, 2021	54,461	0	3,313	322	828	27	58,951
December 31, 2020							
Historical cost	43,103	183	10,135	11,312	21,355	1,052	87,140
Accumulated depreciation and write-downs	(7,686)	(183)	(6,108)	(10,842)	(20,417)	(739)	(45,975)
Net book value	35,417	0	4,027	470	938	313	41,165
December 31, 2021							
Historical cost	62,147	183	10,481	11,449	22,662	766	107,688
Accumulated depreciation and write-downs	(7,686)	(183)	(7,168)	(11,127)	(21,834)	(739)	(48,737)
Net book value	54,461	0	3,313	322	828	27	58,951

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

(thousands of euro)

Intangible assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2019	38,416	0	4,549	686	1,404	161	45,216
Acquisitions	0	0	13	165	4	188	370
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	18	0	(18)	0
Amortization	0	0	(488)	(377)	(379)	0	(1,244)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	(2,999)	0	(47)	(22)	(91)	(18)	(3,177)
December 31, 2020	35,417	0	4,027	470	938	313	41,165
December 31, 2019							
Historical cost	46,102	183	10,382	11,295	22,641	900	91,503
Accumulated depreciation and write-downs	(7,686)	(183)	(5,833)	(10,609)	(21,237)	(739)	(46,287)
Net book value	38,416	0	4,549	686	1,404	161	45,216
December 31, 2020							
Historical cost	43,103	183	10,135	11,312	21,355	1,052	87,140
Accumulated depreciation and write-downs	(7,686)	(183)	(6,108)	(10,842)	(20,417)	(739)	(45,975)
Net book value	35,417	0	4,027	470	938	313	41,165

The increase in the year is mainly due to the first consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l. In particular, within the item "Change in the consolidation area", in addition to the intangible assets of Strumenti Scientifici Cinel S.r.l. as at July 7, 2021, provisionally valued at their net book value, pending completion of the process for determination of their current value, the value of the goodwill generated by the acquisition is also included, also provisional (16,331 thousand of euro). For further details, please refer to the following paragraph "Goodwill" and to Note no. 3).

Acquisitions in the year amounted to 192 thousand of euro and are mainly related to IT projects of the Parent Company and of the subsidiary SAES Coated Films S.p.A.

The amortization for the period, equal to 1,183 thousand of euro, net of the exchange rate effect (-25 thousand of euro) were essentially in line with those of the previous year, amounting to 1,244 thousand of euro.

The write-downs, totalling 332 thousand of euro, are exclusively related to the impairment test on the Advanced Packaging operating segment. For further details on impairment testing, please refer to the paragraph "Impairment testing of non-current assets" below.

The translation differences (gains of 2,832 thousand of euro) relate to the intangible assets owned by the US companies and result from the revaluation of the US dollar as at December 31, 2021 compared to the exchange rate of December 31, 2020.

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

Goodwill is not amortized, rather, on an annual basis or more frequently if there are impairment loss indicators, its recoverable value is subjected to impairment testing on the basis of the expected cash flows of the related *Cash Generating Unit (CGU)* as better specified below.

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)

Divisions	December 31, 2020	Change in the consolidation area	Write-downs	Other movements	Translation differences	December 31, 2021
Metallurgy	945	0	0	0	0	945
Vacuum Technology	0	16,331	0	0	0	16,331
Medical	34,472	0	0	0	2,713	37,185
Specialty Chemicals	0	0	0	0	0	0
Advanced Packaging	0	0	0	0	0	0
Not allocated	0	0	0	0	0	0
Total goodwill	35,417	16,331	0	0	2,713	54,461

The increase for the period is due both to the consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l. and to the effect of exchange rates on goodwill in currencies other than the euro (especially related to the revaluation of the US dollar at December 31, 2021, compared to the exchange rate of December 31, 2020).

Please note that the goodwill deriving from the acquisition of Strumenti Scientifici Cinel S.r.l. (equal to 16,331 thousand of euro) was calculated as the difference between the book value of the company's equity at the date of acquisition (2,916 thousand of euro) and the total price paid for the purchase of the same company (19,247 thousand of euro). This value is to be considered provisional, pending completion of the process for determination of the current values of net assets acquired (for further details on the calculation, please refer to Note no. 3).

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

(thousands of euro)

Divisions	December 31, 2021			December 31, 2020		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Metallurgy	1,008	(63)	945	1,008	(63)	945
Vacuum Technology (*)	16,331	0	16,331	0	0	0
Medical (**)	40,585	(3,400)	37,185	37,872	(3,400)	34,472
Specialty Chemicals	0	0	0	0	0	0
Advanced Packaging	2,409	(2,409)	0	2,409	(2,409)	0
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	60,691	(6,230)	54,461	41,647	(6,230)	35,417

(*) The difference between the gross value as at December 31, 2021 and December 31, 2020 is due to the first consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l.

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

Impairment testing of non-current assets

Pursuant to IAS 36, impairment testing of **non-current assets** (property, plant and equipment, **intangible assets**, goodwill included, and **rights of use of leased assets**) is carried out annually, or more frequently if specific events or circumstances occur that could suggest an impairment.

For the purpose of impairment testing, non-current assets are allocated to *Cash Generating Units (CGUs)* or groups of CGUs, in accordance with the maximum aggregation limits established by

IFRS 8, according to which the latter may not be larger than the operating segment identified (for the operating structure in place as at December 31, 2021, please refer to Note no. 13). In particular, the *CGUs* identified by the SAES Group for the purposes of impairment testing are five in total:

1. **SAES Industrial**, coinciding with the **Metallurgy operating segment**, to which are added all **SAES products based on functionalized polymers that have a getter function** (dispensable getter and dryer, sealant barrier with getter function and filler containing getter species) and which, starting from January 1, 2022, **will move from the Specialty Chemicals to the Metallurgy operating segment** for a rationalization based on their ultimate function, namely the selective absorption of gases in the packaging of devices. This getter function, in fact, unites these dispensable products, based on functionalized polymers, to the more traditional SAES getters, based on metal alloys;
2. **SAES High Vacuum**, coinciding with the **Vacuum Technology operating segment**;
3. **SAES Medical Nitinol**, coinciding with the **Medical operating segment**;
4. **SAES Packaging**, coinciding with the **Advanced Packaging operating segment**;
5. **Functional Acoustic Composites**, i.e. the business of SAES functional composites for applications in consumer electronics (**included within the Specialty Chemicals operating segment**, after the changes described above in relation to the SAES Industrial CGU).

The new **Functional Additives** business, which includes the new products currently being validated by prospects and based on the technological platforms of functional materials developed in the SAES laboratories and which **will be part of the Chemicals operating segment starting from January 1, 2022**, currently not having either allocated assets, nor forecast cash inflows, was considered for the purposes of impairment testing as "Not Allocated" and was included in the second level of verification (second level impairment, for details please refer to what is reported below).

The Board of Directors approved the assumptions and procedures used for impairment testing on February 15, 2022 and the corresponding results on March 14, 2022. Impairment testing involves estimating the recoverable value of each *Cash Generating Unit (CGU)* and comparing it with the net book value of the property, plant and equipment and intangible assets (including the right of use of leased assets) allocated to that CGU, including goodwill.

The recoverable value is verified by determining the value in use, which corresponds to the present value of the future cash flows that are expected to be associated with each *Cash Generating Unit*. The latter are calculated on the basis of the most recent three-year plans prepared by *top management* for the period 2022-2024 (approved by the Board of Directors on January 20, 2022), the medium-term forecasts prepared by the Management and the terminal value.

When preparing these estimates, management made use of numerous assumptions based on the following key variables:

- developments in the macroeconomic variables;
- estimated future sales volumes by business / product category / customer;
- price and profit margin trends;
- cost of materials and of sales by product category;
- production costs, operating expenses and investments plan;
- inflation rates estimated by Management.

The expected growth in sales is based on forecasts provided by management, taking into account all external evidence, including indications on market trends provided by the main operators in the sectors in which SAES operates and the indications on future orders received from the Group's customers. Profit margins and operating expenses for the various businesses were estimated based on historical data, adjusted according to expected performance and expected market price trends. The value of investments and working capital were determined according to different

factors, such as the forecast levels of future growth and the product development plan. These assumptions were influenced by future expectations and market conditions.

The discounting rate used to discount the cash flows represents an estimate of the rate of return expected for each *Cash Generating Unit* on the market. To select an adequate discount rate to apply to future cash flows, an indicative interest rate was considered to calculate indebtedness, which would be applied to the Group in event that it requested new medium-long term loans and, to calculate the cost of own capital, the yield curve of long-term government bonds, both US and Italian, weighted by the geographical area that generating Group income was adopted. The capital structure was instead established by identifying specific comparable players for each business. The Weighted Average Cost of Capital (WACC) used is net of taxes, consistent with the cash flows used. The WACC applied to future cash flows was estimated at 6.2% and is considered representative of all Group CGUs with the exception of the SAES Packaging CGU. With regard to the latter, in consideration of market uncertainties and the consequent predictive difficulty of a sector characterized by innovative contents, the sector *Beta* was increased by 50% (from 1 to 1.5), with a consequent increase in the WACC of 8.7%.

In the discounting model of future cash flows, a terminal value is considered to reflect the residual value that each *Cash Generating Unit* should generate beyond the three years explicitly covered by the plans; this value has been estimated prudentially at a growth rate (*g-rate*) of zero and a time horizon considered representative of the estimated duration of the various businesses, as indicated in the following table.

	SAES Industrial	SAES High Vacuum	SAES Medical Nitinol	Functional Acoustic Composites
Estimated years after the three-year period envisaged by the plans	10 (*)	12	12	12

(*) Calculated as the weighted average of the years assumed for each business on the forecast sales for 2022:

- 12 years used for the SMAs Industrial and Organic Electronics Business
- 10 years assumed for Business Security & Defense, Electronic Devices, Healthcare Diagnostics and Sintered Materials;
- 6 years assumed for the Thermal Insulated Devices Business;
- 2 years assumed for the Business Lamps.

For the SAES Packaging CGU an explicit forecasting period covered by the most extended plan, equal to 5 years, was used, and a time horizon estimated after the five years of the plan equal to 10 years.

	SAES Packaging
Estimated years after the five-year period envisaged by the plan	10

This first level assessment showed an impairment loss for the SAES Packaging CGU totalling 1,500 thousand of euro. As required by IAS 36, since the goodwill⁶⁶ allocated to the CGU in question has already been completely written down⁶⁷, the excess of the book value of the assets with respect to their recoverable value was recognized as a reduction of all assets, both property, plant and equipment and intangible assets, of the operating unit in proportion to their net book value as at December 31, 2021. A breakdown of the total write-down by allocation category is provided below.

⁶⁶ Goodwill resulting from the acquisition of SAES Coated Films S.p.A. (formerly Metalvuoto S.p.A.), completed at the end of 2016.

⁶⁷ Write-down following an impairment test as at December 31, 2018, equal to 2,409 thousand of euro.

(thousands of euro)	
Land write-down	(84)
Buildings write-down	(289)
Plant and machinery write-down	(795)
Tangible fixed assets write-down	(1,168)
Goodwill write-down	0
Industrial patent rights and use of intellectual property write-down	(332)
Intangible fixed assets write-down	(332)
Total write-down of the SAES Packaging CGU	(1,500)

This write-down is motivated by the market uncertainties of a sector characterized by innovative contents, although SAES Coated Films S.p.A., the Group company operating in this sector, recorded a favourable trend in revenues in the last part of 2021, above all thanks to its strategic repositioning from *coated films manufacturer* to *packaging solution provider* and thanks to an increasing adoption by the market of ecological packaging solutions.

When conducting a sensitivity analysis by increasing the WACC by up to two percentage points more than the reference value (from 8.7% to 10.7%), the write-down relating to the SAES Packaging CGU would have been 2,940 thousand of euro higher (overall write-down from 1,500 thousand of euro to 4,440 thousand of euro).

With regard to the other four *CGUs*, from the first-level testing no potential impairment was detected for the non-current assets recognized in the financial statements as at December 31, 2021, not even by carrying out a sensitivity analysis and increasing the WACC by two percentage points (from 6.2 % to 8.2%).

Lastly, a second-level testing was conducted, including on both the assets not allocated to any operating segment and, in the recoverable amount, the costs relating to the new **Functional Additives** business and to corporate functions, as well as the economic values that cannot be uniquely allocated or allocated through reliable drivers to primary operating segments, which include some of particular importance, such as the basic research costs, sustained by the Group to identify innovative solutions.

For second-level impairment testing, for which the same calculation method was followed as described for the first-level testing, the terminal value was calculated using a 12-year time span for the unallocated costs, in addition to the three years covered by the plan.

	Not Allocated
Estimated years after the three-year period envisaged by the plan	12

From this second-level testing no potential further impairment of the assets was identified, not even through a sensitivity analysis with the WACC up to two percentage points more than the reference value (from 6.2% to 8.2%).

The estimated recoverable amount of the various *Cash Generating Units* required discretion and the use of estimates by management. The Group cannot therefore ensure that no impairment losses will arise in the future. In fact, a number of different factors, also related to changes in the market context and in demand, could require the value of the assets in future financial years to be recalculated.

In particular, in relation to the current conflict between Ukraine and Russia, it should be noted that the plans used for the purposes of impairment testing do not include any effect, either direct or indirect, caused by the worsening of the geopolitical crisis, as it derives from events subsequent to the end of the financial year. However, it is not yet possible at present to make any assessment of the economic impacts of the conflict, due to the unpredictable dynamics of its evolution and the complex interdependencies with world economies. The potential effects of this phenomenon on the estimates of the Group's future cash flows cannot be determined at the moment and will be subject to constant monitoring in the coming months, also for the purpose of identifying any impairment of the Group's assets.

With reference to **investments accounted for using the equity method**, as regards the disclosure on impairment testing, we refer to Note no. 17 "Investments accounted for using the equity method".

16. RIGHT OF USE

The right of use assets, resulting from lease, rental or use of third-party assets, were recognized separately, and amounted to 6,399 thousand of euro at December 31, 2021, increasing by 984 thousand of euro on December 31, 2020.

The changes occurred during the current year and during the previous year are shown below.

(thousands of euro)

Right of use	Building	Plant and machinery	Cars	Total
December 31, 2020	4,351	358	706	5,415
New leases agreements subscribed in the period	2,370	195	336	2,901
Early termination of leases agreements	0	0	(22)	(22)
Reclassifications	0	(0)	0	(0)
Change in the consolidation area	0	180	16	196
Write-downs	(1,766)	(183)	(346)	(2,295)
Translation differences	199	1	4	204
December 31, 2021	5,154	551	694	6,399
December 31, 2020				
Historical cost	6,942	612	1,218	8,772
Accumulated depreciation and write-downs	(2,591)	(254)	(512)	(3,357)
Net book value	4,351	358	706	5,415
December 31, 2021				
Historical cost	9,489	926	1,375	11,790
Accumulated depreciation and write-downs	(4,335)	(375)	(681)	(5,391)
Net book value	5,154	551	694	6,399

(thousands of euro)

Right of use	Building	Plant and machinery	Cars	Total
December 31, 2019	3,878	126	613	4,617
New leases agreements subscribed in the period	2,488	397	451	3,336
Early termination of leases agreements	(105)	(16)	(17)	(138)
Reclassifications	0	0	0	0
Write-downs	(1,676)	(147)	(337)	(2,160)
Translation differences	(234)	(2)	(4)	(240)
December 31, 2020	4,351	358	706	5,415
December 31, 2019				
Historical cost	4,965	304	881	6,150
Accumulated depreciation and write-downs	(1,087)	(178)	(268)	(1,533)
Net book value	3,878	126	613	4,617
December 31, 2020				
Historical cost	6,942	612	1,218	8,772
Accumulated depreciation and write-downs	(2,591)	(254)	(512)	(3,357)
Net book value	4,351	358	706	5,415

The new contracts stipulated during the year, which fall within the scope of application of IFRS 16, mainly refer to the renewal of the lease of the production plants not owned⁶⁸ by the American subsidiary Memry Corporation and to the subscription by the newly acquired Strumenti Scientifici Cinel S.r.l. of an agreement for the lease of the building⁶⁹ in Vigonza (PD). Please also note the renewals of the rents for the offices of the Asian subsidiary SAES Getters Korea Corporation and the Asian branches of the Parent Company, as well as the renewal of some rental contracts for the company car fleet of the Parent Company and of the subsidiary SAES Coated Films S.p.A.

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

The item "Change in the consolidation area" refers to the lease contracts on machinery and cars held by Strumenti Scientifici Cinel S.r.l. and already in place on July 7, 2021, the date on which the acquisition of the company by SAES Getters S.p.A. was finalized.

⁶⁸ Production plants located both in Bethel (CT) and in Menlo Park (CA).

⁶⁹ Property sold to another company before the closing of the acquisition by the SAES Group.

Depreciation for the period, equal to 2,295 thousand of euro, increased slightly compared to the previous year (2,160 thousand of euro), despite the opposite effect of exchange rates (equal to -50 thousand of euro), mainly due to consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l. (the change attributable to the difference in the scope of consolidation is 118 thousand of euro) and for the depreciation accounted by the Parent Company for the Milan offices, leased starting from July 2020 and intended for the corporate and Management functions.

The translation differences (gains of 204 thousand of euro) refer to rights of use of the US companies and are due to the appreciation of the US dollar as at December 31, 2021 compared to the exchange rate at December 31, 2020.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at December 31, 2021 the item includes the share of equity attributable to the Group in the joint ventures Actuator Solutions GmbH⁷⁰, SAES RIAL Vacuum S.r.l. and Flexterra, Inc.⁷¹.

The following table shows the changes of each investment in 2021.

(thousands of euro)

Investments accounted for using the equity method	December 31, 2020	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Write-downs	Other variations	December 31, 2021
Actuator Solutions GmbH	0			0					0
SAES RIAL Vacuum S.r.l.	2,152			200	10				2,362
Flexterra	0			(76)	0			76	0
Total	2,152	0	0	124	10	0	0	76	2,362

The change in the period (for a total of +210 thousand of euro) is the consequence of the value adjustment of the investment of SAES's share of the result and other comprehensive income (loss) achieved by the joint venture **SAES RIAL Vacuum S.r.l.** in 2021.

In compliance with the provisions of IAS 28, SAES' share of the total profit achieved by **Actuator Solutions GmbH** in 2021 (+589 thousand of euro⁷²) was not recorded by the Group as the joint venture's equity is still negative for little more than 2 million of euro⁷³, against a SAES' equity interest in Actuator Solutions GmbH already fully written off.

Again in accordance with IAS 28, SAES' share of the net total loss of **Flexterra** in 2021 (-1,577 thousand of euro⁷⁴) was not recognised as SAES' investment in the joint venture had already been fully written off and since there are to date no legal or implied recapitalisation obligations by the Group.⁷⁵

The "Other variations" column (+76 thousand of euro) represents the reversal of the amortization on the portion of the capital gain realised by the SAES in 2019 with the sale to Flexterra, Inc. of patents owned by the Group and eliminated at consolidated financial statements level (as set forth in IAS 28, income from related parties was recognized limited to the minority interest in the joint venture).

⁷⁰ It should be noted that Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., both controlled by Actuator Solutions GmbH and in liquidation since the end of 2019, concluded the liquidation process in September 2020.

⁷¹ Flexterra, Inc. (USA), in turn, consolidates its wholly owned subsidiary Flexterra Taiwan Co., Ltd.

⁷² In the last financial year, the unrecognised portion of the total profit amounted to +259 thousand of euro.

⁷³ Consolidated pro rata at 50%.

⁷⁴ In the last financial year, the portion of the overall loss recognized in the statement of comprehensive income amounted to -2,441 thousand of euro.

⁷⁵ Equity investment completely written off zero as at December 31, 2020, following an impairment test.

Actuator Solutions GmbH

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

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

(thousands of euro)

Actuator Solutions GmbH	December 31, 2021	December 31, 2020
Statement of financial position	50%	50%
Non current assets	2,654	3,012
Current assets	1,127	1,809
Total assets	3,781	4,821
Non current liabilities	4,025	4,306
Current liabilities	1,878	3,226
Total liabilities	5,903	7,532
Capital stock, reserves and retained earnings	(2,711)	(2,970)
Net income (loss) for the period	589	189
Other comprehensive income (loss) for the period	0	70 (*)
Total equity	(2,122)	(2,711)

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

(thousands of euro)

Actuator Solutions GmbH	2021	2020
Statement of profit (loss)	50%	50%
Net sales	6,183	7,092
Cost of sales	(4,559)	(5,336)
Gross profit	1,624	1,756
Total operating expenses	(1,231)	(1,268)
Other income (expenses), net	88	79
Operating income (loss)	481	567
Interest and other financial income, net	131	(302)
Foreign exchange gains (losses), net	(17)	(75)
Income taxes	(6)	(1)
Net income (loss)	589	189
Exchange differences	0	(5)
Release of conversion reserve for liquidation of subsidiaries	0	75
Total comprehensive income (loss)	589	259

Overall⁷⁶, Actuator Solutions recorded net revenues of 12,365 thousand of euro in 2021, compared to 14,183 thousand of euro in the 2020 financial year. Revenues fell by 12.8%, but the two years are not comparable since in the second half of 2020 Actuator Solutions sold a production line of actuators for the *automotive seat comfort* business to its partner Alfmeier Präzision, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realized if the production activity had continued. Two other lines for the production of actuators for the *automotive* business were sold at the beginning of the third quarter of 2021, while the fourth and final line is expected to be transferred during 2022.

In general, without considering the outsourcing of production, there was a decline in sales in the *automotive* business, penalized, especially in the second half of the year, by difficulties in the procurement of electronic components. On the other hand, the fees generated by the application development activity in the actuator sector grew by over 22% compared to 2020, favoured by the prototyping activity carried out on behalf of Rapitag GmbH (*tag for mobile check-out* in retail applications and with anti-theft function⁷⁷). Lastly, the contract for the development and assembly of devices for Covid-19 rapid diagnostic tests recorded revenues of 1,719 thousand of euro (1,735 thousand of euro in 2020). Finally, please note that the first sales of actuators for "intelligent" mattresses, based on A.I. platforms (250 thousand of euro) were made in 2021.

Despite a slight drop in operating profit (a difference of -172 thousand of euro), net profit amounted to 1,178 thousand of euro, three times the 377 thousand of euro in the previous financial year: the increase is mainly due to the financial income, equal to 500 thousand of euro, recognized by the joint venture following the partial waiver by the SAES Group of interest accrued on loans granted to Actuator Solutions GmbH. In addition, the interest rate applied to these loans as from January 1, 2021 was reduced from 6% to 2%, resulting in savings for the joint venture of approximately 320 thousand of euro over the year. Finally, please note that the item "Exchange differences" in 2020 included a negative amount equal to -150 thousand of euro deriving from the release to the income statement of the translation reserve generated by the consolidation of the Asian subsidiaries, following their liquidation.

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

The share of the SAES Group (equal to 50%) in the 2021 profit of the joint venture was equal to 589 thousand of euro (+189 thousand of euro in 2020); this should be added to other components of comprehensive income, positive for 70 thousand of euro, consisting of the translation differences generated by the consolidation of the Asian subsidiaries up to the date of liquidation, as well as the release to the income statement of the entire translation reserve, following their liquidation).

As reported previously, similarly to the previous year, SAES' share of the total profit for 2021 (+589 thousand of euro) was not recorded by the Group as the joint venture's equity is still negative, against a SAES' equity interest in Actuator Solutions GmbH that has already been fully written off.

As the value of the investment in Actuator Solutions GmbH as at December 31, 2021 had been fully written off and since there were no recapitalization obligations, it was not necessary to carry out any impairment testing.

The provision for risks, equal to 300 thousand of euro, which was allocated as at December 31, 2020 and which coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations, was used in full during the first half of 2021. Please refer to Note no. 34 for further details.

⁷⁶ Values at 100%.

⁷⁷ Please note that SAES Getters S.p.A. has signed a convertible loan worth 1.5 million of euro in favour of the German company Rapitag GmbH, with the agreement that the resources provided by SAES will be used by Rapitag for the prototyping activity carried out through the joint venture Actuator Solutions GmbH as an exclusive contractor.

Please refer to Note no. 21 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 December 31, 2021 by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions GmbH	December 31, 2021	December 31, 2020
	50%	50%
Managers	1	1
Employees and middle management	13	13
Workers	3	8
Total (*)	17	21

(*) The figure excludes personnel employed on contracts other than employment contracts, equal to 1 unit as of December 31, 2021, and equal to 6 units as of December 31, 2020 (according to the percentage of ownership held by the Group).

The number of employees is down compared to the end of 2020, mainly due to the German joint venture's focus on product development activities and the outsourcing of part of the production activities in the automotive sector.

SAES RIAL Vacuum S.r.l.

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

The Group's equity investment is accounted for as at December 31, 2021 using the equity method since the transaction qualifies as a joint control arrangement and, specifically, as a joint venture. In this regard, please note that a key factor in qualifying the agreement is the signing of shareholders' agreements that envisage that the decisions on some significant activities are taken with the unanimous consent of the parties, irrespective of their ownership percentage in the capital stock.

Upon completion of the agreements signed in 2015 and their subsequent redefinitions, the SAES Group announced in October 2021 an agreement for the acquisition of the remaining 51% of the capital stock of SAES RIAL Vacuum S.r.l.

The proposed consideration is around 5.25 million of euro and the rationale for the operation is to consolidate SAES' leadership in the advanced scientific research market, making the most of the synergies with the other Group companies operating in the high vacuum business, including the newly acquired Strumenti Scientifici Cinel S.r.l.

The preliminary contract for the purchase and sale of shares was signed on March 2, 2022, and the closing of the acquisition, subject to passing the financial and fiscal due diligence by SAES RIAL Vacuum S.r.l., is expected within the first half of 2022.

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

(thousands of euro)

SAES RIAL Vacuum S.r.l.	December 31, 2021	December 31, 2020
Statement of financial position	49%	49%
Non current assets	316	302
Current assets	1,693	1,695
Total assets	2,009	1,997
Non current liabilities	178	201
Current liabilities	862	1,037
Total liabilities	1,040	1,238
Capital stock, reserves and retained earnings	759	451
Net income (loss) for the period	200	309
Other comprehensive income (loss) for the period	10	(1)
Total equity	969	759

(*) Actuarial differences on Severance Pay (TFR), in accordance with IAS 19.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	2021	2020
Statement of profit (loss)	49%	49%
Net sales	3,411	2,762
Cost of sales	(2,837)	(2,051)
Gross profit	574	711
Total operating expenses	(335)	(278)
Other income (expenses), net	51	21
Operating income (loss)	290	454
Interest and other financial income, net	(15)	(19)
Foreign exchange gains (losses), net	(3)	0
Income taxes	(72)	(126)
Net income (loss)	200	309
Actuarial profit (loss) on defined benefit plans, net of taxes	10	(1)
Total comprehensive income (loss)	210	308

Overall⁷⁸, SAES RIAL Vacuum S.r.l. ended 2021 with revenue of 6,961 thousand of euro, up by 23.5% compared to 5,636 thousand of euro in 2020 which, on the other hand, had been characterised by delays in certain major research projects, also due to the COVID-19 pandemic. Despite the increase in revenues, gross margins are down (from 25.7% to 16.8%) due to a different product mix with the prevalence of projects with lower margins. This decrease resulted in a decrease in gross profit which is also reflected in net profit (the latter decreased from 631 thousand of euro in 2020 to 408 thousand euro in 2021).

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

The share of the SAES Group (equal to 49%) in the 2021 profit for the year of this joint venture amounted to +200 thousand of euro, plus other components of comprehensive income, positive for 10 thousand of euro, represented by the actuarial differences on defined benefit plans (in particular, Severance Indemnities), net of the corresponding tax effect (+308 thousand of euro the total profit as at December 31, 2020).

⁷⁸ Values at 100%.

The difference, equal to 1,393 thousand of euro, between the book value of the investment (2,362 thousand of euro) and the value of the share of the SAES Group in the company's net assets (969 thousand of euro) represents the implicit goodwill included in the book value of the investment.

As at December 31, 2021, the value of the investment in SAES RIAL Vacuum S.r.l. did not undergo impairment testing as there were no indications of impairment losses. The consideration proposed by SAES for the purchase of the remaining 51% of the company's capital stock, equal to 5.25 million of euro, is in fact representative of the fair value of 51% of SAES RIAL Vacuum S.r.l. Consequently, the fair value of the share pertaining to the SAES Group (equal to 49%), which can be inferred from the extraordinary negotiation transaction, is higher than the carrying amount of the investment recognized in the financial statements as at December 31, 2021 (2,362 thousand of euro).

Please refer to Note no. 21 for details on the financial receivable owed to the Group by the joint venture.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. as at December 31, 2021 by category, based on the percentage of ownership held by the SAES Group (equal to 49%).

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

(*) The figure excludes personnel employed on contracts other than employment contracts, equal to 1 unit respectively both at December 31, 2021 and December 31, 2020 (according to the percentage of ownership held by the Group).

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

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 2021, the Flexterra project continued its development process, in collaboration with an important Taiwanese player in the consumer electronics industry. In particular, the materials developed by Flexterra are used in innovative displays for reading, currently in the final testing phase. Despite the delay in the timing of the project implementation compared to the initial plan, the tests continue positively and Flexterra is still considered by SAES to be an interesting business opportunity.

At the beginning of October 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 capital stock, the operation is classified as a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES) and the shareholder agreements (that provide that the decisions on relevant matters are taken with the consent of at least four of the five Board members).

The value of the investment as at December 31, 2021 is the initial overall contribution (8,146 thousand of euro, equal to 8,500 thousand of dollars) of SAES Getters International Luxembourg S.A. in the capital share of Flexterra, Inc., increased by the capital share increases in the final part of 2018 (for a total value of 6,201 thousand of euro, corresponding to 7,100 thousand of dollars), adjusted for the SAES Group's share in the result and in the total other profits (losses) from previous years from 2017 to end of 2020.⁷⁹ The latter includes the expenses related to the issue of equity instruments, as well as the currency 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 value of the equity investment it is also necessary to add the write-downs for impairment (-4,300 thousand of euro in 2018; -555 thousand of euro in 2019; -591 thousand of euro in 2020, with the consequent writing off of the value of the equity investment).

Finally, it should be noted that the value of the investment was also adjusted for the unrealized portion of the capital gain achieved by SAES in 2019 with the sale to the Flexterra, Inc. joint venture of patents owned by the Group (-1,059 thousand of euro), as well as for the reversal of the corresponding portion of amortization on the capital gain eliminated at consolidated level (+228 thousand of euro, of which +152 thousand of euro relative to previous years and +76 thousand of euro for 2021).

(thousands of euro)

	Initial capital injections	Subsequent capital increases	Share of the net result	Share of other comprehensive income (loss)	Write-downs	Other variations	December 31, 2021
Flexterra	8,146	6,201	(7,042)	(1,028)	(5,446)	(831)	0

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

⁷⁹ Starting from January 1, 2021, SAES' share in the overall loss of the joint venture was not recognized by the Group as a liability, as the investment had been completely written off following an impairment test at December 31, 2020 and as there were no legal or implicit recapitalisation obligations by the Group.

(thousands of euro)

Flexterra	December 31, 2021	December 31, 2020
Statement of financial position	46.84%	46.73%
Non current assets	5,425	5,628
Current assets	808	1,086
Total assets	6,233	6,714
Non current liabilities	7	44
Current liabilities	2,476	1,343
Total liabilities	2,483	1,387
Capital stock, reserves and retained earnings	5,154	7,595
Reserve for stock option plans	173	173
Net income (loss) for the period	(1,917)	(1,811)
Other comprehensive income (loss) for the period (*)	340	(630)
Total equity	3,750	5,327

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

(thousands of euro)

Flexterra	2021	2020
Statement of profit (loss)	(**)	46.73%
Net sales	3	25
Cost of sales	3	(11)
Gross profit	6	14
Total operating expenses	(1,828)	(1,917)
Other income (expenses), net	10	1
Operating income (loss)	(1,812)	(1,902)
Interest and other financial income, net	(125)	(54)
Foreign exchange gains (losses), net	33	126
Income taxes	(13)	19
Net income (loss)	(1,917)	(1,811)
Exchange differences	340	(630)
Total comprehensive income (loss)	(1,577)	(2,441)

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

Overall⁸⁰, Flexterra closed 2021 with a consolidated net loss of 4,099 thousand of euro (mainly personnel cost for employees in research and general and administrative activities, consultancy, materials used in development, costs related to the management of patents and amortisation of intangible assets, including intellectual property), compared to a loss of 3,875 thousand of euro in 2020: the reduction in operating expenses compared to the previous year, mainly due to the exchange rate effect and only to a lesser extent to the cost containment plan that began only at the end of the year⁸¹, was insufficient to offset the higher financial interest accrued on the convertible loans in place (the first granted in July 2020 and the second disbursed in two tranches during the second half of 2021). The previous year was also favoured by positive net exchange rate differences of 270 thousand of euro (69 thousand of euro in foreign exchange gains in 2021). For further details on the developments in Flexterra, please refer to the paragraph dedicated to the joint venture in the SAES Group Report on operations.

⁸⁰ Values at 100%.

⁸¹ At the end of 2021 Flexterra launched an operation to cut operating expenses, with the aim of reducing its financial requirements, without compromising its development activities.

The SAES Group's share (46.73% in the first nine months of 2021, increased to 46.84% in the fourth quarter of 2021) in the joint venture's loss for 2021 amounted to -1,917 thousand of euro (-1,811 thousand of euro in 2020), to which the other components of comprehensive income have to be added, a positive amount of +340 thousand of euro, made up of the translation differences generated from the conversion into euro of the financial statements expressed in other currency of Flexterra, Inc. and Flexterra Taiwan Co., Ltd. (negative value of -630 thousand of euro in 2020). As already mentioned before, SAES's share of the net total loss of Flexterra in 2021 (-1,577 thousand of euro) was not recognised, as SAES' investment in the joint venture had already been fully written off and since there are to date no legal or implied recapitalisation obligations by the Group.

As the value of the investment in Flexterra as at December 31, 2021 had been fully written off and since there are to date no legal or implied recapitalisation obligations, it was not necessary to carry out any impairment testing.

Please note that, during the second half of 2021, SAES Getters International Luxembourg S.A. granted Flexterra, Inc. a second convertible loan for a total value of 2 million of dollars (disbursed in two equal instalments, respectively in August and November 2021). This convertible loan follows a similar transaction carried out in July 2020 for a value of 3 million of dollars⁸². As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). Despite the aforementioned progress of the Flexterra project and the confirmation of the business opportunity, due to the lengthening of the time horizon of the project and the consequent increased uncertainties on the commercial success of the initiative, as at December 31, 2021 the financial receivable corresponding to both the principal amount, and to the interest accrued during the second half of 2021, was written down because it was deemed difficult to recover, based on the information currently available.

For more details, please see the Note no. 21.

The following table provides the number of employees of the joint venture Flexterra as at December 31, 2021, by category, based on the percentage of ownership held by the Group (46.84%).

Flexterra	December 31, 2021	December 31, 2020
	46.84%	46.73%
Managers	3	3
Employees and middle management	3	5
Workers	0	0
Total	6	8

The number of employees is down compared to the end of 2020 following some leavers in the R&D area at the Taiwanese subsidiary, which in no way jeopardize the development plan of Flexterra, Inc.

18. INVESTMENTS IN OTHER COMPANIES

⁸² It should be recalled that the financial receivable corresponding to the first convertible loan (both the principal amount and the interest accrued in 2020) was already completely written off as at December 31, 2020; as at December 31, 2021, the interest accrued in the current year was then written down.

The item "Investments in other companies" as at December 31, 2021 amounts to a total of 1,381 thousand of euro and includes the investments made in the first half of the previous year in the **venture capital fund EUREKA!** and in the company **Cambridge Mechatronics Limited (CML)**.

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

The following table shows the changes of each investment in 2021.

(thousands of euro)

Investments in other companies	December 31, 2020	Capital injections	Fair value measurement	Other changes	December 31, 2021
Eureka! Fund	191	305	(95)	(103)	298
Cambridge Mechatronics Limited	1,083	0	0	0	1,083
Total	1,274	305	(95)	(103)	1,381

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

With regard to capital injections made in the current year:

- on February 25, 2021 a further payment of 37 thousand of euro was made, including both the portion of management commissions and fees, and the portion of an investment made by the fund in an innovative start-up, spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council, which has developed a point-of-care diagnostic system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas;
- on May 17, 2021, a payment amounting to 65 thousand of euro was made, again inclusive of both the managing costs and the portion of an investment in the innovative start-up Endostart, founded in Florence in 2018, which has developed the Endorail system, a medical device aimed at facilitating the completion of colonoscopies in cases where they are difficult or impossible to complete, based on a proprietary technology co-developed with the ICCOM institute of the CNR and the Interuniversity Consortium INSTM;
- on July 27, 2021, a payment of 50 thousand of euro was made, including both the portion of commissions and management fees, and the portion of an investment made by the fund in Aquaseek S.r.l., a newly established spin-off company of the Politecnico of Turin, which intends to develop and market an innovative system (*AWG, Atmospheric Water Generator*) for the collection and conversion of environmental humidity, in order to make it available in liquid and drinkable form, useful in environments of water scarcity or usable in parallel with other resources;
- on September 16, 2021, a further payment of 70 thousand of euro was made following a new investment by the fund in two innovative start-ups: the company Caracol S.r.l., which operates in the field of *additive manufacturing* robotic technologies, and the company Eye4NIR S.r.l.,

which works for the development of an innovative class of image sensors, with the aim of simultaneously detecting visible and infrared wavelength.

- on December 17, 2021, a payment of 83 thousand of euro was made, including both the portion of commissions and management fees, and the second tranche of the investment in Wise S.r.l., as well as the investment in three *proof-of-concept* (POC) transactions that will be made through the new company Eureka! TT S.r.l., 100% owned by the Eureka fund and constituted with the aim of financing projects in Universities and Research Centres.

With regard to the other changes that occurred during the current year:

- on May 31, 2021 the third closing by the fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million of euro. SAES' investment was, therefore, diluted from 7.51%⁸³ to 5.85% and the Parent Company obtained a reimbursement for both the costs and the investments of the fund, equal to 50 thousand of euro.
- on October 29, 2021 the EUREKA! fund completed the fourth closing, with a total capital injection from new investors of approximately 6.1 million of euro. SAES' investment was, therefore, diluted from 5.85% to 5.23% and the Parent Company obtained a reimbursement for both the costs and the investments of the fund, equal to 27 thousand of euro;
- on December 10, 2021 the EUREKA! fund completed the fifth closing, with a contribution to the investment of approximately 5.1 million of euro. Following this transaction, SAES' investment was diluted from 5.23% to 4.81% and the Parent Company obtained a reimbursement of 26 thousand of euro.

The fair value valuation of the investment in the EUREKA! fund was negative and equal to -95 thousand of euro (representing the portion attributable to SAES in the management fees and other expenses incurred by the fund during the year 2021), recognized 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 year 2021, the investment of SAES Getters International Luxembourg S.A. in Cambridge Mechatronics Limited was diluted from 0.87% to 0.86%, following:

- issue of new ordinary preference shares in January 2021, upon completion of the same round of financing for a total of 7.5 million of pound, in which the SAES Group also participated;
- issue of new ordinary shares, used as part of the consideration for the purchase of a business unit from a sub-supplier;
- issue of new ordinary shares in relation to the exercise of some options on shares held by employees.

As at December 31, 2021, the investment in CML is valued 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, as there is no other information available for the purposes of fair value measurement.

⁸³ Investment as at December 31, 2020.

19. SECURITIES IN THE PORTFOLIO

The item "Securities in the portfolio" at December 31, 2021 amounted to a total of 166,542 thousand of euro against 204,748 thousand of euro as at December 31, 2020.

(thousands of euro)

Securities in the portfolio	December 31, 2021	December 31, 2020	Difference
Securities in the portfolio classified under non current assets	71,887	134,087	(62,200)
Securities in the portfolio classified under current assets	94,655	70,661	23,994
Totale	166,542	204,748	(38,206)

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

Description	Details	Underwriting company	Initial investment	Value as at December 31, 2021 (thousands of euro)	Value as at December 31, 2020 (thousands of euro)
Bond portfolio "Buy & Hold"	portfolio with a conservative investment profile and mainly with high flexibility and liquidity	SAES Investments S.A.	Nominal value of bonds in portfolio: - December 31, 2021, 53.4 million of euro - December 31, 2020, 70.7 million of euro	53,329	70,661
<i>Dynamic Multi-Asset (DMAS)</i>	diversified multi-asset portfolio of OICVM, OICR, structured products and financial derivative instruments, where appropriate	SAES Investments S.A.	18 million of euro	18,558	0
<i>Credit Linked Certificates (CLC)</i>	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	30,242	31,241
Cardif Lux Vie Multiramo 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.	- 40 million of euro as of December 31, 2020 - 25 million of euro as at December 31, 2021 (discontinued at the beginning of 2022)	503 (*)	41,178
- Branch III	dynamic multi-line mandate, with the aim of preserving the value of the invested capital		60 million of euro	63,910	61,668
Total				166,542	204,748

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

The change compared to the previous year is mainly attributable to the almost complete disposal⁸⁴ of Branch I of the *Cardif Lux Vie Multisegment* insurance policy, carried out at the end of December 2021 as part of the early repayment transaction by the Parent Company of all the loans still in place and the taking out with JP Morgan of a new *Lombard* loan worth 52 million of euro, with the aim of remodelling the financial structure of the Group and improving its yield. For further details on the transaction, please refer to the paragraph "Significant events in 2021" in the Group Report on operations and Note no. 31.

⁸⁴ 25 thousand of euro the residual nominal value as at December 31, 2021, disposed of at the beginning of January 2022.

Please note that, in the first half of 2021, part of the bonds managed by JP Morgan (approximately 25% of the total bond portfolio) were replaced by a *Dynamic Multi-Asset (DMAS)* management. This restructuring of the portfolio *asset allocation* aims to introduce a component of “non-bond” financial assets in order to protect the value of the invested capital, taking into account the global macro-economic framework and the monetary policies implemented by the main Central Banks. The Sub-Fund aims to achieve a return in Euro, through the combination of capital appreciation and income, higher than that of the monetary *benchmark* (EONIA) over a complete market cycle. This objective is achieved by investing in a diversified *multi-asset* portfolio of UCITS, UCIs, structured products and financial derivative instruments where appropriate. The Sub-Fund's units may be redeemed on demand, with transactions normally carried out on a weekly basis.

With regard to the *Credit Link Certificates (CLC)* portfolio of the Parent Company, it should be noted that in July 2021 a CLC was replaced with another CLC of the same nominal value (7.5 million of euro), in order to increase the coupon yield.

The “*Buy & Hold*” bond portfolio and the new *Dynamic Multi-Asset* management (both managed through JP Morgan), previously classified under current assets, were reclassified at the end of the year under non-current assets, being the subject of a guarantee for the above mentioned new *Lombard* loan signed with JP Morgan on December 23, 2021.

The other Group's financial assets (*Credit Link Certificates* and *Cardif Lux Vie Multisegment* insurance policy, managed through Mediobanca), which as at December 31, 2020 were classified among non-current assets because used as collateral for the loan granted by Mediobanca to the Parent Company, were instead reclassified under current assets, following the early repayment of this loan. For further details on the transaction, please refer to the paragraph “Significant events in 2021” in the Group Report on operations and Note no. 31.

With regard to the fair value measurement of the securities in the portfolio as at December 31, 2021, it should be noted 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); 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.

Please note that the performance of the Group's securities portfolio was negative and equal to approximately -1.2% in January 2022. The yield was again negative and equal to about -2.1% during the month of February, mainly due to the tensions on the financial markets resulting from the Ukraine-Russia conflict (the progressive performance from January 1 to February 28, 2022 was -3.3%).

20. DEFERRED TAX ASSETS AND LIABILITIES

As at December 31, 2021 the net balance of deferred tax assets and liabilities was positive and equal to 482 thousand of euro, compared to a positive amount of 1,303 thousand of euro as at December 31, 2020.

The related details are provided below.

(thousands of euro)

Deferred taxes	December 31, 2021	December 31, 2020	Difference
Deferred tax assets	9,243	9,061	182
Deferred tax liabilities	(8,761)	(7,758)	(1,003)
Total	482	1,303	(821)

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

(thousands of euro)

Deferred taxes	December 31, 2021	December 31, 2020	Difference
Deferred tax assets	12,508	11,623	885
Deferred tax liabilities	(12,026)	(10,320)	(1,706)
Total	482	1,303	(821)

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

(thousands of euro)

Deferred tax assets	December 31, 2021		December 31, 2020	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	22,010	5,541	23,892	5,609
Differences on depreciation/amortization and write-downs	3,297	812	1,898	448
IAS 19 effect	440	116	217	63
Bad debts and financial assets write-down	474	115	418	107
Inventory provisions	5,851	1,373	4,620	1,099
Provisions	4,340	1,042	2,751	689
Costs allocated on an accruals basis and deductible in cash	9,872	2,366	10,497	2,544
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	808	742	754	663
Total		12,508		11,623

The increase in deferred tax assets compared to the end of the previous year (+885 thousand of euro) is mainly related to the recognition of deferred tax assets on the impairment test of property, plant and equipment and intangible assets in the packaging sector.

As at December 31, 2021 the Group had 167,284 thousand of euro in tax losses eligible to be carried forward, mainly related to the Parent Company, 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, 2020 the tax losses eligible to be carried forward were equal to 158,556 thousand of euro).

The tax losses eligible to be carried forward that were taken into account when calculating deferred tax assets were 1,673 thousand of euro (essentially in line with those as at December 31, 2020) and refer exclusively to SAES Coated Films S.p.A. The deferred tax assets on said tax losses (401 thousand of euro) have been recognised in the reasonable certainty that they will be recovered in future years, in the light of the forecasts provided in the 2022-2026 five-year plan of the subsidiary, approved by the Board of Directors of the same company on March 2, 2022.

(thousands of euro)

Deferred tax liabilities	December 31, 2021		December 31, 2020	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(75,279)	(3,488)	(56,654)	(3,200)
Differences on depreciation/amortization and assets fair value revaluations	(31,625)	(7,225)	(26,730)	(6,462)
Securities fair value revaluations	(4,634)	(1,156)	(2,079)	(519)
IAS 19 effect	(574)	(138)	(471)	(113)
IFRS 16 leasing effect	(60)	(14)	(65)	(17)
Other	(23)	(5)	(36)	(9)
Total		(12,026)		(10,320)

The deferred tax liabilities recorded in the consolidated financial statements as at December 31, 2021, 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, 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.

The increase in deferred tax liabilities compared to December 31, 2020 (+1,706 thousand of euro) is mainly due to the greater temporary differences between fiscal and statutory amortization of the US affiliates and the recognition of deferred tax losses on the revaluation of the fair value⁸⁵ of the securities in the portfolio held by SAES Investments S.A.

21. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item "Financial receivables from related parties", is equal to 50 thousand of euro as at December 31, 2021, and it is related to the interest-bearing loan granted by SAES Group to the joint venture **SAES RIAL Vacuum S.r.l.**

The financial receivable, totalling 9,760 thousand of euro⁸⁶, arising from the loans granted to the joint venture **Actuator Solutions GmbH** and the financial receivable, equal to 4,763 thousand of euro⁸⁷, 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 revenues are shown in the tables below.

Actuator Solutions GmbH

⁸⁵ In particular, revaluation recognized for IFRS purposes, but not for the purposes of the statutory financial statements prepared in accordance with Luxembourg accounting principles.

⁸⁶ Consisting of 8,000 thousand of euro in principal amount and 1,760 thousand of euro in interest.

⁸⁷ Consisting of 4,415 thousand of euro in principal amount and 348 thousand of euro in interest.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate (**)	Value as at December 31, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (*) (thousands of euro)
Loan granted in October 2014	EUR	1,200	flexible, with maturity date October 2018 extended to December 2022 (*)	2% annual fixed rate	0	74
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019 extended to December 2022 (*)	2% annual fixed rate	0	99
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	3,600	3,787
	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	6,160	6,140
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
	EUR	500				
Total		10,200			9,760	10,100
Financial receivables from related parties provision					(9,760)	(10,100)
Total net of write-downs					0	0

(*) Including the interest rate. 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. Furthermore, during the month of June 2021, SAES Nitinol S.r.l. partially waived, for a total amount of 500 thousand of euro, the interest previously accrued on the loans granted to Actuator Solutions GmbH.

(**) Starting from January 1, 2021, the interest rate applied to loans has been reduced from 6% to 2%.

(*) The value at December 31, 2020 only included the portion of interest accrued in the 2016-2018 period, which SAES waived in June 2021 (500 thousand of euro the total interest portion which SAES waived).

(**) In January 2019, the duration of the loan was extended by five years, extending its maturity from April 30, 2019 to April 30, 2024.

(#) Compared to December 31, 2020, the reduction in the bad debt provision (-340 thousand of euro) is attributable to:

- release of the bad debt provision following the partial waiver by SAES Nitinol S.r.l. interest accrued on loans granted to Actuator Solutions GmbH (-500 thousand of euro);
- increase in the provision against interest accrued in 2021 and written down because deemed difficult to recover (+160 thousand of euro).

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

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

Finally, on December 31, 2021, the financial receivable, equal to 160 thousand of euro, corresponding to the interest accrued during 2021, was written down, because it was deemed difficult to recover on the basis of the 2022-2026 five-year plan approved by the Supervisory Board of the company on December 14, 2021: despite the joint venture closing in profit for the second consecutive year, financial and equity uncertainty about the future of the company remains, in light of the information currently available.

SAES RIAL Vacuum S.r.l.

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

(*) Including the interest portion.

It should be noted that the financial receivable was fully collected on February 28, 2022, the date on which SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by the SAES Group.

Flexterra, Inc.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at December 31, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (*) (thousands of euro)
Convertible note granted in July 2020	USD	3,000	expiring November 2022 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	2,963	2,539
Convertible note granted in August 2021 - first tranche disbursed in August 2021 - second tranche disbursed in November 2021	USD	1,000	expiring November 2022 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	909	0
	USD	1,000			891	0
Total					4,763	2,539
Financial receivables from related parties provision					(4,763)	(2,539)
Total net of write-downs					0	0

(*) Interests 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.

Despite the delay in the timing of the Flexterra project implementation compared to the initial plan, the tests and samplings on developed materials continue positively and the joint-venture is still considered by SAES to be an interesting business opportunity. For this reason, on August 18, 2021, an agreement was finalized by SAES Getters International Luxembourg S.A. to disburse to Flexterra, Inc. a second convertible loan for a total value of 2 million of dollars, with the same characteristics as the one granted in July 2020. The loan, with a duration of one year and on which an interest of 8% will accrue, it has been paid in two tranches: the first, equal to 1 million of dollars, at the signing of the contract and the second, again for 1 million of dollars, paid in the second half of November 2021.

The parties also agreed on the extension of the maturity date of the convertible loan of 3 million of dollars granted in July 2020, with the alignment of the maturity to that of the new loan disbursed in 2021 (November 2022).

As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

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

Despite the progress of the Flexterra project in the current year and the aforementioned confirmation of the business opportunity, due to the lengthening of the project time horizon and the consequent increased uncertainties on the commercial success of the initiative, it was decided to proceed with the write-down of financial receivables related to convertible loans, judging the latter to be difficult to recover, based on the information currently available.

In particular, the second convertible loan (both the principal amount equal to 1,765 thousand of euro, and the interest amount equal to 35 thousand of euro), as well as the interest accrued in the current year on the first convertible loan (220 thousand of euro) were written off.

It should be recalled that the financial receivable corresponding to both the principal amount of the first convertible note and the interest accrued in 2020 had already been fully written down at the end of last year (in total 2,539 thousand of euro, of which 2,445 thousand of euro for the principal amount and 94 thousand of euro for the interest portion).

22. OTHER LONG TERM ASSETS

The item "Other long term assets" amounted to 381 thousand of euro as at December 31, 2021 compared to 1,448 thousand of euro as at December 31, 2020 and included the deposits paid by the various Group companies, as part of their operations.

The decrease compared to the end of last year is a consequence of the cancellation of the advance for a potential minority investment in the packaging business, which was subsequently suspended due to a change in strategy. The receivable was written off, as it was deemed difficult to recover.

23. OTHER FINANCIAL RECEIVABLES FROM THIRD PARTIES (non-current)

The item "Other financial receivables from third parties" amounted to 1,424 thousand of euro as at December 31, 2021 and is compared with a nil value as at December 31, 2020.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement (#)	Interest rate	Value as at December 31, 2021 (*) (thousands of euro)	Value as at December 31, 2020 (thousands of euro)
Convertible note granted in July 2021	EUR	first tranche - paid in July 2021: 800 thousand of euro subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand of euro in total	December 31, 2024 or earlier, upon the occurrence of certain significant events (**)	6% annual fixed rate	1,424	0
Total					1,424	0
Other financial receivables from third parties provision					0	0
Total net of write-downs					1,424	0

(*) Interests included.

(**) Relevant events include Rapitag's controlled administration, liquidation, change of control of more than 50% and renunciation 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, also speeding up purchases and ensuring anti-theft functionality, with the aim of supporting digital transformation in the retail sector.

The loan agreement envisages that the resources provided by SAES are used by Rapitag for the prototyping activity carried out through the joint venture Actuator Solutions GmbH as exclusive contractor. Also according to the agreement, Rapitag will only use SMA shape memory alloy wires supplied by SAES.

The loan was granted by SAES in two tranches, the first of which, equal to 800 thousand of euro, transferred upon signature of the agreement, to finance the company's operations; the second (totalling 740 thousand of euro), disbursed in five successive calls 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. As 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.

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 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.

24. INVENTORY

Inventories were equal to 35,392 thousand of euro as at December 31, 2021, with an increase of 5,380 thousand of euro compared to December 31, 2020.

The following table provides a breakdown of inventories as at December 31, 2021, compared with December 31, 2020.

(thousands of euro)				of which:
Inventory	December 31, 2021	December 31, 2020	Difference	Perimeter variation
Raw materials, auxiliary materials and spare parts	11,395	9,972	1,423	166
Work in progress and semi-finished goods	15,566	12,677	2,889	1,015
Finished products and goods	8,431	7,363	1,068	0
Total	35,392	30,012	5,380	1,181

Excluding the exchange rate effect (increase of +1,748 thousand of euro) and the change related to the scope of consolidation⁸⁸ (increase of +1,181 thousand of euro), inventories increased by 2,451 thousand of euro: the increasing inventory volumes of the Parent Company in the consumer electronics sector (Specialty Chemicals Division) and of SAES Coated Films S.p.A. in the packaging sector, to cope with both the increase in orders and the shortage of certain plastic materials, are added to higher inventories of work in progress and finished products in the Nitinol sector, related both to the resumption of post-pandemic sales, and to the finalization of the new Bethel tube department, offset by the decrease in inventories of SAES Smart Materials, Inc. which had accumulated at the end of last year due to the swing in orders during the pandemic.

Inventory is stated net of any provision for depreciation, which, in 2021, recorded the changes shown in the table below.

(thousands of euro)	
Inventory provision	
December 31, 2020	3,399
Accrual	1,489
Release into income statement	(239)
Utilization	(474)
Change in the consolidation area	0
Translation differences	194
December 31, 2021	4,369

The accrual (+1,489 thousand of euro) was mainly related to the write-down of raw materials, semi-finished products and finished goods characterized as slow-moving or no longer used in the production process, in particular by the Parent Company and the US affiliates SAES Smart Materials, Inc. and Memry Corporation.

The release into income statement (-239 thousand of euro) was a consequence of a recall into production of warehouse codes that were written down in the previous year in the Nitinol sector.

⁸⁸ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

The utilization (-474 thousand of euro) is related to the scrapping of items that had already been written down in previous financial periods by the Parent Company and by the US affiliates SAES Smart Materials, Inc. and Memry Corporation.

The translation differences (+194 thousand of euro) are due to the US affiliates and are a consequence of the appreciation of the US dollar as at December 31, 2021 compared to December 31, 2020.

25. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, were equal to 29,614 thousand of euro as at December 31, 2021 and increased by 10,161 thousand of euro compared to December 31, 2020.

Excluding the effect of exchange rate fluctuations (+1,405 thousand of euro) and the change in the scope of consolidation⁸⁹ (+909 thousand of euro), the increase (+7,847 thousand of euro) is mainly due to higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the latter part of last year, compared to the corresponding period of the previous year.

The breakdown of the item as at December 31, 2021 and December 31, 2020 is provided in the following table.

(thousands of euro)				of which:
Trade receivables	December 31, 2021	December 31, 2020	Difference	Perimeter variation
Trade receivables - Gross value	30,019	19,798	10,221	909
Trade receivables - Bad debt provision	(405)	(345)	(60)	0
Contract assets	0	0	0	0
Net book value	29,614	19,453	10,161	909

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	December 31, 2021	December 31, 2020
Opening balance	345	316
Accrual	72	57
Release into income statement	(3)	(1)
Utilization	(12)	(28)
Change in the consolidation area	0	0
Translation differences	3	1
Closing balance	405	345

The accrual into the income statement (+72 thousand of euro) was mainly related to the write-down of specific credit positions of the Parent Company and of SAES Getters/U.S.A., Inc., estimated by Management as unlikely to recover.

This item also includes the generic write-down recognized as at December 31, 2021 (+25 thousand of euro), according to the *Expected Credit Loss* model as set forth in IFRS 9, based on the calculation

⁸⁹ Acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021.

of the expected average non-recoverability using historic and geographical indicators. As at December 31, 2020, the same calculation had led to an allocation to the bad debt provision of +1 thousand of euro. The increase in the current year is exclusively attributable to the aforementioned increase in trade receivables as at December 31, 2021, compared to December 31, 2020, with the same risk of default associated with the countries of origin of the credit.

The release into income statement (-3 thousand of euro) is a result of the partial collection of a receivable totally written down by the Parent Company in previous years.

The utilization (-12 thousand of euro) is a consequence of the write-off of trade receivables already written down by the Parent Company and by the affiliate SAES Getters (Nanjing) Co., Ltd.

The following table provides a breakdown of trade receivables, between those not yet due and those past due as at December 31, 2021 compared with the previous year.

(thousands of euro)

Ageing	Totale	Not yet due	Due not written down					Due written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
December 31, 2021	30,019	21,689	5,952	1,393	457	87	36	405
December 31, 2020	19,798	13,881	3,272	1,566	554	65	115	345

Receivables past due more than 30 days and not written down, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. It should also be noted that the incidence of these receivables in relation to total trade receivables decreased significantly compared to the end of the previous year (from 11.6% as at December 31, 2020 to 6.6% as at December 31, 2021), further demonstrating that the Group is subject to a rather limited credit risk.

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

	December 31, 2021	December 31, 2020	Difference
<i>Days of Sales Outstanding - DSO (*)</i>	57	42	15

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

Trade receivables / Annualized net revenues * 365.

The worsening of the *DSO* as at December 31, 2021 compared to December 31, 2020 is mainly attributable to an increase in the average collection days in SAES Smart Materials, Inc. (due to particularly high trade receivables at the end of the year, following sales concentrated in the last days of the year, then collected in the following year) and the longer collection times in the Advanced Packaging Division (consequence of the phase-out of metallized products, characterized by a lower margin, but by more favourable payment conditions for SAES).

See Note no. 42 regarding the management of credit risk of trade receivables in order to understand how the Group monitors and manages credit quality in the event that the trade receivables are not due or written down.

26. OTHER RECEIVABLES, ACCRUED INCOME AND PREPAID EXPENSES

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 6,063 thousand of euro as at December 31, 2021, against 5,965 thousand of euro as at December 31, 2020.

A breakdown of this item is provided below.

(thousands of euro)				of which:
Other receivables, accrued income and prepaid expenses	December 31, 2021	December 31, 2020	Difference	Perimeter variation
Income tax and other tax receivables	2,608	2,898	(290)	47
VAT receivables	833	939	(106)	58
Social security receivables	2	32	(30)	0
Personnel receivables	11	2	9	0
Receivables for public grants	84	106	(22)	20
Other receivables	23	20	3	0
Total other receivables	3,561	3,997	(436)	125
Accrued income	0	0	0	0
Prepaid expenses	2,502	1,968	534	25
Total prepaid expenses and accrued income	2,502	1,968	534	25
Total other receivables, accrued income and prepaid expenses	6,063	5,965	98	150

The item "Income tax and other tax receivables" includes the receivables for tax advances paid and other tax receivables of the Group's companies with local authorities. The reduction compared to December 31, 2020 (-290 thousand of euro) is mainly due to the lower surpluses of the tax advances paid by the US affiliates compared to the total amount due as tax for the year 2021, following the resumption of the business after the pandemic. This decrease was only partially offset by the higher tax receivables of SAES Getters S.p.A. for recoverable withholdings applied on intragroup royalties and dividends, as well as by the tax receivable recognized as at December 31, 2021 by the Parent Company for investments in research and development⁹⁰, equal to 454 thousand of euro.

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

The item "Receivables for public grants" was mainly composed of receivables accrued by the Parent Company in grants for outstanding research projects.

Income from government grants included in the income statement for 2021 totalled 105 thousand of euro, compared to 50 thousand of euro in 2020: the increase is mainly attributable to the extraordinary *grant* awarded to SAES Smart Materials, Inc. (+85 thousand of euro) following the conclusion of the *insourcing* procedure of some processes, with the increase in internal resources. To this amount the Parent Company's income, equal to 454 thousand of euro⁹¹ should be added, representing the above mentioned tax receivable for investments in research and development, in accordance with the 2021 Budget Law; in the previous year, as well as income related to the tax receivable of SAES Getters S.p.A. for research and development (259 thousand of euro), this included other revenues (32 thousand of euro) of the Italian companies for the tax receivable on sanification costs.⁹²

The item "Prepaid expenses", equal to 2,502 thousand of euro compared to 1,968 thousand of euro as at December 31, 2020, includes cost items that were paid in advance by the end of 2021, but pertain to the following year. The increase compared to the end of the previous year is mainly related to prepaid insurance costs (the Group received invoices pertaining to 2022 already at the end of the 2021 financial year, while the corresponding invoices pertaining to 2021 arrived only at

⁹⁰ According to the provisions of the 2021 Budget Law.

⁹¹ In addition to the income of 454 thousand of euro, a charge of 29 thousand of euro was also recognized in the year 2021, as an adjustment to the amount recognized in 2020.

⁹² Italian Law Decree 34/2020, Article 125.

the start of the 2021 financial year, rather than at the end of 2020) and IT service costs (not incurred at the end of the previous year).

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

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

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

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

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

27. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at December 31, 2021 the item “Derivate financial instruments measured at fair value” recorded a positive net balance of 9 thousand of euro compared to a negative net balance of 32 thousand of euro as at December 31, 2020.

As at December 31, 2021, this item included the net assets deriving from the measurement at fair value of hedge contracts to cover the exposure to changes in expected cash flows originating from commercial transactions in a currency other than the euro. At the end of the previous year, on the other hand, the same item included the net liabilities arising from the measurement at fair value of the contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans, as well as the fair value of the embedded derivatives included in the same loan agreements.

With regard to such contracts, the accounting requirements to apply the *hedge accounting* method are not met, as set out under IAS 39, therefore they are evaluated at fair value and the profits or losses deriving from their evaluation are directly charged into the income statement.

In order to protect the Group's economic result from the exchange rate fluctuation, on March 9, 2021, the Parent Company entered into **forward sale contracts on the US dollar** for a notional value of 6.7 million of dollars, with an average forward exchange rate of 1.1957, **to hedge approximately 65% of the net flows in dollars expected in the period from April to December 2021**. All these contracts had expired by December 31, 2021.

On November 29, 2021, further **forward sales contracts on the US dollar** were entered into for a notional value of 9 million of dollars, with an average forward exchange rate of 1.1369 against the

euro, hedging approximately 80% of the net flows in dollars estimated for the Parent Company for the year 2022. These contracts are still in place as at December 31, 2021 and their fair value is positive for 9 thousand of euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at December 31, 2021. It should be noted that no forward contract was signed during the previous year and, therefore, was still in place as at December 31, 2020.

Currency	December 31, 2021		December 31, 2020	
	Notional (currency)	Fair value (thousand of euro)	Notional (currency)	Fair value (thousand of euro)
thousands of EUR	0	0	0	0
thousands of JPY	0	0	0	0
thousands of USD	9,000	9	0	0
	Total	9	Total	0

The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:

- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the valuation date;
- the implied volatility curve of the options market price.

In December 2021, the two **Interest Rate Swap (IRS) contracts** in place at the end of the previous year to hedge the Group's margins from fluctuations in interest rates, were extinguished by the Parent Company in advance of their natural maturity, following the early repayment of the bank loans to which the *IRS*s were linked.

The embedded derivative included in the loan agreement with Banco BPM, on the other hand, matured naturally on December 31, 2021.

No new *IRS* contracts were signed during the 2021 financial year.

Therefore, as at December 31, 2021, the fair value of contracts signed by the Group with the aim of protecting consolidated margins from fluctuations in interest rates had a zero balance, compared with a negative balance of -32 thousand of euro as at December 31, 2020.

The following table provides the details of these contracts and their fair value as at December 31, 2020.

Description	Date of signing	Currency	Notional value (thousand of euro)	Expiration	Interest rate	Periodicity	Fair value December 31, 2021	Fair value December 31, 2020
SAES Getters S.p.A. <i>Interest Rate Floor</i> on the Banco BPM loan (Derivative implicit in the loan agreement)	December 22, 2016	EUR	5,000 (*)	December 31, 2021	If 3-month Euribor < 0, the floating rate of the loan coincides with the	quarterly	0	(4)
SAES Getters S.p.A. <i>Interest Rate Swap (IRS)</i> on loan Unicredit S.p.A.	April 7, 2017	EUR	10,000 (*)	March 31, 2022	Fixed rate paid: 0.0% Floating rate collected: 3-month Euribor (**)	quarterly	0	(10)
SAES Getters S.p.A. <i>Interest Rate Swap (IRS)</i> on loan Intesa Sanpaolo S.p.A.	April 19, 2017	EUR	5,000	December 21, 2022	Fixed rate paid: 0.16% Floating rate collected: 6-month Euribor	half-yearly	0	(18)
Total							0	(32)

(*) The amount coincides with the notional amount of the hedged loan.

(**) In the event of a negative 3-month Euribor, the contract provides for a floor equal to -1.00%.

The fair valuation as at December 31, 2020, conducted by an independent third party, was made at market rates, in a *risk neutral* context and by using rate models that reflect the best practices usually adopted.

To determine the fair value, the information inputs used were:

- the *Interest Rate Swap* rate curve by maturity;

- the cumulative default probabilities extracted from Standard & Poor's;
- interest rate volatility surfaces extracted from Bloomberg.

The pricing was adjusted, in accordance with IFRS 13, by means of a *Credit Value Adjustment* (CVA, namely the adjustment relating to the risk of default of the counterparty) and a *Debt Value Adjustment* (DVA, namely the cost of protecting against the risk of default of the Company by the counterparty), calculated using the "Provision Model" method. In particular, to determine the counterparty risk component in the fair value, the rating opinion issued by Moody's rating agency on the issuing credit entity for the calculation of the CVA. To determine the DVA, given the objective impossibility of assigning a rating opinion for the SAES Group, the lowest rating opinion of those identified for credit entities was prudentially applied.

Finally, please note that, with regard to the early repayment of the loan signed in 2019 with Mediobanca, the Parent Company paid the lender, as a penalty, a sum equal to 325 thousand of euro, corresponding to the negative *mark-to-market* value of the *IRS* derivative stipulated by the lender to hedge the risk of interest rate fluctuations on a fixed rate loan. No liability⁹³ was recognised at the end of the previous year in relation to this embedded derivative and, therefore, the cost of the penalty was booked in the income statement for 2021.

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 interest rate curves and exchange rates curves.

No instruments were transferred from one level to another during the year.

28. CASH AND CASH EQUIVALENTS

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

The following table provides a breakdown of the balances as at December 31, 2021 and December 31, 2020.

(thousands of euro)				of which:
Cash and cash equivalents	December 31, 2021	December 31, 2020	Difference	Perimeter variation
Bank accounts	29,509	30,668	(1,159)	3,489
Petty cash	9	10	(1)	1
Totale	29,518	30,678	(1,160)	3,490

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

⁹³ There was no asset or liability recognised as at December 31, 2020 for that embedded derivative, since no conditions that would make the contract certain or payable had arisen.

The item "Bank accounts" is shown net of the write-down, equal to -27 thousand of euro, calculated under IFRS 9. In particular, the *expected losses* were calculated based on a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of each bank's *rating*.

As at December 31, 2020, the write-down, equal to -23 thousand of euro, was in line with the current year (in fact, both the overall liquidity held by the Group and the risk associated with the credit institutions with which SAES operates were substantially unchanged).

For a detailed analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash flow statement (Note no. 41).

As at December 31, 2021 the Group has unused credit lines equal to 49.7 million of euro against 76.7 million of euro as at December 31, 2020. The decrease is mainly due to the greater use of financing forms of the "hot money" type and the greater use of revolving credit lines (for more details, please refer to Note no. 39).

Reconciliation of financial debt

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

(thousands of euro)			
	December 31, 2021	June 30, 2021	December 31, 2020
A. Cash	29,518	24,419	30,678
B. Other cash and cash equivalents	0	0	0
C. Other current financial assets	94,656	70,279	70,673
D. Cash and cash equivalent (A + B + C)	124,174	94,698	101,351
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) (*)	(66,344)	(46,004)	(35,423)
F. Current portion of long term debt	(109)	(4,142)	(5,199)
G. Current financial liabilities (E + F)	(66,453)	(50,146)	(40,622)
H. Net current financial liabilities (G + D)	57,721	44,552	60,729
I. Non-current financial debt (excluding the current portion and debt instruments) (**)	(56,269)	(97,302)	(99,067)
J. Debt instruments	0	0	0
K. Trade payables and other non-current payables	0	0	0
L. Non current financial liabilities (I + J + K)	(56,269)	(97,302)	(99,067)
M. Net financial debt (H + L)	1,452	(52,750)	(38,338)

(*) Of which 2,409 thousand of euro relating to short-term financial liabilities for lease contracts.

(**) 4,070 thousand of euro relating to long-term financial liabilities for lease contracts.

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

(thousands of euro)

	December 31, 2021	June 30, 2021	December 31, 2020
Net financial debt included in the Explanatory notes	1,452	(52,750)	(38,338)
Related parties financial assets, non current	49	49	49
Other financial receivables to third parties, non current	1,424	0	0
Securities - long term	71,887	135,161	134,087
Derivative instruments evaluated at fair value	9	(38)	(32)
Other financial receivables to third parties, current	(20)	(16)	(24)
Net financial position included in the Management Report	74,801	82,406	95,742

As regards the amount and nature of indirect and conditional debt, please refer to Note no. 43 "Contingent assets/liabilities and commitments".

29. OTHER FINANCIAL RECEIVABLES FROM THIRD PARTIES (current)

The item "Other financial receivables from third parties", zero as at December 31, 2021 and equal to 11 thousand of euro as at December 31, 2020, referred to the receivable due to the Parent Company from the EUREKA! fund as a result of the completion of the second closing by the fund on December 29, 2020⁹⁴. This receivable was collected in January 2021.

⁹⁴ Following the formal admission of new investors, SAES's investment in the fund was diluted and SAES Getters S.p.A, obtained a repayment proportional to the dilution referred to both the costs and the investments of the fund.

30. GROUP SHAREHOLDERS' EQUITY

The Group shareholders' equity was equal to 253,799 thousand of euro as at December 31, 2021, up by 15,637 thousand of euro compared to December 31, 2020, mainly due to the profit for the year (+13,076 thousand of euro) and the exchange rate differences deriving from the translation of financial statements in foreign currencies (+10,123 thousand of euro), partially offset by the dividends distributed by SAES Getters S.p.A. (-7,440 thousand of euro).

The following also should be noted:

- negative actuarial differences on defined benefit plans, net of the relative tax effect, recognised as equity in other comprehensive income and losses, equal to -27 thousand of euro;
- the negative change (-95 thousand of euro) in the fair value of equity investments in other companies⁹⁵ (in particular, investment in the EUREKA! venture capital fund, for details please refer to Note no. 18)

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

Capital stock

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

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

Please refer to the Report on corporate governance and ownership structure for all information required by Article 123-bis of the Consolidated Finance Law (TUF).

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

Share issue premium

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

This item was unchanged compared to December 31, 2020.

Treasury shares

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

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

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 transfer to the income statement.

⁹⁵ 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 transfer to the income statement.

	December 31, 2021
Ordinary outstanding shares	10,771,350
Savings outstanding shares	7,378,619
Treasury shares	3,900,000
Total shares	22,049,969

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

	December 31, 2021
Number 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 stock purchase, including additional charges, was reported as a negative component of equity.

Legal reserve

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

Other reserves and retained earnings

This item includes:

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

The change in the item "Other reserves and retained earnings" includes the distribution to the shareholders of the 2020 dividends, approved by the Parent Company's Shareholders' Meeting (-7,440 thousand of euro), the carry forward of the 2020 consolidated profit (+4,787 thousand of euro), and the actuarial differences on the defined-benefit plans of both the subsidiaries and the companies measured with the equity method, generated by applying the revised version of IAS 19, net of the relevant tax effect (-27 thousand of euro) and the change in fair value of equity investments in other companies (-95 thousand of euro).

As indicated in the Report on corporate governance and ownership structure enclosed to these financial statements, 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 implied book value; if in one financial year a dividend of less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the

preferred dividend in the following two years. The remaining profit that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

Other components of equity

This item includes the exchange rate differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 12,304 thousand of euro as at December 31, 2021, against a positive balance of 2,181 thousand of euro as at December 31, 2020.

The increase, equal to +10,123 thousand of euro, is due exclusively to the overall effect on the consolidated shareholders' equity of the conversion into euro of the financial statements in foreign currency of the line-by-line consolidated foreign subsidiaries and the related consolidation adjustments.

It should be noted that the Group exercised the exemption allowed under IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, regarding the possibility of writing-off the accumulated translation gains or losses generated by the consolidation of foreign subsidiaries as of January 1, 2004. Consequently, the translation reserve includes only the translation gains or losses generated after the date of transition to the international accounting standards.

The reconciliation between the net profit and the shareholders' equity of SAES Getters S.p.A. with the consolidated net profit and shareholders' equity as at December 31, 2021 and December 31, 2020 is shown in the following table.

(thousands of euro)	December 31, 2021		December 31, 2020	
	Net income	Equity	Net income	Equity
Financial statements of the Parent Company SAES Getters S.p.A.	(8,292)	184,413	2,252	200,240
Shareholders' equity and profit for the year of consolidated companies, net of dividends distributed and write-downs of equity investments	21,813	261,544	3,912	234,232
Book value of consolidated equity investments		(144,754)		(149,342)
Consolidation adjustments:				
Elimination of profits deriving from intragroup transactions, net of the related tax effect	(147)	(19,720)	52	(19,573)
Provision for taxes on undistributed profits of foreign subsidiaries	-286	(3,486)	1,077	(3,200)
Equity joint venture valuation	182	(22,800)	(2,313)	(22,992)
Other consolidation adjustments	-194	(1,398)	(193)	(1,203)
Consolidated Financial statements	13,076	253,799	4,787	238,162

31. FINANCIAL DEBTS

As at December 31, 2021, financial debts amounted to 52,308 thousand of euro, a decrease of 48,387 thousand of euro compared to December 31, 2020.

The following table shows the changes in financial debts in 2021.

(thousands of euro)

Financial debts	
December 31, 2020	100,695
Proceeds	52,000
Change in the consolidation area	38
Amortization of fees and interests	1,187
Repayments	(100,462)
Interest payments	(1,173)
Conversion differences on loans in foreign currencies	23
December 31, 2021	52,308

The item "Repayments", in addition to the reimbursements made by SAES Getters S.p.A., Memry Corporation and Strumenti Scientifici Cinel S.r.l.⁹⁶ during the year as per the original repayment plan (5,227 thousand of euro), also includes the early repayment of all loans from the Parent Company still outstanding at the end of December 2021 (95,235 thousand of euro); in particular:

- loan with Unicredit S.p.A., signed in April 2017, with a nominal value of 10 million of euro and maturing on March 31, 2022 (principal amount repaid in advance of 500 thousand of euro);
- loan with Intesa Sanpaolo, signed in December 2016, with a nominal value of 10 million of euro and maturing on December 21, 2022 (principal amount repaid in advance of 2,000 thousand of euro);
- loan with Mediobanca, signed in May 2019, with a nominal value of 92.7 million of euro and maturing on April 17, 2024 (principal amount repaid in advance of 92,735 thousand of euro).

No penalty was paid on the first two loans, while for the one signed with Mediobanca a sum of 325 thousand of euro was paid to the lender.

The loan signed by the Parent Company with Banco BPM at the end of 2016 and with a nominal value of 5 million of euro, on the other hand, came to maturity on December 31, 2021, in accordance with the original repayment plan.

To deal with early repayments, SAES Investments S.A. has almost completely disposed of Branch I of the *Cardif Lux Vie Multiramo* policy (for further details, see Note no. 19) and, on December 23, 2021, signed a new *Lombard* loan with JP Morgan for an amount equal to 52,000 thousand of euro (booked under item "Proceeds"). The loan has a duration of two years, with repayment of the entire principal amount at maturity, and provides for the quarterly payment of interest at a fixed rate of 0.21% per annum. There are no financial covenants and the loan is guaranteed by the "Buy & Hold" bond portfolio managed by JP Morgan and by the new DMAS (*Dynamic Multi-Asset*) management, again activated with JP Morgan in the first half of 2021 (for further details, please refer to Note no. 19).

The item "Change in the consolidation area" refers to the residual value as at July 7, 2021 (date of acquisition by the SAES Group) of the loan of Strumenti Scientifici Cinel S.r.l. with Intesa Sanpaolo.

The effect of currencies was negligible (positive for 23 thousand of euro): only 0.5% of the Group's financial debt comprises loans in US dollars held by the American subsidiary Memry Corporation (the equivalent amount in euro of said payables has increased following the revaluation of the dollar at December 31, 2021 compared to December 31, 2020).

The following table shows the breakdown of the item by due date.

It should be noted that debt with a due date of less than one year is included in current liabilities under "Current portion of medium/long term financial debts".

⁹⁶ For Strumenti Scientifici Cinel S.r.l., reimbursements made from July 7, 2021 (date of acquisition by the SAES Group) to December 31, 2021.

(thousands of euro)

Financial debts	December 31, 2021	December 31, 2020	Difference	of which: Perimeter variation
Less than 1 year	109	5,199	(5,090)	38
Current portion of financial debts	109	5,199	(5,090)	38
Between 1 and 2 years	52,087	2,576	49,511	0
Between 2 and 3 years	89	82	7	0
Between 3 and 4 years	23	92,817	(92,794)	0
Between 4 and 5 years	0	21	(21)	0
Over 5 years	0	0	0	0
Non current financial debts	52,199	95,496	(43,297)	0
Total	52,308	100,695	(48,387)	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	Valore al 31 dicembre 2021 (thousands of euro)	Valore al 31 dicembre 2020 (thousands of euro)
SAES Getters S.p.A. <i>Unicredit</i>	EUR	10 (millions of euro)	quarterly with last deadline March 31, 2022 (**)	Half-yearly	3-month Euribor, plus a spread of 1%	0.90%	0	2,497
SAES Getters S.p.A. <i>Intesa Sanpaolo</i>	EUR	10 (millions of euro)	six-monthly (at constant principal amounts) with last maturity December 21, 2022 (**)	Annual	6-month Euribor, plus a spread of 1.20%	1.18%	0	3,991
SAES Getters S.p.A. <i>Banco BPM</i>	EUR	5 (millions of euro)	quarterly (with variable capital installments) with last deadline December 31, 2021	n.a.	3-month Euribor, plus a spread of 1%	1.11%	0	1,130
SAES Getters S.p.A. <i>Mediobanca – Banca di Credito Finanziario</i>	EUR	92.7 (millions of euro)	single solution with contractual expiry (April 17, 2024) (**)	Half-yearly	1.20%	1.20%	0	92,735
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%	285	342
Strumenti Scientifici Cinel 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%	0.79%	22	0
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	0

(*) During the 2018 financial year, 50% of the loan was transformed into a non-repayable grant.

(**) Loan repaid early at the end of the 2021 financial year.

Covenants

Following the early repayment of the loans with Unicredit S.p.A., Intesa Sanpaolo and Mediobanca by the Parent Company, please note that none of the loans outstanding as at December 31, 2021 is subject to compliance with economic-financial guarantee clauses.

32. FINANCIAL LIABILITIES FOR LEASES

As at December 31, 2021, the item "Financial liabilities for leases" was equal to 6,479 thousand of euro, against 5,503 thousand of euro as at December 31, 2020. The item reflects the obligation to pay the lease rent and corresponds to the current value of future payments.

Debt with a maturity of less than one year is included under current liabilities.

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference	of which: Perimeter variation
Financial liabilities for leases - current	2,409	1,932	477	115
Financial liabilities for leases - non current	4,070	3,571	499	81
Total Financial liabilities for leases	6,479	5,503	976	196

The change compared to the end of last year is mainly due to the renewal of existing contracts and the signing of new contracts, net of early settlements (+2,842 thousand of euro in total), partly offset by the payment of rent and interest during the current year (-2,481 thousand of euro).

The following table shows the changes in financial debts in 2021.

(thousands of euro)

Financial liabilities for leasing	
December 31, 2020	5,503
New leasing contracts entered during the period	2,901
Early termination of leasing contracts	(59)
Change in the consolidation area	196
Interest on financial liabilities	215
Repayment of financial liabilities	(2,266)
Interest expense paid	(215)
Translation differences on foreign currency leases	204
December 31, 2021	6,479

The item "Change in the consolidation area" refers to the financial liabilities of Strumenti Scientifici Cinel S.r.l. related to the lease agreements on machinery and cars already signed as at July 7, 2021, the date on which the acquisition by SAES Getters S.p.A. was finalised.

With regard to the new contracts stipulated during 2021, we note the renewal of the lease of the production plants of the American subsidiary Memry Corporation and the signing, by the newly acquired Strumenti Scientifici Cinel S.r.l., of an agreement for the lease of the property of Vigonza (PD). For details on other leases signed in 2021, please refer to Note no. 16.

The following table shows the breakdown of financial debt by contractual maturity.

(thousands of euro)

Financial liabilities for leasing	December 31, 2021	December 31, 2020	Difference	<i>of which:</i> Perimeter variation
Less than 1 year	2,409	1,932	477	115
Financial liabilities for leasing - current	2,409	1,932	477	115
Between 1 and 2 years	1,558	1,052	506	81
Between 2 and 3 years	1,120	996	124	0
Between 3 and 4 years	662	697	(35)	0
Between 4 and 5 years	515	349	166	0
Over 5 years	215	477	(262)	0
Financial liabilities for leasing - non current	4,070	3,571	499	81
Financial liabilities for leasing	6,479	5,503	976	196

With reference to the lease contract for the Parent Company's offices in Milan (of the duration of seven years from July 1, 2020, renewable for another six years), it should be noted that the renewal option for a further six years was not considered for accounting purposes because the renewal was not believed to be reasonably certain. The potential future payments not reflected in the lease liability were equal to 1,817 thousand of euro (discounted value).

(thousands of euro)

	December 31, 2021	
	Potential financial flows for leasing (not discounted)	Potential financial flows for leasing (discounted)
6-year extension option not included in financial liabilities	2,100	1,817

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognized in 2021 was equal to 2.12%.

33. SEVERANCE INDEMNITIES AND OTHER EMPLOYEE BENEFITS

This item includes amounts due to employees under both defined contribution and defined benefit plans currently in place at the companies of the Group, given the contractual and legal obligations in force in the different countries.

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

(thousands of euro)

Severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Total
December 31, 2020	5,052	2,953	8,005
Accrual (release) to the income statement	114	1,012	1,126
Indemnities paid	(262)	(391)	(653)
Change in the consolidation area	1,046	0	1,046
Other changes	87	(696)	(609)
Conversion differences	0	110	110
December 31, 2021	6,037	2,988	9,025

The amounts recognized in the income statement may be broken down as follows.

(thousands of euro)	2021	2020	of which: Perimeter variation
Financial expenses	20	50	1
Current service cost	1,326	2,181	25
Release to the income statement	(220)	0	0
Expected return on plan assets	0	0	0
Recognized past service costs (*)	0	(153)	0
Total cost to the income statement	1,126	2,078	26

(*) Curtailment of the non-competition agreement for employees of SAES Getters S.p.A.

The decrease in the item "Current service cost" was mainly due to the fact that the value as at December 31, 2020 included a greater allocation for the three-year long-term incentive due to Executive Directors, expiring at the end of last financial year.

The item "Release to the income statement" mainly refers to the long-term monetary incentive plan of an employee of the Parent Company, whose employment with the Group was terminated prior to the expiry of the plan.

The breakdown of the obligations between defined-contribution and defined-benefit plans and the corresponding changes occurred in 2021 are provided below.

(thousands of euro)

	December 31, 2020	Financial expenses	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Other variations	Release to the income statement	Change in the consolidation area	Conversion differences	December 31, 2021
Present value of defined benefit obligations	6,906	20	1,269	(653)	49	(658)	(220)	1,046	15	7,774
Fair value of plan assets	0	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	0
Defined benefit obligations	6,906	20	1,269	(653)	49	(658)	(220)	1,046	15	7,774
Defined contribution obligations	1,099	0	57	0	0	0	0	0	95	1,251
Staff leaving indemnities and similar obligations	8,005	20	1,326	(653)	49	(658)	(220)	1,046	110	9,025

“Actuarial (gains) losses on obligations” refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in shareholders’ equity under profits carried forward.

The item “Other variations” refers to the portion of the long-term monetary incentive plans that will be paid out in the first half of 2022, the amount of which was therefore reclassified under “Other payables” to personnel. For further details on the long-term monetary incentive plans, please refer to the following paragraphs.

The item “Change in the consolidation area” refers to the payable for staff leaving indemnities (TFR) which was included among the consolidated non-current liabilities following the acquisition of Strumenti Scientifici Cinel S.r.l. on July 7, 2021.

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 obligations related to defined-benefit plans are measured annually at the end of each fiscal year, by independent actuarial consultants according to accrued benefits, using the projected unit credit method, separately applied to each plan.

The main **economic-financial assumptions** used for the actuarial calculations of defined-benefit plans as at December 31, 2021 and December 31, 2020 respectively are provided below.

	Italy	
	December 31, 2021	December 31, 2020
Average duration of the collective being assessed	> 10 years	> 10 years
Discount rate	0.80%	0.35%
Increase in the cost of living	1.50%	1.00%
Expected annual salary increase (*)	3.00%	3.00%
Annual rate of increase in severance pay (*)	2.63%	2.25%

(*) Hypothesis not considered for the actuarial valuation of the employee leaving indemnity of the Parent Company, a company with more than 50 employees.

Note that, as regards the choice of the discounting rate, the reference index was the Eurozone *Iboxx Corporate AA* observed at the end of December 2021, with a duration consistent with that of the collective benefit under valuation.

With regard to the **demographic assumptions**, RG48 mortality tables and INPS disability/invalidity tables were used.

As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities were used that were consistent with previous valuations, which adopt a time horizon deemed to be representative by the company under valuation. More specifically, an average turnover rate of 2% was used. These assumptions are unchanged compared to those used as at December 31, 2020.

With regard to **staff leaving indemnity advances**, we assumed a 3% average annual rate and an average amount equal to 70% of the staff leaving indemnities accumulated by the companies subject to actuarial valuation.

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.

Such plans fall into the category of defined-benefit obligations and they are discounted. The **discount rates** used for the discounting of plans subscribed by the key employees of SAES Coated Films S.p.A. and the Group's American subsidiaries, which reflect the rates of return of Italian and US government bonds, taking the different duration of the plans into account.

Expiry year of the plan	Discounting rate	
	Italy	USA
2022	0.83%	0.39%

It should be noted that, as at December 31, 2021, the long-term monetary incentive plans of the Parent Company (signed by both the Executive Directors and the employees) were not discounted, as the yields of Italian government bonds with a maturity aligned with the maturity of the plans were negative (end of 2023 financial year).

The following table shows a breakdown of the actuarial differences relating to 2021.

(thousands of euro)	Employee severance indemnities	Other defined benefit plans - Italy	Long-term monetary incentive plans	Total
<i>Actuarial differences from:</i>				
Change in financial assumptions	(31)	(28)	0	(59)
Change in other assumptions (demographic assumptions, salary assumptions, etc.)	0	0	0	0
Variation related to past experience	118	(10)	0	108
(Profit) Actuarial loss	87	(38)	0	49

With regard to defined-benefit plans⁹⁷, the following table shows the effect on the obligation of an increase or decrease of half a percentage point of the discounting rate, as calculated by the independent actuary.

⁹⁷ The long-term monetary incentive plans (LTIP) are not included in this calculation; for these, we refer to the following table.

(thousands of euro)	Discounting rate	
	+0.5%	-0.5%
Effect on the obligation for defined benefit plans (excluding LTIPs)	(342)	370

Instead, the table below shows the effect on the payable for three-year cash incentive plans (both of employees and the Executive Directors) of an increase or a decrease of half a percentage point of the discounting rate.

(thousands of euro)	Discounting rate	
	+0.5%	-0.5%
Effect on the obligation for long-term monetary incentive plans (LTIPs)	0	2

The following table shows the number of employees by category.

Group's employees	December 31, 2021	December 31, 2020	Average 2021	Average 2020
Managers	102	95	101	95
Employees and middle management	344	318	338	314
Workers	655	582	628	586
Total (*)	1,101	995	1,067	995

(*) It does not include the employees of the joint ventures for which please refer to the Note no. 17.

The number of employees as at December 31, 2021 was 1,101 units (of which 612 abroad) and compares with 995 employees as at December 31, 2020 (of which 547 abroad): the increase was mainly recorded in the workforce employed at the USA subsidiaries Memry Corporation (as a result of both the recovery of the business after the pandemic and the finalization of the new Bethel tube department), SAES Getters/USA, Inc. and Spectra-Mat, Inc. (higher sales on the US market), as well as in the workforce of the Parent Company (increase in commercial personnel and creation of a Strategic Innovation Office in the R&D area). The acquisition of Strumenti Scientifici Cinel S.r.l. led to an increase in employees equal to 34 units.

This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 68 units (unchanged compared to December 31, 2020).

The increase in the average number of employees in 2021 (1,067 units) compared to 2020 (995 units) is also mainly attributable to the aforementioned increases in the workforce in Memry Corporation, Spectra-Mat, Inc and SAES Getters S.p.A. The change correlated to the first consolidation of Strumenti Scientifici Cinel S.r.l. was equal to +34 units.

34. PROVISIONS FOR RISKS AND CHARGES

The "Provisions for risks and charges" was equal to 7,038 thousand of euro as at December 31, 2021 against 6,127 thousand of euro as at December 31, 2020.

(thousands of euro)			
Provisions for risks and charges	December 31, 2021	December 31, 2020	Difference
Product warranty provision	245	65	180
Bonus	5,092	4,503	589
Phantom shares	1,530	770	760
Other provisions	171	789	(618)
Total	7,038	6,127	911

The following table shows the breakdown and the changes in these provisions compared to December 31, 2020.

(thousands of euro)

Provisions for risks and charges	December 31, 2020	Increase	Utilization	Released to the income statement	Change in the consolidation area	Conversion differences	December 31, 2021
Product warranty provision	65	167	0	0	0	13	245
Bonus	4,503	5,414	(5,035)	0	0	210	5,092
Phantom shares	770	804	0	(44)	0	0	1,530
Other provisions	789	12	(606)	(41)	0	17	171
Total	6,127	6,397	(5,641)	(85)	0	240	7,038

The item "Bonus" includes the **provisions for the bonuses to employees** of the Group accrued in 2021 (mainly relating to the Parent Company and the US subsidiaries⁹⁸). The change compared to December 31, 2020 was mainly due to the provisions made for the bonuses accrued in the current year and to the payment of the variable remuneration accrued in the previous year, carried out in the first half of 2021, right after the approval of the financial statements by the Shareholders' Meeting.

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 value⁹⁹. The events that may trigger the payment of the incentive are, for example: change in control of the Company; failure to renew the position of board director at the end of a term in office; revocation from the position of board director or substantial change in the related powers or in the position without just cause; dismissal for just cause; resignation for an objectively justified reason (key management only); reaching the age of retirement; permanent invalidity; death; *delisting* (key management only). In the case of 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 no. 1,760,562¹⁰⁰. 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 December 31, 2021.

	Assignment date	n. 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 n. 880,282 phantom shares assigned to the Executive Directors.

⁹⁸ 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.

⁹⁹ The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

¹⁰⁰ Of which no. 880,281 phantom shares reserved for Executive Directors.

The liability relating to the phantom shares plan (1,530 thousand of euro as at December 31, 2021, against 770 thousand of euro as at December 31, 2020) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, the economic and financial assumptions used as at December 31, 2021 to estimate the fair value of the phantom shares are summarised below:

- risk vesting period for each beneficiary, with maximum term equal to the assumed pension date;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;
- 15% annual flat probability of occurrence was considered for the events entailing forfeiture of the right to receive the incentive (this possibility was not contemplated for the Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- 3% expected dividend rate for the entire term of the plan;
- the annual volatility of the share's yield was estimated at 5.50% on the basis of the historic volatility.

Note that the release to the income statement (-44 thousand of euro) is related to the exit of an employee of the Parent Company, with the simultaneous waiver of any incentive related to the aforementioned plan.

The item "Other provisions" as at December 31, 2021, includes the implicit obligations of Spectra-Mat, Inc., calculated on the basis of the agreements made with the local authorities, in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (150 thousand of euro in 2021 compared to 200 thousand of euro as at December 31, 2020).

The increase in the item "Other provisions" includes a provision, equal to 10 thousand of euro, 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.

The uses of the item "Other provisions" mainly refer to:

- the provision for risks, equal to 300 thousand of euro, which was allocated as at December 31, 2020 and coincides with the pro-quota financial resources necessary for Actuator Solutions for its operations;
- the provision, equal to 101 thousand of euro as at December 31, 2020, for the obligation arising in 2019 against a labour dispute between the Parent Company and the social security institutions (the provision was increased by 2 thousand euro during the first half of 2021 and then fully used following a settlement agreement with INAIL);
- The fund allocated at the end of the last financial year against administrative sanction proceedings initiated by Consob against SAES Getters S.p.A. for violation of current regulations on public disclosure of inside information ("MAR") with reference to the press release regarding the agreement to sell the gas purification business, finalized in mid-year 2018, amounted to 80 thousand of euro. In spite of the fact that the sanction was paid at the start of 2021, SAES Getters S.p.A. decided to appeal this judgement in court.

Lastly, please note further uses, amounting to -59 thousand of euro, of the provision recorded in the previous year for a total value of 100 thousand euro, following the challenge of a dismissal for just cause by Parent Company's employee; the difference between the amount allocated and the amount actually paid to the employee as per the conciliation report, equal to 41 thousand of euro, was instead released to the income statement.

A breakdown of provisions by current and non-current portion is provided below.

(thousands of euro)

Provisions for risks and charges	Current provisions	Non current provisions	December 31, 2021	Current provisions	Non current provisions	December 31, 2020
Product warranty provision	232	13	245	53	12	65
Bonus	5,092	0	5,092	4,503	0	4,503
Phantom shares	0	1,530	1,530	0	770	770
Other provisions	10	161	171	580	209	789
Total	5,334	1,704	7,038	5,136	991	6,127

35. TRADE PAYABLES

Trade payables amounted to 13,280 thousand of euro as at December 31, 2021, marking an increase of 1,856 thousand of euro compared to December 31, 2020.

(thousands of euro)

Trade payables	December 31, 2021	December 31, 2020	Difference	<i>of which:</i> Perimeter variation
Trade payables	13,280	11,424	1,856	110
Total	13,280	11,424	1,856	110

The increase is mainly attributable to the higher purchases of raw materials and consequent to the recovery of the market. Please also note the higher payables related to the expansion of the building of SAES Smart Materials, Inc.

The effect of the revaluation of the dollar compared to December 31, 2020 generated an increase in the item equal to 364 thousand of euro, while the acquisition of Strumenti Scientifici Cinel S.r.l. led to an increase in trade payables of 110 thousand of euro.

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

There are no trade payables in the form of debt securities.

The following table provides a breakdown of trade payables between those not yet due and those past due as at December 31, 2021 compared with December 31, 2020.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2021	13,280	12,375	763	36	84	0	22
December 31, 2020	11,424	10,554	561	96	15	23	175

The value of overdue trade payables is not material with respect to the total of the item.

The weight of each past due bracket on total trade payables is substantially unchanged compared to December 31, 2020; the only exception is the payables overdue for more than 180 days, almost zeroed at the end of the current period.

36. OTHER PAYABLES

The item "Other payables" includes amounts that are not strictly classified as trade payables and which amounted to 12,864 thousand of euro as at December 31, 2021, compared to 12,840 thousand of euro as at December 31, 2020.

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

(thousands of euro)

of which:

Other payables	December 31, 2021	December 31, 2020	Difference	Perimeter variation
Payables to employees (vacation, wages, staff leaving indemnity, etc.)	6,348	5,072	1,276	101
Social security payables	2,102	1,915	187	171
Tax payables (excluding income taxes)	1,573	1,321	252	41
Contract liabilities	210	0	210	0
Other	2,631	4,532	(1,901)	27
Total	12,864	12,840	24	340

The item "Payables to employees" is mainly made up of the provisions for holidays accrued but not taken, by the payable for the staff leaving indemnity not yet paid to personnel who had left before December 31 as well as for the monthly salaries for December at the end of the financial year. This item also includes the payable related to the three-year monetary incentive plans which expired on December 31 and, therefore, reclassified under the item "Other payables" as they can be liquidated during the first half of the following financial year (541 thousand of euro as at December 31, 2021 compared to 841 thousand of euro as at December 31, 2020).

The increase in the item is mainly attributable to the higher payables for salaries and unused holidays of the affiliate Memry Corporation, which during the year recorded a significant increase in the workforce, following the recovery of the business after the pandemic.

The item "Social security payables" mainly includes the payables 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 increase is explained by the inclusion of the newly acquired Strumenti Scientifici Cinel S.r.l. in the consolidation perimeter.

The item "Tax payables" primarily consists of the payables owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of employees and consultants, the payable to the tax authorities for VAT to pay and the local tax payables by the US subsidiaries on top of income taxes.

The increase is due to the higher payables for withholding taxes on the December salaries of the Italian companies, as well as the inclusion in the scope of consolidation of the newly acquired Strumenti Scientifici Cinel S.r.l.

The item "Contractual liabilities" includes the negative differences deriving from the valuation of long-term contracts in the vacuum systems 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 item "Other" mainly includes payables of the Parent Company for both fixed and variable Directors' remuneration (2,057 thousand of euro), and for advances again received by SAES Getters S.p.A. for government grants for research (228 thousand of euro).

The decrease at the end of the last financial year is mainly due to the fact that as at December 31, 2020 the item included the payable portion of three-yearly monetary incentive plans accrued and paid in the first quarter of 2021 (2,081 thousand of euro); please note, on the other hand, the higher payables as at December 31, 2021 for the bonus pertaining to the current financial year (which will be liquidated in the first half of 2022).

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

37. ACCRUED INCOME TAXES

This item consists of payables for taxes associated with the Group's foreign subsidiaries and the IRAP (regional production tax) payable for the Italian companies. As regards IRES, the newly acquired Strumenti Scientifici Cinel S.r.l. closed the 2021 financial year with a tax loss in terms of IRES, while the other Italian companies¹⁰¹ on the other hand elected to participate in the national tax consolidation programme with the Parent Company in the capacity of consolidator. Therefore, the positive taxable incomes are offset by both the negative ones and the prior tax losses carried forward; the IRES tax is due only on the residual taxable income, but since it is negative until the end of the current year, no payable to the Revenue Agency is recognised in the financial statements as at December 31, 2021.

The item includes the amount due by the Parent Company to the Revenue Agency for IRES on the income, separately taxed, of the foreign subsidiary SAES Getters International Luxembourg S.A., in application of the provisions on subsidiaries ("*CFC Legislation*") as set forth in Article 167, paragraph 5-*bis* et seq. of the Consolidated Law on Income Tax).

Finally, it should be noted that as at December 31, 2021 the item also included the residual payable (amounting to 32 thousand euro) for the 3% substitute tax related to the realignment of the tax value of some assets of the Parent Company carried out at the end of the last financial year, in application of Law Decree 104/2020.

As at December 31, 2021, income tax payables were equal to 790 thousand of euro and included tax obligations accrued during the year, net of advance payments. The increase compared to tax payable as at December 31, 2020 (155 thousand of euro) is mainly attributable to the American subsidiary Memry Corporation which, during the current financial year, following the complete resumption of elective treatments after the pandemic, saw an increase in their taxable income and, therefore, their current tax payables, compared to the amount already paid as an advance.¹⁰²

38. OTHER FINANCIAL LIABILITIES TO THIRD PARTIES

The item "Other financial liabilities to third parties" was equal to 20 thousand of euro as at December 31, 2021 against 24 thousand of euro as at December 31, 2020.

(thousands of euro)

	December 31, 2021	December 31, 2020 (*)	Difference
Other financial liabilities to third parties - current	20	24	(4)
Other financial liabilities to third parties - not current	0	0	0
Other financial liabilities to third parties	20	24	(4)

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

The following table shows the changes in other financial liabilities to third parties in 2021.

(thousands of euro)	December 31, 2020	Collections (Payments)	Other income statement accruals	Translation differences	Change in the consolidation area	Reclassifications	December 31, 2021
Other commissions	24	(259)	255	0	0	0	20
Other financial debts to third parties	24	(259)	255	0	0	0	20

This item exclusively comprised bank commissions accrued but not yet paid.

¹⁰¹ SAES Getters S.p.A., SAES Nitinol S.r.l., SAES Innovative Packaging S.r.l. and SAES Coated Films S.p.A.

¹⁰² It should be noted that the tax advances are calculated by the US subsidiaries by applying the forecast method.

39. BANK DEBTS

As at December 31, 2021, "Bank debts" amounted to 63,935 thousand of euro compared to 33,491 thousand of euro as at December 31, 2020.

Details and changes during the period are provided below.

(thousands of euro)	December 31, 2020 (*)	Collections (Payments)	Other income statement accruals	Translation differences	Change in the consolidation area	Reclassifications	December 31, 2021
	28,513	13,459	53	0	0	0	42,025
Import financing	977	654	13	0	0	0	1,644
Revolving credit lines (RCF)	4,001	15,755	252	0	0	0	20,008
Bank overdrafts	0	258	0	0	0	0	258
Bank debts	33,491	30,126	318	0	0	0	63,935

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

The amounts due to banks consisted of short-term debt owed by the Parent Company in the form of "hot money" loans (42,025 thousand of euro as at December 31, 2021 compared to 28,513 thousand of euro as at December 31, 2020), whose average interest rate, spread included, was around 0.15%.

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

- for an amount of 10,004 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 0.64% (used as at December 31, 2020 for 4,001 thousand of euro).
- for an amount of 10,004 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 0.53%.

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 the payables of SAES Coated Films S.p.A. (1,644 thousand of euro as at December 31, 2021, against 977 thousand of euro as at December 31, 2020) related to short-term loans intended for the import of goods, signed with primary financial institutions to increase the financial resources available to facilitate its procurement activities, as well as current accounts overdrafts pertaining to the same company (258 thousand of euro as at December 31, 2021, against a nil balance as at December 31, 2020).

Covenants

As already stated earlier, the Parent Company has two revolving cash credit lines in place, respectively with Unicredit S.p.A. and with Intesa Sanpaolo S.p.A., each for a maximum amount of 30 million of euro and with a fixed duration of 36 months.

Both the credit lines provide for compliance with only one financial covenant (positive consolidated net financial position) subject to half-yearly verification. As better shown in the table below, as at December 31, 2021, this covenant had been met in both cases.

			<i>RCF Unicredit</i> (*)	<i>RCF Intesa Sanpaolo</i> (**)
		<i>Covenant</i>	December 31, 2021	December 31, 2021
Net financial position	k euro	> 0	79,797	79,856

(*) Net financial position calculated by excluding financial receivables from related parties, receivables (payables) for the fair value measurement of derivative instruments, other non-current financial receivables from third parties and financial liabilities for leasing contracts in application of IFRS 16.

(**) Net financial position calculated by excluding other non-current financial receivables from third parties and financial liabilities for leasing contracts in application of IFRS 16.

40. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income were equal to 2,573 thousand of euro as at December 31, 2021 against 569 thousand of euro as at December 31, 2020.

This item may be broken down as follows.

(thousands of euro)	December 31, 2021	December 31, 2020	Difference	of which: Perimeter variation
Accrued expenses	162	149	13	101
Deferred income	2,411	420	1,991	1,156
Total	2,573	569	2,004	1,257

The item "Accrued expenses" includes the portions pertaining to future financial years of the public capital grants granted in previous years to the Parent Company, for the investments made to expand the production lines at the Avezzano facility.

The item "Deferred income" is related to the sales income pertaining to future years received from customers. The increase compared to December 31, 2020 is mainly related to the higher advances collected by the Parent Company, by the American affiliate Memry Corporation and by the affiliate SAES Getters (Nanjing) Co. Ltd. Also worthy of note are the advances of the newly acquired Strumenti Scientifici Cinel S.r.l., amounting to 1,415 thousand of euro as at December 31, 2021.

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

41. CASH FLOW STATEMENT

The cash flow deriving from **operating activities** was positive by 19,237 thousand of euro, up compared to positive cash flows amounting to 12,797 thousand of euro in the previous year: the increase in **self-funding**, in line with that of the consolidated EBITDA, was only partially offset by the greater increase in net working capital and greater outflows for taxes due to higher advances paid by the US affiliates (in particular Memry Corporation) as effect of the recovery of business after the pandemic.

With regard to **working capital**, compared to December 31, 2020, the following should be noted:

- 1) the increase in **trade receivables**, as a result of higher sales in the Medical, Vacuum Technology and Advanced Packaging Divisions, as well as in the security and defence sector of the Metallurgy Division, in the last part of the current year compared to the corresponding period of the previous year;
- 2) the increase in **inventory** in anticipation of higher sales in the coming months in the consumer electronics sector (Specialty Chemicals Division) by the Parent Company and in the packaging sector, to cope with both the increase in orders and the shortage of some plastics. In the Nitinol sector, the greater

inventories of work in progress and finished products related to both the resumption of post-pandemic sales and the finalization of the new Bethel tube department were offset by the decrease in the inventory of SAES Smart Materials, Inc. which had accumulated at the end of last year due to the swing in orders during the pandemic.

- 3) The increase in trade receivables and inventories is partially offset by the increase in **trade payables**, also mainly attributable to higher purchases of raw materials and consequent to the recovery of the market.

We also highlight the higher payables related to the expansion of the SAES Smart Materials, Inc. building. Finally, it should be noted that the **change in the scope of consolidation** following the acquisition of Strumenti Scientifici Cinel S.r.l. resulted in an increase in working capital of 1,980 thousand of euro (trade receivables of 909 thousand of euro; inventory of 1,181 thousand of euro; trade payables of 110 thousand of euro).

The **exchange rate effect**, almost exclusively attributable to the revaluation of the US dollar, instead led to an increase in working capital of 2,788 thousand of euro.

Investing activities generated cash for 9,182 thousand of euro (-13,643 thousand of euro in 2020).

In 2021, monetary outlays for **investments in property, plant and equipment** amounted to 16,418 thousand of euro, up slightly compared to 12,865 thousand of euro in 2020; **investments in intangible assets** were not, however, significant (192 thousand of euro compared to 370 thousand of euro as at December 31, 2020).

Capex in 2021 includes investments related to the completion of the new Nitinol tube processing plant in Bethel, as well as investments in the expansion of the production capacity of a number of existing lines, again in the SMA medical business. Please also note the expansion works of the building of the subsidiary SAES Smart Materials, Inc. The remaining part of capex mainly refer to the Parent Company and relates to the preparation of new production departments in the Speciality Chemicals and vacuum systems area, the completion of the new R&D emulsification pilot plant for the development of advanced flexible packaging, as well as the purchase of equipment for the R&D laboratories and the investments for renovation and modernization of the offices in Lainate (both for corporate offices and for the research department).

Please refer to Notes no. 14 and no. 15 for further details on capex.

With regard to the **disposals of fixed assets**, the collections for the disposal of assets were of an immaterial amount in both years (+7 thousand of euro in 2021, compared to +46 thousand of euro in 2020).

Again in regard to investing activities, please note that the collections from divestment of **securities** by the Luxembourg affiliate SAES Investments S.A. (for further information on changes on securities please see Note no. 19), which, net of purchases for the year, were equal to 39,876 thousand of euro¹⁰³ and that coupon income was equal to 1,856 thousand of euro, net of management commissions on the securities portfolio (+2,115 thousand of euro as at December 31, 2020).

Lastly, **investments in the EUREKA! venture capital fund** were highlighted during the year totalling -190 thousand of euro (during the previous year, the cash out for investments in other companies was equal to -1,395 thousand of euro, including both the investment in the EUREKA! fund and that in the company Cambridge Mechatronics Limited), as well as the outlay for the **purchase of the company Strumenti Scientifici Cinel S.r.l.** equal to 15,757 thousand of euro, net of the net cash and cash equivalents acquired (for further details on the acquisition, see Note no. 3).

The balance of **financing activities** was negative and equal to 32,838 thousand of euro against a balance, again negative, of 15,284 thousand of euro in the previous year.

Financial management for 2021 was characterised by:

- the **payment of dividends** (-7,440 thousand of euro);
- the repayments, net of openings, of both short-term and long-term **loans** and the payment of the related interest (-19,767 thousand of euro);

¹⁰³ Divestments of securities in the portfolio amounted to 87,322 thousand of euro, net of acquisitions amounting to 47,446 thousand of euro.

- the second **convertible loan** granted to the **Flexterra, Inc.** joint venture (-1,734 thousand of euro), as well as that granted to the German company **Rapitag GmbH** (-1,392 thousand of euro);
- the payment of **lease** instalments and related interest (-2,481 thousand of euro).

The **exchange rate effect** was positive for 3 million of euro (the impact of currencies in 2020 had, on the other hand, a negative impact for 1.7 million of euro), mainly due to the effect of the revaluation of both the renminbi and the dollar as at December 31, 2021, compared to the end of 2020, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and by the US subsidiaries.

The adoption of IFRS 16 - *Leases* has led to an increase in the net financial debt of the Group, against a notional increase in fixed assets due to recognition of the right of use on leased assets.

However, the notional financial payables, recorded to show future debts and expense related to transactions for the use of leased assets, did not have any impact on the actual Group cash flows, which are still tied to the contractual scheduling of the lease payments. Also at the level of cash flows from investing activities, there were no actual financial transactions associated with the rights of use on leased assets.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement.

(thousands of euro)

	December 31, 2021	December 31, 2020 (*)
Cash and cash equivalent	29,518	30,678
Bank debts	(63,935)	(33,491)
Cash and cash equivalents from Consolidated Statement of Financial Position	(34,417)	(2,813)
Write-downs of other financial assets (pursuant to IFRS 9)	27	23
Short-term financing	63,676	33,490
Cash and cash equivalents from Consolidated Cash Flow Statement	29,286	30,700

(*) Some amounts shown in the column do not coincide with what is reported in the 2020 Annual Financial Report as they reflect some reclassifications aimed at improving the presentation of the financial statements (in particular, the short-term loans for the import of goods by the subsidiary SAES Coated Films S.p.A. are were reclassified from the item "Other financial payables to third parties" to the item "Bank debts").

The following table provides the reconciliation between the balances of the liabilities arising from financial transactions as at December 31, 2020 and December 31, 2021, with the changes arising from monetary and from non-monetary flows.

(thousands of euro)	December 31, 2020 (*)	Cash flows	Non-monetary flows					December 31, 2021
			Variatione area di consolidamento	Translation differences	Change in fair value	Other movements	Reclassification s (**)	
Financial debts	95,496	52,000		16			(95,313)	52,199
Financial liabilities for leasing contracts	3,571		81	102		1,121	(805)	4,070
Non-current liabilities, deriving from financial activities	99,067	52,000	81	118	0	1,121	(96,118)	56,269
Derivative financial instruments evaluated at fair value	32	(27)			(41)	27	9	0
Current portion of non-current financial payables	5,199	(101,635)	38	7		1,187	95,313	109
Other financial payables to third parties	24	(259)				255		20
Financial liabilities for leasing contracts	1,932	(2,481)	115	102		1,936	805	2,409
Bank debts	33,491	30,126				318		63,935
Current liabilities, deriving from financial activities	40,678	(74,276)	153	109	(41)	3,723	96,127	66,473

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

(**) The total of the "Reclassifications" column differs from zero due to the reclassification of the item "Derivatives measured at fair value" from liabilities to balance sheet assets.

The column "Other movements" includes the provision for the interest accrued in 2021 on loans (both short- and long-term) and on lease contracts, in addition to the new obligations on the lease contracts entered into during the period, net of any early termination. Lastly, the column includes the economic effects deriving

from the closure of hedging contracts (both forward contracts and IRS contracts, for details of which please refer to Note no. 27).

42. FINANCIAL RISK MANAGEMENT

The main financial liabilities of the Group include bank loans, both short and long term, and lease payables, as well as trade payables.

The main objective of the financial liabilities is to fund the Group's operations and to support its future growth (both organic and for external acquisitions).

The Group also has cash, cash equivalents and time deposits immediately convertible into liquidity, and trade receivables originating directly from operations, financial receivables for loans granted to related parties and third parties and securities in the portfolio.

The derivative instruments used by the Group are mostly forward contracts on foreign currencies. Their purpose is to manage the exchange rate risk arising from the Group's sales.

The Group does not trade in financial instruments.

The Board of Directors periodically re-examines and defines the risk management policies, as summarised below.

Interest rate risk

If the Group's financial debts, both short- and long-term ones, are structured on a variable interest rate basis, they are subject to the risk of interest rate fluctuations.

With regards to long-term financial debts, the exposure to interest rate variation is handled by way of entering into Interest Rate Swap agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure.

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.

Please note that, in order to mitigate the risk deriving from the fluctuation of interest rates and with the aim of improving the result of financial management, at the end of 2021 all the variable rate loans of the Parent Company were repaid in advance of their natural maturity. At the same time as for loans, the related Interest Rate Swap contracts were also extinguished.

The new *Lombard* loan, signed on December 23, 2021 with JP Morgan for an amount of 52 million of euro, provides for the payment of interest calculated at a fixed rate.

The only floating-rate Group loan, held by Strumenti Scientifici Cinel S.r.l. will mature by the end of next year.

For more information on the Group's bank loans, please refer to Note no. 31.

Interest rate sensitivity

With regard to short and long-term financial assets (cash and cash equivalents, bank deposits, financial receivables due from related parties and financial receivables due from third parties), the table below provides details of the sensitivity of the Group's pre-tax profit and shareholders' equity, assuming that all other variables are stable when interest rates change.

		(percentage points)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	euro	+/- 1	+/-114	+/- 86
	other currencies	+/- 1	+/- 224	+/- 168
2020	euro	+/- 1	+/-127	+/- 96
	other currencies	+/- 1	+/- 263	+/- 198

With regard to financial liabilities (both short-term and long-term debts), the table below provides details of the sensitivity of the Group's pre-tax profit and shareholders' equity, assuming that all other variables are stable when interest rates change.

		(percentage points)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	Euribor	+/- 1	-/+ 1,480	-/+ 1,124
	Libor	+/- 1	-/+ 3	-/+ 2
2020	Euribor	+/- 1	-/+ 1,340	-/+ 1,019
	Libor	+/- 1	-/+ 4	-/+ 3

No Interest Rate Swap contract, not even of an implicit nature, is in place as at December 31, 2021 and, therefore, no sensitivity analysis is provided regarding them.

Exchange rate risk

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

Such exposure is mainly generated by sales in currencies other than the reference currency: during 2021 around 72.8% of the sales was denominated in foreign currency, while only 54.1% of the Group's operating costs was 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 values are periodically determined at the start of the financial year by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A.¹⁰⁴ The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

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

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

It should be noted that on March 9, 2021 the Group had entered into forward sale contracts on the dollar for a notional value of 6.7 million US dollars, with an average forward exchange rate of 1.1957, hedging approximately 65% of net dollar flows expected by the Parent Company for the period April-December 2021. All these contracts had expired by December 31, 2021.

¹⁰⁴ 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.

On November 29, 2021, further forward sales contracts on the US dollar were entered into for a notional value of 9 million of dollars, with an average forward exchange rate of 1.1369 against the euro, hedging approximately 80% of the net flows in dollars estimated for the Parent Company for the year 2022. These contracts are all still in place as at December 31, 2021.

Exchange rate sensitivity

Exchange rate risk – Sensitivity analysis – Trade receivables and payables, including intra-group positions

For the current trade receivables and payables outstanding at the end of each year, including intra-group positions, the following table provides detailed information on the sensitivity of the Group's pre-tax profit and shareholders' equity as the US dollar and Japanese yen exchange rates vary, maintaining all other variables fixed. This analysis includes both the trade receivables / payables to the Parent Company in euro of the foreign affiliates, and the intra-group trade receivables / payables in foreign currencies of SAES Getters S.p.A., the translation of which may result in exchange rate differences.

	(percentage points)	(thousands of euro)	(thousands of euro)
USD	Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	+ 5%	(78)	(59)
	- 5%	81	61
2020	+ 5%	(110)	(83)
	- 5%	114	86

	(percentage points)	(thousands of euro)	(thousands of euro)
Japan YEN	Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	+ 5%	(27)	(21)
	- 5%	30	23
2020	+ 5%	(23)	(17)
	- 5%	25	19

Exchange rate risk – Sensitivity analysis – Liquidity and intra-group financial receivables/payables

For net cash and cash equivalents and intra-group financial receivables/payables, including those of cash pooling, outstanding at the end of each year, the following table provides information on the sensitivity of the Group's pre-tax profit and shareholders' equity to changes in the US dollar exchange rate, all other variables remaining the same. This analysis includes both cash and cash equivalents and financial receivables/payables due from/to the Parent Company by foreign companies, the translation of which may result in exchange rate differences.

	(percentage points)	(thousands of euro)	(thousands of euro)
USD	Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	+ 5%	(18)	(13)
	- 5%	19	14
2020	+ 5%	(52)	(39)
	- 5%	61	46

For forward sales contracts on the dollar still outstanding at the end of the year, the following table provides details of the sensitivity of the profit before tax and of the shareholders' equity in the hypothesis of stability of all the other variables, as the exchange rate changes. Please note that no forward contract was stipulated in 2020.

USD	(percentage points)	(thousands of euro)	(thousands of euro)
	Increase / Decrease	Effect on pre-tax result	Effect on net income and shareholders' equity
2021	+ 0.5%	(17)	(13)
	- 0.5%	34	26

With regard to the net financial position (NFP), it should be noted that a 5% depreciation of the US dollar would have worsened the net financial position as at December 31, 2021 by about 149 thousand of euro¹⁰⁵, while its 5% appreciation would have improved the net financial position by about 165 thousand of euro.

	(percentage points)	(thousands of euro)
	Increase / Decrease USD	NFP Effect
December 31, 2021	+5%	(149)
	- 5%	165
December 31, 2020	+5%	(471)
	- 5%	520

Commodity price risk

The Group's exposure to commodity price risks is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce 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 reversed on 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 neutralising the price volatility of its commodities. For further details, please also refer to the paragraph "Group's main risks and uncertainties - Inflation risk" in the Group report on operations.

Credit risk

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

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

¹⁰⁵ The negative effect of the depreciation of the US dollar on the cash denominated in dollars was only partially offset by the positive effect on the debt denominated in that currency since the latter was clearly lower in absolute value than the cash and cash equivalents (cash in dollar equal to 6,042 thousand of euro and debt equal to 2,914 thousand of euro as at December 31, 2021).

Liquidity risk

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

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

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

For further information about the Group's financial debts as at December 31, 2021 and about the maturity date of these debts please refer to Note no. 31.

As at December 31, 2021, the Group was not significantly exposed to liquidity risk, also considering the availability of bank deposits and liquid securities, as well as taking account of the unused credit lines to which it has access. For more details on the latter please refer to Note no. 28.

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 2021. Some performance indicators, such as the debt-to-equity ratio, defined as net debt to net equity, are periodically monitored with the aim of keeping them at low levels, and in any case lower than what is required by the contracts signed with the financial institutions.

43. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(thousands of euro)				<i>of which:</i>
Guarantees given by the Group	December 30, 2021	December 30, 2020	Difference	Perimeter variation
Guarantees	10,335	8,525	1,810	1,513

The increase compared to December 31, 2020 is mainly explained by the inclusion of the guarantee relating to the newly acquired Strumenti Scientifici Cinel S.r.l. (1,513 thousand of euro), as well as by the new guarantee for the supply to the CONSORZIO RFX of Padua of a non-evaporable getter pump for the SPIDER system (see the paragraph "Significant events in 2021" in the Group Report on operations).

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
December 31, 2021	502	717	21	1,240
December 31, 2020	478	682	61	1,221

In order to help understanding the financial impact from the application of IFRS 16 and, more generally, of the future cash-out related to operating lease agreements in place as at December 31, 2021 and included in the scope of this standard, the table below provides information on the non-discounted future cash flows.

(thousands of euro)

Financial flow for leasing (not discounted)	December 31, 2021	December 31, 2020	Difference
Less than 1 year	2,595	2,108	487
Financial flow for leasing (not discounted) - current	2,595	2,108	487
Between 1 and 2 years	1,742	1,174	568
Between 2 and 3 years	1,297	1,134	163
Between 3 and 4 years	733	828	(95)
Between 4 and 5 years	576	379	197
Over 5 years	238	525	(287)
Financial flow for leasing (not discounted) - non current	4,586	4,040	546
Total	7,181	6,148	1,033

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 71,887 thousand of euro as at December 31, 2021) represent a guarantee the new *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. 19 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 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 as at December 31, 2021 was equal to 2.6 million of euro, against capital contributions already finalized equal to 0.4 million euro¹⁰⁶ (for further details, see the paragraph on "Scope of Consolidation" of Note no. 2 and Note no. 18).

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

The loan was granted by SAES in two tranches, the first of which, equal to 800 thousand of euro, transferred upon signature of the agreement, to finance the company's operations; the second (totalling 740 thousand of euro), disbursed in five successive calls 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. As 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 (for further details, please refer to Note no. 23).

Upon completion of the agreements signed in 2015 and their subsequent redefinitions, on October 25, 2021, SAES Getters S.p.A. announced an agreement for the acquisition of the remaining 51% of the share capital of SAES RIAL Vacuum S.r.l. The closing of the transaction is expected within the first half of 2022 and the proposed consideration, around 5.25 million of euro, will be paid by SAES in two instalments: a first tranche, equal to 4,750 thousand of euro, will be paid at closing; the remaining part, equal to 500 thousand of euro, will instead also be paid at closing, if the seller delivers the bank guarantee of the same amount provided for in the contract, or held as a guarantee and paid in three successive annual instalments of the same amount (of 166.7 thousand of euro each) starting from the 36th month following the signing of the deed of purchase and sale (for more details, see the paragraph "Significant events in 2021" in the Group report on operations).

¹⁰⁶ 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.

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. 21.

44. RELATED PARTY TRANSACTIONS

Related parties are identified in accordance with IAS 24 *revised*.

Related Parties as at December 31, 2021 included the following:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that, as at December 31, 2021, held 34.44%¹⁰⁷ of the ordinary shares of SAES Getters S.p.A. On April 28, 2021, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of around 2 million of euro.

- **Actuator Solutions GmbH**, a joint venture jointly owned by SAES Group and Alfmeier Präzision Group in equal stakes, focusing on the development, manufacturing and marketing of actuators based on SMA technology.

With regard to Actuator Solutions GmbH, in 2021, the SAES Group had a commercial relationship (sale of raw materials and semi-finished products) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract.

There is a sales agreement in place between the Parent Company and Actuator Solutions GmbH that envisages recognition to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions (nil in 2021).

Additionally, SAES Nitinol S.r.l. granted several interest-bearing loans to the joint venture Actuator Solutions GmbH, for the details of which please refer to Note no. 21. As at December 31, 2021, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to 9.8 million of euro, including 1.8 million of euro in interest accrued and not yet paid. Compared to December 31, 2020, in June 2021 SAES Nitinol S.r.l. partially waived (total amount of the waiver equal to 500 thousand of euro) the interest accrued in the period 2016-2018 and the interest rate applied to the loans from January 1, 2021 was reduced from 6% to 2%. The above waiver had no effect on the consolidated financial statements, as the financial receivable related to the interest-bearing loan (both principal and interest) was already fully written down as at December 31, 2020. And, in parallel with the last financial year, as at December 31, 2021 the financial receivable corresponding to the interest accrued in the current year was additionally written down (160 thousand of euro) as it was deemed difficult to recover by SAES management.

Please also 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: the loan agreement provides that the resources provided by SAES are used by Rapitag for the prototyping activity, carried out through the joint venture Actuator Solutions GmbH as exclusive contractor. In particular, the loan was granted by SAES in two tranches, the second of which, amounting to 740 thousand of euro, payable in five successive calls for an amount of 148 thousand of euro each, corresponding to the progress of the prototyping activity carried out by the joint venture Actuator Solutions GmbH and invoiced by the latter to Rapitag GmbH.

Lastly, it should be noted that, in September 2020, the companies Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., wholly-owned subsidiaries of Actuator Solutions GmbH, completed the liquidation process, which had been started at the end of 2019. Every relationship of the SAES Group with both companies had already been terminated before the start of last year.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., focused on the design and production of integrated vacuum components and systems for accelerators, for the research and for industrial systems and devices.

The SAES Group has business relationships with SAES RIAL Vacuum S.r.l. (purchase and sale of raw materials, components and processing for the production of vacuum systems) and performs various services

¹⁰⁷ As at December 31, 2021, n. 5,018,486 ordinary shares held by S.G.G. Holding had accrued the increase and, therefore, S.G.G. Holding held 51.15% of the voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

for this, mainly sales, marketing activities and administrative support, which are 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.

Finally, SAES Getters S.p.A. granted a loan of 49 thousand of euro¹⁰⁸, to provide financial support to the business activities of SAES RIAL Vacuum S.r.l. (for further details, please refer to Note no. 21).

- **Flexterra, Inc.**, a joint venture of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialisation of materials and devices used in flexible displays.

- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the SAES Group provides administrative, legal, financial and tax support services, as well as assistance in the joint venture's research and development activities, including the management of patents. These services are charged back under a service fees contract.

Finally, SAES Getters International Luxembourg S.A. subscribed two convertible loans in favour of the joint venture Flexterra, Inc., respectively of the value of 3 million dollar (granted on July 16, 2020) and of the value of 2 million dollar (the first tranche of 1 million dollar paid on August 18, 2021 and the second tranche, of the same amount, paid in the second half of November 2021), to be repaid in cash or in the form of equity upon the occurrence of certain conditions, with an 8% annual interest (for more details, see Note no. 21). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

The financial receivable relating to the first convertible loan had been fully written down (both principal and interest) as at December 31, 2020, while as at December 31, 2021 the additional write-down of the financial receivable corresponding to the interest accrued during the year was carried out (243 thousand of dollars, equal to 215 thousand of euro); as at December 31, 2021, the entire financial credit was then written down (both principal and interest) corresponding to the second convertible loan (a total of 2,040 thousand of dollars, equal to 1,769 thousand of euro): despite the progress of the Flexterra project and the confirmation of the business opportunity, due to the lengthening of the development time horizon and the consequent increased uncertainties on the commercial success of the initiative, it was decided to proceed with the write-down, considering the credits difficult to recover, on the basis of information currently available.

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

The *Group Human Resources Manager*, the *Group Legal/Compliance & Internal Audit Manager*¹⁰⁹ and the *Group Research Lab Manager* are also considered key managers. Their close relatives are also considered connected parties. In this respect, note that Ginevra della Porta and Lorenzo della Porta, Massimo della Porta's children, were employees of SAES Getters S.p.A. and SAES Coated Films S.p.A., respectively.

The following tables show the total values of related party transactions as at December 31, 2021 compared with those as at December 31, 2020.

	December 31, 2021											
	Net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Accrual of bad debt provision for financial receivables from related parties	Trade receivables	Trade payables	Financial receivables from related parties	Provision for bad debts of financial receivables from related parties
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	724	(329)	0	8 (*)	10 (*)	3 (**)	1	0	64	(56)	50	0
Actuator Solutions GmbH	387	0	40 (*)	0	42 (*)	1	160	(160)	41	0	9,760	(9,760)
Flexterra, Inc.	0	0	47 (*)	0	69 (*)	0	250	(1,984)	119	0	4,763	(4,763)
Total	1,111	(329)	87	8	121	4	411	(2,144)	224	(56)	14,573	(14,523)

(*) Costs recovery.

(**) Of which 2 thousands of euro as consideration for the granting of the non-exclusive license for the use of the SAES brand.

¹⁰⁸ As at December 31, 2021, the financial receivable due to SAES Getters S.p.A. by 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 euro in interest).

¹⁰⁹ Please note that the *Group Legal/Compliance & Internal Audit Manager* terminated his employment with SAES Getters S.p.A. on May 31, 2021.

(thousands of euro)

	December 31, 2020											
	Net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Accrual of bad debt provision for financial receivables from related parties	Trade receivables	Trade payables	Financial receivables from related parties	Provision for bad debts of financial receivables from related parties
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	975	(252)	0	10 (*)	10 (*)	0	1	0	318	(33)	50	0
Actuator Solutions GmbH	673	0	40 (*)	0	42 (*)	0	481	(481)	252	0	10,100	(10,100)
Flextera, Inc.	0	0	25 (*)	0	56 (*)	0	94	(2,536)	82	0	2,536	(2,536)
Total	1,648	(252)	65	10	108	0	576	(3,017)	652	(33)	12,686	(12,636)

(*) Costs recovery.

The following table shows the guarantees that the Group gave to third parties (and, therefore, included in the detail reported in Note no. 43) in favour of the joint ventures.

(thousands of euro)

Guarantees given by the Group	December 31, 2021	December 31, 2020	Difference
Guarantees in favour of the joint venture Actuator Solutions GmbH	1,250	1,317	(67)
Guarantees in favour of the joint venture SAES RIAL Vacuum S.r.l.	0	0	0
Guarantees in favour of the joint venture Flextera	0	0	0
Total guarantees in favour of the joint ventures	1,250	1,317	(67)

The following table shows the remuneration of key managers as identified above.¹¹⁰

(thousands of euro)

Total remunerations to key management	December 31, 2021	December 31, 2020
Short-term employee benefits	4,310	4,123
Post-employment benefits	805	900
Other long-term benefits	533	1,290
Termination benefits	300	0
Share-based payments	401	242
Total	6,349	6,555

The item **"Short-term employee benefits"** mainly consists of fixed and variable remuneration of the key managers. The slight increase compared to December 31, 2020 is attributable to the higher allocations for variable remuneration of the Executive Directors, following consolidated annual results that are better than the targets inferred from the forecasts.

The decrease in the item **"Other long-term benefits"** is due to the fact that the 2020 financial year included a greater allocation for the three-year monetary incentive plans for Executive Directors, expired as at December 31, 2020. Please also note that in the 2021 financial year, the release to the income statement of the amount set aside for the long-term monetary incentive plan of a Parent Company's key manager, who left the workforce before the end of the plan (for further details, please refer to Note no. 33).

The item **"Termination benefits"** included severance costs relating to the above mentioned key manager of the Parent Company who resigned.

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 both the increase in the value of the SAES share and the greater seniority of the strategic executives to whom the phantom shares have been assigned (for further details please refer to Note no. 34).¹¹¹

¹¹⁰ We have included the remuneration received by Ginevra della Porta and Lorenzo della Porta under the terms of their employment contracts with the SAES Group.

¹¹¹ Please note that the incentive is proportional to the overall length of service at the date of the event involving payment.

As at December 31, 2021, the amount due to key managers, as defined above, was equal to 3,716 thousand of euro, against a payable of 5,098 thousand of euro as at December 31, 2020. The decrease is mainly due to the payment, in the first half of 2021, of the three-year monetary incentive plans (both of the Parent Company's Executive Directors and strategic employees), which expired on December 31, 2020.

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 *revised*, it should be noted that also in the 2021 financial year all Related Party transactions were carried out in the ordinary course of business, at economic and financial conditions in line with standard market conditions.

45. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-*duodecies* "Disclosure of fees" of the Issuers' Regulations, introduced by Consob with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for the auditing assignments and for the provision of other auditing services, tax advisory services and other services other than auditing, indicated by type or category, are summarised in the table below.

(thousands of euro)

Services	Subject who provided the service	Recipient	Compensation
Audit	Auditor of the Parent Company	SAES Getters S.p.A.	212
Other audit services	Auditor of the Parent Company	SAES Getters S.p.A.	15 (*)
Tax advisory services	Auditor of the Parent Company	SAES Getters S.p.A.	0
Other services	Auditor of the Parent Company	SAES Getters S.p.A.	0
Audit	Auditor of the Parent Company	Subsidiaries	264 (**)
Other audit services	Auditor of the Parent Company	Subsidiaries	0
Tax advisory services	Auditor of the Parent Company	Subsidiaries	0
Other services	Auditor of the Parent Company	Subsidiaries	0
Audit	Network of the auditor of the Parent Company	Subsidiaries	48
Other audit services	Network of the auditor of the Parent Company	Subsidiaries	0
Tax advisory services	Network of the auditor of the Parent Company	Subsidiaries	0
Other services	Network of the auditor of the Parent Company	Subsidiaries	0

(*) Certification of the tax credit recognized on investments in research and development (Law no.160 of 29 December 2019, article 1, paragraphs 198 to 209).

(**) Of which 15 thousands of euro relating to the revision of the opening balance sheet balances of Strumenti Scientifici Cinel S.r.l., the acquisition of which was finalized on July 7, 2021.

46. EVENTS OCCURRED AFTER THE END OF THE YEAR

For the events that occurred after the end of financial period, please refer to the paragraph "Subsequent Events" in the Group report on operations.

Lainate (MI), March 14, 2022

on behalf of the Board of Directors
Mr Massimo della Porta
Chairman

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned Giulio Canale, as Deputy Chairman, Managing Director and as the Manager in charge of preparing the company's accounting documents of SAES Getters S.p.A., hereby certifies, also in compliance with the provisions of article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements, in the period January 1 - December 31, 2021.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the "Law on Savings") implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market.
- The Control Model, with reference to the organisation chart of the SAES Group:
 - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of preparing the company's accounting documents (hereinafter the "Manager in Charge");
 - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
 - with specific reference to the latter aspect, envisages the integration of the Group Accounting Principles and the IAS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
 - defines procedures and the frequency of the administrative-accounting risk assessment process, to identify the most relevant processes for the purposes of accounting and financial disclosures.

2.2 Implementation of the Administrative-Accounting Control Model in SAES Getters S.p.A. and relative results of the internal certification process

Refer in this regard to paragraphs 2.2, 2.3 and 2.4 of the Certification of the separate financial statements of SAES Getters S.p.A., which are reported here with specific reference to the consolidation process.

2.3 Internal administrative-accounting control system of the subsidiaries of the SAES Group

- Following the administrative-accounting risk assessment conducted on the basis of the data of the 2020 consolidated financial statements - the most important administrative-accounting processes were selected, based on materiality criteria, for each of the Group companies.

- For the purpose of the certification of the consolidated financial statements, the Manager in Charge requested, for each of the subsidiaries that had important processes, to send a representation letter, drawn up in the format attached to the Administrative-Accounting Control Model of the SAES Group, signed by the General Manager/Financial Controller, that certified the application and adequacy of procedures that guarantee the correctness of the company's accounting and financial data and the consistency of the financial reports with respect to the company's transactions and relative accounting records.

2.4 Results of the certification process by the subsidiaries of the SAES Group

- As at today's date, the Manager in Charge, with the assistance of the Group Reporting and Consolidation Manager, has received all n. 13 representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries with the processes selected as important following the risk assessment.

The result of the process was positive, no irregularities were identified.

3. The following is also confirmed:

3.1. The consolidated financial statements as at December 31, 2021:

- a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council of July 19, 2002 and the Delegated Regulation (EU) no. 2019/815 of December 17, 2018 of the Commission (in short "ESEF Regulation");
- b) correspond to the accounting books and records;
- c) provide a true and faithful account of the capital, financial position and operating results of the issuer and the group of enterprises included in the consolidation.

3.2. The Report on Operations contains a reliable analysis of performance and of the profit/loss of operations, as well as the issuer's situation, and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2022

Deputy Chairman and Managing Director and
Manager responsible for the preparation of the corporate financial reports
Giulio Canale

FINANCIAL HIGHLIGHTS OF SAES GETTERS S.P.A.

(thousands of euro)

Income statement figures	2021	2020	Difference	Difference %
NET SALES				
- Metallurgy	36,677	40,184	(3,507)	-8.7%
- Vacuum Technology	16,237	11,511	4,726	41.1%
- Medical	0	0	0	n.a.
- Specialty Chemicals	16,701	12,147	4,554	37.5%
- Advanced Packaging	13	12	1	8.3%
- Not Allocated	0	0	0	n.a.
Total	69,628	63,854	5,774	9.0%
GROSS PROFIT ⁽¹⁾				
- Metallurgy	17,283	18,755	(1,472)	-7.8%
- Vacuum Technology	9,075	6,713	2,362	35.2%
- Medical	(0)	0	(0)	n.a.
- Specialty Chemicals	4,894	3,266	1,628	49.8%
- Advanced Packaging	(119)	(132)	13	9.8%
- Not Allocated ⁽²⁾	(337)	(442)	105	23.8%
Total	30,796	28,160	2,636	9.4%
% on net sales	44.2%	44.1%		
EBITDA ⁽³⁾	(1,537)	(2,667)	1,130	42.4%
% on net sales	-2.2%	-4.2%		
OPERATING INCOME (LOSS)	(6,681)	(7,577)	896	11.8%
% on net sales	-9.6%	-11.9%		
NET INCOME (LOSS) from continued operations	(8,292)	2,252	(10,544)	-468.2%
% on net sales	-11.9%	3.5%		
NET INCOME (LOSS)	(8,292)	2,252	(10,544)	-468.2%
% on net sales	-11.9%	3.5%		
Balance sheet and financial figures	2021	2020	Difference	Difference %
Tangible fixed assets	38,361	35,525	2,836	8.0%
Group shareholders' equity	193,493	200,240	(6,747)	-3.4%
Net Financial Position ⁽⁴⁾	2,791	33,715	(30,924)	-91.7%
Other information	2021	2020	Difference	Difference %
Cash flow from operating activities	(5,819)	(5,544)	(275)	-5.0%
Research and development expenses	8,606	7,433	1,173	15.8%
Number of employees as at December 31 ⁽⁵⁾	449	445	4	0.9%
Personnel cost ⁽⁶⁾	32,882	32,005	877	2.7%
Disbursement for acquisition of tangible assets	7,002	5,032	1,970	39.1%

- (1) This item is calculated as the difference between the net sales recorded and the industrial costs directly and indirectly attributable to the products sold.

(thousands of euro)

	2021	2020
Net Sales	69,628	63,854
Raw materials	(16,972)	(13,567)
Direct labour	(7,537)	(7,618)
Manufacturing overhead	(15,892)	(14,928)
Increase (decrease) in work in progress and finished goods	1,570	419
Cost of sales	(38,831)	(35,694)
Gross profit	30,796	28,160
% on net sales	44.2%	44.1%

- (2) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Business Units, but which refer to the Company as a whole.
- (3) EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Company's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Company may not be in line with those adopted by other Companies. EBITDA (*Earnings Before Interest, Tax, Depreciation and Amortisation*) is calculated as "Earnings before interest, taxes, write-downs, depreciation and amortisation".

A reconstruction of EBITDA is provided below, starting from Operating income.

(thousands of euro)

	2021	2020
Operating income	(6,681)	(7,577)
Depreciation and amortization	4,342	4,174
Right of use amortization	789	680
Write-down of assets	0	4
Bad debt provision (accrual) release	13	52
EBITDA	(1,537)	(2,667)
<i>% on net sales</i>	<i>-2.2%</i>	<i>-4.2%</i>

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

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Cash on hands	2	3	(1)
Cash equivalents	5,089	2,776	2,312
Cash and cash equivalents	5,091	2,779	2,311
Other current financial assets	0	11	(11)
Related parties current financial assets *	51,260	142,518	(91,258)
Securities - short term	30,242	0	30,242
Derivative instruments evaluated at fair value	9	0	9
Current financial assets	81,511	142,529	(61,018)
Bank overdraft	(62,032)	(32,513)	(29,519)
Current portion of long term debt	0	(5,120)	5,120
Derivative instruments evaluated at fair value	0	(33)	33
Other current financial liabilities *	(20,417)	(6,941)	(13,476)
Other financial debt	(4)	(2)	(2)
Current financial liabilities for leases	(723)	(705)	(18)
Current financial liabilities	(83,176)	(45,314)	(37,862)
Current net financial position	3,426	99,994	(96,568)
Related parties non current financial assets **	49	49	0
Securities - long term	0	31,241	(31,241)
Other current financial assets, non current	1,424	0	1,424
Non current financial assets	1,473	31,290	(29,817)
Long term debt, net of current portion	0	(95,232)	95,232
Non current financial liabilities for leases	(2,107)	(2,336)	229
Non current financial liabilities	(2,107)	(97,568)	95,461
Non current net financial position	(634)	(66,278)	65,644
Net financial position	2,791	33,716	(30,925)

(5) As at December 31, 2021, this item includes:

- 432 employees (422 as at December 31, 2020);
- the personnel working for the Company with contract types other than employment agreements equal to 17 units (23 units as at December 31, 2020).

(6) As at December 31, 2021, the severance costs, included in personnel costs, were 626 thousand euro (126 thousand euro in 2020).

REPORT ON OPERATIONS OF SAES GETTERS S.P.A.

INFORMATION ON OPERATIONS OF SAES GETTERS S.P.A.

A pioneer in the development of getter technology, the Company SAES Getters S.p.A. is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. For 80 years, the getter solutions of the Company have been supporting technological innovation in the information display and lamp industries, ultra-high vacuum systems and vacuum thermal insulated devices, and in technologies that range from large vacuum power tubes to miniaturised devices such as silicon-based micro-electro-mechanical systems (MEMS).

Starting in 2004, by leveraging its core competencies in special metallurgy and in the materials sciences, the Company has expanded its business into the advanced material markets, in particular the market of shape memory alloys, a family of materials characterised by super elasticity and by the property of assuming predefined forms when heated. These special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the production of actuator devices for different industrial sectors (home automation, white goods industry, consumer electronics, healthcare, automotive and luxury sector).

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

The Company is headquartered in Milan.

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

S.G.G. Holding S.p.A. is a relative majority shareholder¹ and does not exercise any management and coordination 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).

Organisational structure

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

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

Metallurgy Division	
Security & Defence	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical (MEMS) systems and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulated Devices	Products for thermal insulation
Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps

¹ S.G.G. Holding, as at December 31, 2021, held 34.44% of the total ordinary shares of SAES Getters S.p.A., and 51.15% of the voting rights (percentage calculated by considering both the shares with increased voting rights on 5,018,486 ordinary shares held by S.G.G. Holding S.p.A. and including the voting rights of the treasury stock held by SAES Getters S.p.A.).

Sintered Components for Electronic Devices & Lasers	Cathodes and materials for thermal dissipation in electronic tubes, lasers and solid-state devices
SMA Industrial	Shape Memory Alloy actuator devices for the industrial sector (home automation, white goods industry, consumer electronics, medical business, the automotive and luxury sector)
Vacuum Technology Division	
Solutions for Vacuum Systems	Getter pumps for vacuum systems with applications in the industrial sector, in research and in particle accelerators
Medical Division	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
Specialty Chemicals Division	
Functional Dispensable Products	Getter materials integrated in polymeric matrices for OLED, optoelectronic, photonics and telephony applications
Advanced Packaging Division	
Advanced Coatings	Advanced lacquers and plastic films for the <i>sustainable packaging</i> sector

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

Metallurgy Division

Security & Defence

It provides innovative technological solutions for electronic devices used in the defence and, more generally, security sector, such as thermal sensors for night vision, inertial navigation systems, microwave tubes and radio-frequency amplification systems. The portfolio of products includes, among others, getters of different types and shapes, as well as alkaline metal dispensers.

Electronic Devices

It provides advanced solutions for electronic devices used in solutions for consumer electronics, photonics, infrared sensors, inertia sensors and pressure sensors. In addition, SAES components are used in more traditional applications, such as signal amplifier and photomultiplier tubes for research. The product portfolio includes getters of different types, including thin film getters for MEMS applications and other more traditional getters, including getters for thermo-scanners, together with alkaline metal dispensers.

Healthcare Diagnostics

It offers the market a portfolio of getter products in various types and formats, used in electronic devices for medical imaging diagnostic applications such as X-ray tubes.

Thermal Insulated Devices

The products on offer include solutions for vacuum thermal insulation including NEG (non-evaporable getter materials) products for cryogenic applications, for solar collectors both home applications and those operating at high temperatures, for vacuum insulating panels used in the white goods industry and for Thermos.

Lamps

The Company is the world leader in the supply of getters and metal dispensers for lamps. Its products work by preserving the vacuum and the purity of the refill gases in the lamps, thereby maintaining optimum lamp operation conditions over time. For some years SAES has also been involved in the development of mercury dispensers with a low environmental impact, in line with the stricter international legislation in force in this field.

Sintered Components for Electronic Devices & Lasers

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

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

SMA Industrial

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

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

Vacuum Technology Division

Solutions for Vacuum Systems

The skills acquired in vacuum technology are the basis for the development of pumps based on non-evaporable getter materials (NEG), with both industrial and scientific applications (for example in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators).

The NEXTor[®] family of high-vacuum pumps, which has been well received in the application markets mentioned above, integrates both getter and ion technology in a single, extremely compact and high-performing device. More recently, this line was joined by the CapaciTor[®] HV line, high-vacuum pumps using an innovative alloy with greater gaseous absorption capacity; this has contributed to a further strengthening of the Group's position in its reference markets. The Division, operating also through the joint venture SAES RIAL Vacuum S.r.l., is also active as a supplier of coating getters for accelerator chambers and vacuum engineering services, for both industrial and research customers.

The recent acquisition, in July 2021, of Strumenti Scientifici Cinel S.r.l., a leading company in the supply of scientific instrumentation for accelerators and research, allows SAES to become stronger in the research market, expanding the technological and product offer from vacuum chambers to synchrotron *beamlines* and integrated pumping solutions. Finally, in this last application area, we should note the recent award of a contract for the supply of a large NEG pump to the RFX Consortium, an important Italian contribution linked to the ITER project. The pump, conceived, engineered and built entirely by SAES, will be supplied together with the power supply and control system and will guarantee the vacuum conditions in the RFX ion source.

Medical Division

Nitinol for Medical Devices

In addition to the industrial sector mentioned above, Nitinol is mainly used in a wide range of medical devices, in the cardiovascular field in particular. Its super-elastic properties are ideal for manufacturing devices used in the growing field of non-invasive surgery, such as self-expanding devices (aortic and peripheral stents or heart valves) and catheters to navigate within the cardiovascular system. The SAES's production process is vertically integrated (from the melting of the Nitinol alloy to the manufacture of components) and allows full flexibility in the supply of products, together with total quality control. More

specifically, through its US subsidiary Memry Corporation, SAES offers a full range of sophisticated Nitinol-based solutions to the end manufacturers of the medical device.

Specialty Chemicals Division

Functional Dispensable Products

The technology platform that integrates getter materials into polymer matrices, which was initially developed by the SAES Group to meet the protection needs of rigid OLED (*Organic Light Emitting Diodes*) displays, has been enhanced with new materials for flexible OLED applications that represent a new development trend in the display field. SAES is reinforcing its position in the dispensing getters business for *passive-matrix* OLED (particularly in China and Taiwan) and is also targeting the *active-matrix* OLED market, particularly with new dispensers for ink-jet applications.

In addition to OLED applications, SAES polymeric composites are also increasingly used in other sectors, in particular opto-electronics, photonics and especially telephony. Also in view of the significant growth of SAES advanced composites for consumer electronics, all applications that use this technological platform form part of the Specialty Chemicals Division.

Advanced Packaging Division

Advanced Coatings

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

Significant events in 2021

The **2021 financial year** demonstrated that it overcame the Covid-19 crisis.

Growth was driven by the Vacuum Technology Division (in particular, vacuum systems for particle accelerators) and the Specialty Chemicals Division (above all, advanced materials for consumer electronics applications).

Finally, we should also note, within the Vacuum Technology Division, the contribution of the recent **acquisition of Strumenti Scientifici Cinel S.r.l.**, completed in July 2021.

Net sales for 2021 amounted to 69,628 thousand euro, an increase compared to 2020 (+ 9.0%: net of the negative exchange rate effect of -1.7%, overall growth would have been at +10.7%).

The growth compared to the previous year was sustained by the significant increase in the business solutions for Vacuum Systems (+44.4% at constant exchange rates), Specialty Chemicals Division (+38.1% at constant exchange rates), Electronic Devices (+16.8% at constant exchange rates), Healthcare Diagnostics (+14.1% at constant exchange rates), Advanced Packaging Division (+8.3%) and SMA Industrial (+3.6% at constant exchange rates) which have more than offset the drops recorded in the Electronic Devices business (-25.3%) essentially attributable to the slowdown in sales of thermal sensors which instead had been an element of last year's growth during the pandemic crisis, Lamps (-9.2%) where the drop is largely due to the reduction of Hg *dispensers* for linear fluorescent lamps and Security & Defence (-4.5% again at constant exchange

rates) due to a slight slowdown in the sale of porous getters, Page and AMD mainly linked to EU customers as a consequence of their warehouse management policies and the ongoing pandemic crisis.

Gross industrial profit was 30,796 thousand euro in 2021 against 28,160 thousand euro in the previous year, marking an increase of +9.4%, corresponding to 2,636 thousand euro in absolute terms and mainly due to an increase in volumes. The gross profit margin instead was substantially unchanged, from 44.1% in 2020 to 44.2% in 2021.

2021 recorded an **operating loss** of -6,681 thousand euro against a loss of -7,577 thousand euro in the previous year: the reduction of the loss was substantially due to the above-mentioned increase in volumes.

EBITDA² for the year was a negative -1,537 thousand euro against a negative figure of -2,667 thousand euro in 2020.

Dividends, net financial income and net gains on exchange rates totalled 8,461 thousand euro in 2021, compared to 10,395 thousand euro in the previous year. In 2021, the Company wrote down equity investments and made provisions for risks on equity investments of 9,084 thousand euro, of which 8,705 thousand euro for the write-down of the investment in SAES Coated Films S.p.A. following the *impairment test described in Note no. 9*, compared to 442 thousand euro in 2020. With regard to the expected losses on cash and cash equivalents in application of IFRS 9, there was a decrease from the 26 thousand euros registered in the previous year to 4 thousand euros in 2021.

2021 therefore closed with a negative **income before taxes** of -7,304 thousand euro, down compared to 2,402 thousand euro in the previous year as a result of the lower dividends received from the subsidiaries, the higher financial charges deriving from the valuation at fair value of financial assets and write-downs of equity investments.

Income taxes for the year recorded a negative balance (cost) of 987 thousand euro against a negative balance (cost) of 150 thousand euro in 2020.

For further details, please refer to Note no. 10 and no. 16.

2021 therefore closed with a **loss for the year** of -8,292 thousand euro against a profit of 2,252 thousand euro in 2020. This loss is mainly driven by the extraordinary events of the year 2021 (mainly the write-downs of equity investments of 9,080 thousand euros).

The **net financial position** as at December 31, 2021 showed a positive balance of 2,791 thousand euro, down compared to the balance of 33,715 thousand euro in the previous year.

Compared to December 31, 2020, the decrease in the net financial position (-30,924 thousand euro) is mainly due to investments in property, plant and equipment and in intangible assets (-7,082 thousand euro), increases in investments in companies of the SAES Group (-19,247 thousand euro), investments in the venture capital fund EUREKA! (-305 thousand euro) and the payment of dividends in May (-7,440 thousand euro).

The main events that occurred in 2021 are set out below.

² 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 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 Company may not be in line with those adopted by other Companies. EBITDA is calculated as "Earnings before interest, taxes, write-downs, depreciation and amortisation".

Regarding the completed **investment** in the **EUREKA! venture capital fund**, on February 25, 2021, a further **payment of 37 thousand euro** was made, including both the portion of commissions and management fees, and the portion of an investment made by the fund in the innovative *start-up* INTA S.r.l.³.

On May 17, 2021, a further **payment of 65 thousand euro** was made, again including both management costs and the portion of an investment in the innovative *start-up* Endostart⁴.

On May 31, 2021, the third closing by the EUREKA! fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million euro. SAES' investment was, therefore, diluted from 7.51% to 5.85% and the Company obtained a **reimbursement** for both the costs and the fund investments, **equal to 50 thousand euro**.

On July 27, 2021 a **payment of 50 thousand euro** was made, including both the share of commissions and management fees, and the portion of an investment made by the fund in Aquaseek S.r.l.⁵

On September 16, 2021, a further payment of 70 thousand euro was made following a new investment by the fund in two innovative start-ups⁶, the company Caracol S.r.l. and the company Eye4NIR S.r.l.

On October 29, 2021 the EUREKA! fund completed the fourth closing, with a total capital injection from new investors of approximately 6.1 million euro. SAES' investment was, therefore, diluted from 5.85% to 5.23% and the Parent Company obtained a **reimbursement** for both the costs and the investments of the fund, **equal to around 27 thousand euro**.

On December 10, 2021, the EUREKA! fund then completed the fifth closing, with a contribution to the investment of approximately 5.1 million euro. Following this transaction, SAES investment was diluted from 5.23% to 4.81% and the Parent Company obtained a **reimbursement of 26 thousand euro**.

Finally, on December 17, 2021, a further **payment of 83 thousand euro** was made, including both the portion of management fees and commissions, and the second tranche of the investment in Wise S.r.l., as well as the investment in three proof-of-concept (*POC*) transactions that will be carried out through the new company EUREKA! TT S.r.l., 100% owned by the EUREKA! fund and established with the aim of financing University and Research Centres projects.

In order to protect the profit margins for the 2021 financial year from exchange rate fluctuation, on March 9, 2021, **forward sale contracts were taken out on the US dollar** for a notional value of 6.7 million US dollars, with an average forward exchange rate of 1.1957 to the euro, stretching throughout the 2021 financial year.

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

On July 2, 2021, the Company signed for a **convertible loan of 1.5 million euro in favour of the German company Rapitag GmbH**, based in Munich.

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

³ INTA S.r.l. is an innovative start-up, a spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council ("CNR"), which has developed a point-of-care diagnostic system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas;

⁴ Endostart is a start-up founded in Florence in 2018, which developed the Endorail system, a medical device aimed at facilitating the completion of colonoscopies in cases where they are difficult or impossible to complete, based on a proprietary technology co-developed with the ICCOM institute of the CNR and the Interuniversity Consortium INSTM.

⁵ Newly established spin-off company of the Politecnico di Torino, which intends to develop and sell an innovative system (AWG, Atmospheric Water Generator) for the collection and conversion of environmental humidity, in order to make it available in liquid and drinkable form, useful in environments of water scarcity or usable in parallel with other resources.

⁶ The company Caracol S.r.l. operates in the field of additive manufacturing robotic technologies; the company Eye4NIR S.r.l. works for the development of an innovative class of image sensors, with the aim of simultaneously detecting the wavelength in the visible and infrared spectrums.

The loan agreement envisages that the resources provided by SAES will be used by Rapitag for the prototyping activity to be carried out through the joint venture **Actuator Solutions GmbH** as **exclusive contractor**. Also according to the agreement, Rapitag will only use **SMA shape memory alloy wires supplied by SAES**.

The loan was granted by SAES in two tranches, the first of which, equal to 800 thousand euro, transferred upon signature of the agreement, to finance the company's operations; the second (totalling 740 thousand euro), disbursed in five successive calls for an amount of 148 thousand euro each, corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH.

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 euro, as well as on the maturity date. The price of each conversion share will be calculated by dividing the value of the company prior to the last share capital increase, net of a discount coefficient, by the number of shares outstanding before the share capital increase.

On July 7, 2021, SAES Getters S.p.A. finalised the closing for **the acquisition of 100% of the capital stock of Strumenti Scientifici Cinel S.r.l. (CINEL)**, an established international player in the sector of components and scientific instruments for particles synchrotrons and accelerators, based in the province of Padua. The price amounted to 19 million euro, defined by calculating the equity value, determined by algebraically 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. The differences between these estimated values of NFP and NWC and the actual values at closing, equal to a total of 0.3 million euro, constituted an element of price adjustment in favour of the sellers.

The spaces used to date by CINEL, already sold to another company, were leased through the signing of a specific six-year contract. Furthermore, agreements were subscribed with the previous owners to allow them to continue to work with SAES as consultants, in order to guarantee business continuity in the transition phase.

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

At the end of July 2021, a shareholder waived the increased voting right on 796 ordinary shares of SAES Getters SpA, but, given the non-materiality of the transaction, this waiver did not change the voting rights of the relative majority shareholder S.G.G. Holding S.p.A., which remained unchanged compared to June 30, 2021 (and equal to 45.01% of total voting rights in July 2021).

In early September 2021, the relative majority shareholder S.G.G. Holding S.p.A. accrued an increase in voting rights for 2,198,713 ordinary shares of SAES Getters S.p.A. As a result of this transaction, S.G.G. Holding S.p.A. holds 34.44% of total ordinary shares, against 51.15% of voting rights.

On October 5, 2021 the Company was awarded the **tender for the supply to the CONSORZIO RFX of Padua of a non-evaporable getter pump for the SPIDER system**, for a total value of 4.5 million euro. SPIDER is the acronym of "*Source for the Production of Ions of Deuterium Extracted from a Radio frequency plasma*" and is the prototype of the ion source to be used in ITER⁷, the first machine that must demonstrate

⁷ For more information on SPIDER and ITER, please consult the web pages www.igi.cnr.it/ricerca/negative-ion-neutral-beam-injection/spider/ and www.iter.org/ respectively.

the feasibility of producing energy by reproduction and exploitation of the processes that take place inside the sun and stars.

On October 14, 2021, the Board of Directors approved the **Policy for the management of Dialogue with Shareholders and all Investors**. The document is available on the Group's website at: www.saesgetters.com/it/investor-relations/governo-societario/policy-e-procedure/politica-la-gestione-dialogo-azionisti.

On October 25, 2021, upon completion of the agreements signed in 2015 and their subsequent redefinitions, SAES Getters SpA announced an agreement for the acquisition of the entire capital stock of SAES RIAL Vacuum S.r.l. In particular, SAES Getters S.p.A., which already holds 49% of the shares and currently consolidates the company using the equity method, intends to acquire the remaining 51% of the capital stock of SAES RIAL Vacuum S.r.l. 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 the newly acquired Strumenti Scientifici Cinel S.r.l.

The proposed consideration, preliminarily approved by the Board of Directors meeting held on October 14, 2021, is around 5.25 million euro and was calculated by algebraically summing the *enterprise value* (equal to approximately 10 times the EBITDA for the year 2020, adjusted for non-recurring items) to the net financial position as at December 31, 2020, also pre-formed by the *one-off* items.

A first tranche of the consideration, equal to 4,750 thousand euro, will be paid by SAES at closing; the remaining part, equal to 500 thousand euro, will instead also be paid at closing, if the seller delivers the bank guarantee of the same amount provided for in the contract, or held as a guarantee and paid in three subsequent annual instalments of the same amount (worth 166.7 thousand euro each) starting from the 36th month following the signing of the deed of purchase and sale.

The preliminary contract for the purchase and sale of shares was signed on March 2, 2022, and the closing of the acquisition, subject to passing the financial and fiscal due diligence, is expected within the first half of 2022.

In order to protect the 2022 economic result from exchange rate fluctuations, on November 29, 2021, **forward sale contracts were taken out on the US dollar** for a notional value of 9 million US dollars, with an average forward exchange rate of 1.1372 to the euro. These contracts extend throughout 2022, hedging approximately 80% of the net flows in dollars estimated for that year.

At the end of December 2021 **the remaining portions of all existing loans were repaid in advance by the Company** and in particular:

- loan with Unicredit S.p.A., signed in April 2017, with a nominal value of 10 million euro and maturing on March 31, 2022;
- loan with Intesa Sanpaolo, signed in December 2016, with a nominal value of 10 million euro and maturing on December 21, 2022;
- loan with Mediobanca, signed in May 2019, with a nominal value of 92.7 million euro and maturing on April 17, 2024.

No penalty was paid on the first two loans, while for the one signed with Mediobanca a sum of 325 thousand euro was paid to the lender.

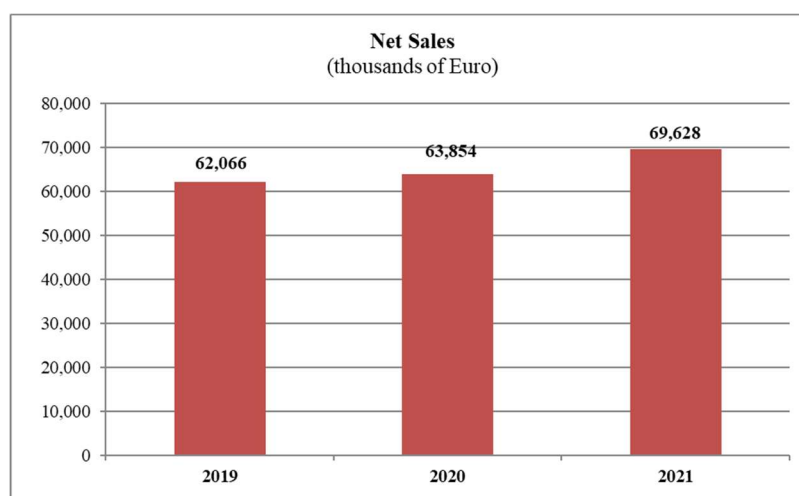
At the same time, the *Interest Rate Swap* contracts on the first two loans were extinguished.

The loan signed by the Company with Banco BPM at the end of 2016 and with a nominal value of 5 million euro, on the other hand, came to maturity, according to the original repayment plan, on December 31, 2021.

Sales and economic results of 2021

Net revenues in 2021 were 69,628 thousand euro, up (9%) compared to 63,854 thousand euro recorded the previous year. Net of the negative effect of exchange rates of -1.7%, organic growth was equal to +10.8%, mainly due to the results of the Solutions for Vacuum Systems (+44.4% at constant exchange rates), the

Speciality Chemicals division (+38.1% at constant exchange rates) and Thermal Insulated Devices (+16.8% at constant exchange rates).



The following table shows details of revenues by business segment in 2021 compared to last year, showing the changes separately due to the effect of exchange rates and volumes.

(thousands of euro)

Business	2021	2020	Total difference	Total difference %	Exchange Rate effect %	Organic change %
Security & Defense	8,206	8,728	(522)	-6.0%	-1.5%	-4.5%
Healthcare Diagnostics	3,349	2,960	389	13.1%	-1.0%	14.1%
Electronic Devices	9,923	13,535	(3,612)	-26.7%	-1.4%	-25.3%
Thermal Insulated Devices	3,381	3,009	372	12.4%	-4.5%	16.8%
Lamps	2,703	3,053	(350)	-11.5%	-2.3%	-9.2%
Sintered Components for Electronic Devices & Lasers	0	0	0	n.a.	n.a.	n.a.
SMA Industrial	9,115	8,899	216	2.4%	-1.2%	3.6%
Metallurgy Division	36,677	40,184	(3,507)	-8.7%	-1.6%	-7.1%
Solutions for Vacuum Systems	16,237	11,511	4,726	41.1%	-3.4%	44.4%
Vacuum Technology Division	16,237	11,511	4,726	41.1%	-3.4%	44.4%
Nitinol for Medical Devices	0	0	0	n.a.	n.a.	n.a.
Medical Division	0	0	0	n.a.	n.a.	n.a.
Functional Dispensable Products	16,701	12,147	4,554	37.5%	-0.6%	38.1%
Specialty Chemicals Division	16,701	12,147	4,554	37.5%	-0.6%	38.1%
Advanced Coatings	13	12	1	8.3%	0.0%	8.3%
Advanced Packaging Division	13	12	1	8.3%	0.0%	8.3%
Total net sales	69,628	63,854	5,774	9.0%	-1.7%	10.8%

The revenues of the Metallurgy Division amounted to 36,677 thousand euro, down compared to 40,184 thousand euro in 2020. This decrease is mainly due to the Electronic Devices business, penalised above all by the slowdown in sales in the market of thermal sensors, highly requested in the last year during the first phase of the pandemic crisis; only partially offset by higher revenues in the Healthcare Diagnostics business (organic growth +14.1%) and by the Thermal Insulated Devices business (organic growth +16.8%).

Revenues from the Security & Defence business decreased (organic variation -4.5%) due to a slight slowdown in the sale of porous getters mainly linked to customers in the European area due to the effects of the warehouse management policy and the ongoing Covid-19 crisis;

The Healthcare Diagnostics Business (+14.1%) grew thanks to an increase in sales of porous getters for X-ray tubes linked to the ongoing pandemic crisis.

The Thermal Insulated Devices Business shows organic growth of +16.8%, driven by sales of getters for CSP (solar) tubes and vacuum insulation panels used in containers for the transport of vaccines. On the other hand, the demand for getters for *vacuum bottles* was almost stable.

The Lamps Business is in organic decline of -9.2%, due to the continuous decline of the linear fluorescent lamps market. On the other hand, the demand for getters for high intensity discharge lamps and *specialty lamps* was stable.

The SMA Industrial Business is organically growing by +3.6%, driven by growth in the luxury goods sector and in the sector of medical dispensers.

The revenues of the Vacuum Technology division (organic growth +44.4%) drive the general growth of the Company's revenues. This growth is attributable to higher sales of vacuum pumps in all sectors, particularly in the particle accelerator sector, thanks above all to an important project in Japan and the competitiveness of the innovative products developed by SAES in recent years.

The Specialty Chemicals Division recorded strong growth compared to the previous year (organic growth +38.1%). This growth was due to the increase in sales of advanced materials in the consumer electronics business and the higher sales of dispensable dryers for passive-matrix OLED displays and pulse oximeter displays in addition to sales of active sealants for other electronic applications.

A breakdown of revenues by geographic location of customers for 2021 and 2020 is shown in the following table:

(thousands of euro)

Geographic area	2021	%	2020	%	Total Difference	Total Difference %
Italy	2,572	3.7%	2,364	3.7%	208	8.8%
Other EU and Europe	21,881	31.4%	18,255	28.6%	3,626	19.9%
North America	9,286	13.3%	8,612	13.5%	674	7.8%
Japan	6,758	9.7%	4,674	7.3%	2,084	44.6%
China	23,729	34.1%	24,927	39.0%	(1,198)	-4.8%
South Korea	1,642	2.4%	1,409	2.2%	233	16.5%
Taiwan	803	1.2%	864	1.4%	(61)	-7.1%
Other Asian countries	2,570	3.7%	2,482	3.9%	88	3.5%
Others	387	0.6%	267	0.4%	120	44.9%
Total net sales	69,628	100.0%	63,854	100.0%	5,774	9.0%

With regard to the **geographic distribution of revenues**, 2021 shows substantial alignment in all geographic areas compared to last year, with a slight decrease in sales in China, especially in relation to the SMA Industrial business for consumer electronics applications.

The following table shows the breakdown by Business Unit of the gross industrial profit for 2021 and 2020, indicating the same as a percentage of revenues and the changes occurring in the period:

(thousands of euro)

Business Unit	2021	2020	Total difference	Total difference %
Metallurgy	17,283	18,755	(1,472)	-7.8%
<i>% on net sales Division</i>	47.1%	46.7%		
Vacuum Technology	9,075	6,713	2,362	35.2%
<i>% on net sales Division</i>	55.9%	58.3%		
Medical	(0)	0	(0)	n.a.
<i>% on net sales Division</i>	0.0%	0.0%		
Specialty Chemicals	4,894	3,266	1,628	49.8%
<i>% on net sales Division</i>	29.3%	26.9%		
Advanced Packaging	(119)	(132)	13	9.8%
<i>% on net sales Division</i>	-915.4%	-1100.0%		
Not Allocated	(337)	(442)	105	23.8%
<i>% on net sales Division</i>	0.0%	0.0%		
Gross profit	30,796	28,160	2,636	9.4%

The **gross profit**⁸ was positive and equal to 30,796 thousand euro in 2021 against 28,160 thousand euro in the previous year, with a 9.4% increase, equal to 2,636 thousand euro in absolute terms, mainly due to the higher volumes as described above. In 2021, unallocated costs for 337 thousand euro were also recorded, due to a project for the renovation and modernisation of some production units at the Lainate site, which had already begun in 2020. On the other hand, the gross margin⁹ was substantially unchanged, reaching 44.2% on revenues compared to +44.1% in 2020.

Gross profit in the **Metallurgy Division** amounted to 17,283 thousand euro in 2021 compared to 18,755 thousand euro in 2020. The decrease (-7.8%) is mainly attributable to the Electronic Devices business, penalised by the drop in sales and the consequent lower economies of scale. However, the gross margin increased slightly, from 46.7% to 47.1%, due to the effect of the product mix.

Gross profit for the **Vacuum Technology Division** amounted to 9,075 thousand euro, up (+35.2%) compared to the result of 6,713 thousand euro in 2020. This increase is exclusively attributable to higher sales, while the drop in gross margin, which went from 58.3% in the previous year to 55.9%, is due to a different mix of contributions to the products offered and higher raw material costs.

The gross profit of the **Specialty Chemicals Division** was 4,894 thousand euro, up (+49.8%) compared to 3,266 thousand euro in 2020. Margins were up (29.3% compared to 26.9% in the previous year), driven by higher sales of advanced solutions for the consumer electronics market and the consequent economies of scale.

The gross profit of the **Advanced Packaging Division** was -119 thousand euro, in line with the result of the previous year of -132 thousand euro.

The **unallocated cost of sales**, totalling 337 thousand euro (442 thousand euro in 2020), refers especially to costs incurred for a project to renovate and modernise some production units at the Lainate plant.

The following table shows the operating result for 2020 and 2021, and the changes occurring in the period:

(thousands of euro)

Business Unit	2021	2020	Total difference	Total difference %
Metallurgy	11,626	12,010	(384)	-3.2%
Vacuum Technology	5,480	3,861	1,619	41.9%
Medical	(256)	(200)	(56)	-28.0%
Specialty Chemicals	2,603	1,650	953	57.8%
Advanced Packaging	(2,595)	(1,122)	(1,473)	-131.3%
Not Allocated	(23,539)	(23,776)	237	1.0%
Gross profit	(6,681)	(7,577)	896	11.8%
<i>% on sales</i>	<i>-9.6%</i>	<i>-11.9%</i>		

2021 recorded an **operating loss** of -6,681 thousand euro, a decrease compared to the loss of -7,577 thousand euro the previous year. This reduction is the result of the positive effect on the margins of the Vacuum Technology and Specialty Chemicals divisions due to the growth in volumes, partially offset by a negative effect of 1,100 thousand euro relating to the cancellation of an advance for a potential minority

⁸ Calculated as the difference between net revenues and industrial costs directly and indirectly attributable to the products sold.

⁹ Calculated as the ratio between gross industrial profit and net revenues.

equity investment in the packaging business, subsequently suspended, classified under the item "Other income (expenses), net".

Lastly, note that in the previous year the item "Other income (expenses), net" included donations to research institutions and hospitals in connection with the Covid-19 crisis (691 thousand euro).

Research and development expenses amounted to 8,606 thousand euro, an increase compared to 7,433 thousand euro in 2020 (+15.8%). In 2021, research activities resumed at full capacity after the slowdown in 2020 due to the Covid-19 emergency, receiving a further boost from the new department of the Design House, which focuses on the development of highly innovative products, which should be launched on the market in the next fiscal year.

Selling expenses recorded an increase of +1,197 thousand euro. This growth is due to the internal strengthening of the sales structure, aimed at supporting future development.

The growth is partially offset by lower sales commissions (down by 209 thousand euro) paid on the sales of SMA shape memory wires.

General and administrative expenses decreased by 759 thousand euro. The main change concerns consultancy expenses, which decreased by 218 thousand euro compared to 2020.

Dividends, net financial income (expenses) and net gains (losses) on exchange rates totalled 8,461 thousand euro in 2021, compared to 10,395 thousand euro in the previous year. In 2021, the company wrote down equity investments and made provisions for risks on equity investments of 9,080 thousand euro, as better described in notes 7 and 8, while it recorded lower expected losses on cash and cash equivalents in application of IFRS 9 of 4 thousand euro. In 2020, the value of impairment losses and provisions for risks on equity investments amounted to 442 thousand euro, while the recognition of lower expected losses on cash and cash equivalents in application of IFRS 9 amounted to 26 thousand euro.

2021 therefore closed with a negative **income before taxes** of 7,304 thousand euro, down compared to 2,402 thousand in the previous year. The negative change is essentially due to the write-down of the investment in SAES Coated Films S.p.A. following an impairment test.

Income taxes for the year recorded a negative balance (cost) of 987 thousand euro against a negative balance (cost) of 150 thousand euro in 2020.

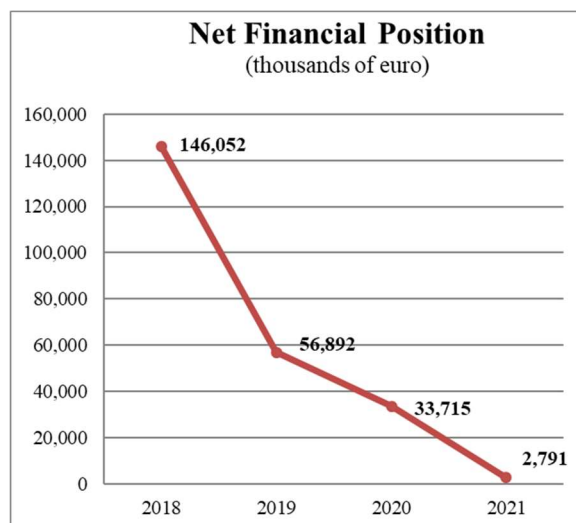
2021 therefore closed with a **loss for the year** of -8,292 thousand euro against a profit of 2,252 thousand euro in 2020.

Financial position – Investments – Other information

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

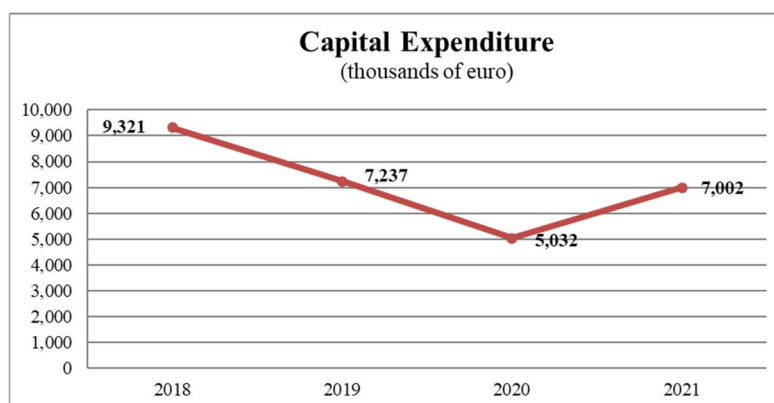
(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Cash on hands	2	3	(1)
Cash equivalents	5,089	2,776	2,312
Cash and cash equivalents	5,091	2,779	2,311
Other current financial assets	0	11	(11)
Related parties current financial assets *	51,260	142,518	(91,258)
Securities - short term	30,242	0	30,242
Derivative instruments evaluated at fair value	9	0	9
Current financial assets	81,511	142,529	(61,018)
Bank overdraft	(62,032)	(32,513)	(29,519)
Current portion of long term debt	0	(5,120)	5,120
Derivative instruments evaluated at fair value	0	(33)	33
Other current financial liabilities *	(20,417)	(6,941)	(13,476)
Other financial debt	(4)	(2)	(2)
Current financial liabilities for leases	(723)	(705)	(18)
Current financial liabilities	(83,176)	(45,314)	(37,862)
Current net financial position	3,426	99,994	(96,568)
Related parties non current financial assets **	49	49	0
Securities - long term	0	31,241	(31,241)
Other current financial assets, non current	1,424	0	1,424
Non current financial assets	1,473	31,290	(29,817)
Long term debt, net of current portion	0	(95,232)	95,232
Non current financial liabilities for leases	(2,107)	(2,336)	229
Non current financial liabilities	(2,107)	(97,568)	95,461
Non current net financial position	(634)	(66,278)	65,644
Net financial position	2,791	33,716	(30,925)



The **net financial position** as at December 31, 2021 showed a positive balance of 2,791 thousand euro, down compared to the balance of 33,715 thousand euro in the previous year.

Compared to December 31, 2020, the decrease in the net financial position (-30,924 thousand euro) is mainly due to investments in property, plant and equipment (-7,080 thousand euro), investments in companies of the SAES Group (-18,912 thousand euro, including the payment to purchase Strumenti Scientifici Cinel S.r.l.) and the payment of dividends in May (-7,440 thousand euro).

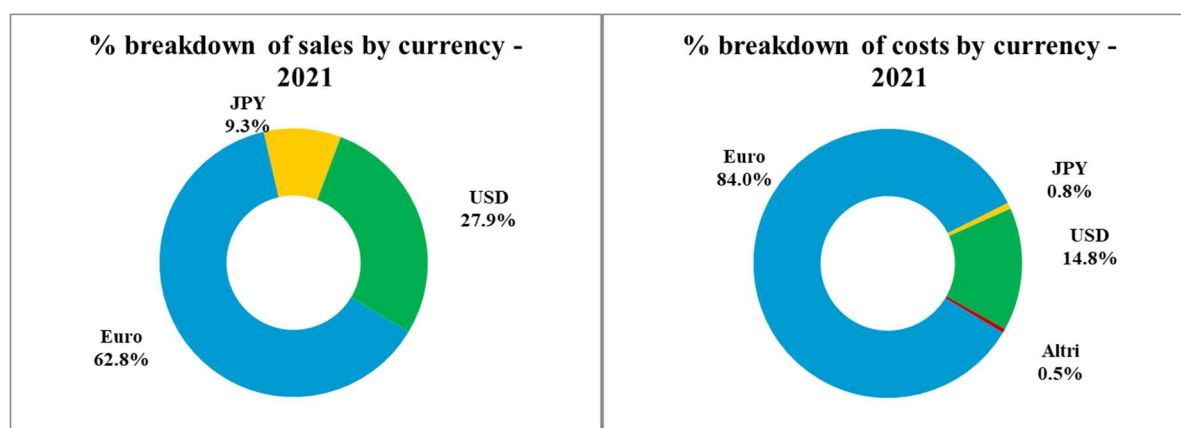


In 2021, increases in property, plant and equipment reached 7,002 thousand euro compared to 5,032 thousand euro in 2020.

The main investments in 2021 were the renovation of the buildings at the Lainate site, which had already begun in 2020, as well as the purchase of machinery for both the Lainate and Avezzano sites.

For further details on the *capital expenditure* of the year, please refer to Notes no. 11 and no. 12.

The breakdown of revenues and costs (cost of sales and operating expenses) by currency is provided below:



Transactions with Group companies

As regards transactions with Group companies, identified on the basis of accounting standard IAS 24 revised, and Article 2359 of the Italian Civil Code, note that transactions with subsidiaries continued also in 2020. Transactions regarding the Company's ordinary business activities were performed with these counterparties. These transactions were mostly commercial, and regarded purchases and sales of raw materials, semi-finished goods, finished products, plant, tangible assets and various services; cash pooling agreements are in place with several Group companies as well as loan agreements.

Pursuant to the CONSOB communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in 2020 all Related-Party transactions fell within the sphere of ordinary operations and were settled at standard economic and financial market conditions.

The main transactions performed with subsidiary, associated or jointly-controlled companies of the SAES Group were as follows:

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

Sale of getters; purchase of finished products; charge-back of insurance costs managed on a centralised basis; charge-backs of centrally managed audit costs; income on the charge-back of centralised group services; income resulting from the use of the "SAES" trademark; royalties for the use of *PageLid*[®] and *PageWafer*[®] technologies. An interest-bearing cash pooling agreement is also in place.

SAES SMART MATERIALS, Inc., New Hartford, NY (USA)

Income resulting from charge-backs of centrally managed insurance costs; income on the charge-back of centralised group services including the management of patents; income resulting from the use of the "SAES" trademark. Purchases of raw materials (alloys).

SPECTRA-MAT. INC., Watsonville, CA (USA)

Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; charge-backs of centrally managed audit costs; income resulting from the use of the "SAES" trademark.

MEMRY CORPORATION, Bethel, CT (USA)

Purchase of raw materials; income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; income resulting from the use of the "SAES" trademark. Purchases of raw materials (alloys).

SAES GETTERS KOREA Corporation, Seoul (South Korea)

Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; commission paid on commercial transactions. An interest-bearing loan agreement is also in place.

SAES GETTERS (NANJING) CO., LTD. – Nanjing (People's Republic of China)

Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs.

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

An interest-bearing loan agreement is in place. The company has also been given a mandate to manage foreign exchange hedge transactions on the Korean currency, the Won.

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

Income on the charge-back of general and administrative services; a cash pooling agreement is also in place. Lastly, note that SAES Innovative Packaging S.r.l., as a consolidated entity, is part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. Please refer to Note no. 22.

SAES NITINOL S.r.l. – Lainate (Italy)

An interest-bearing cash pooling agreement is in place with the Company.

Also note that SAES Nitinol S.r.l., as a consolidated entity, is a part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. Please refer to Note no. 22.

SAES COATED FILMS S.p.A. (former Metalvuoto S.p.A.) – Roncello, MB & Lainate²⁰, MI (Italy)

Income on the charge-back of research activities, commercial services, general and administrative services. There is also an interest-bearing loan agreement with annual renewal, signed in February of the current year. Note that from January 1, 2017 SAES Coated Films S.p.A., as a consolidated entity, is a part of the national tax consolidation scheme. Please refer to Note no. 22.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

²⁰ On June 1, 2018, SAES Coated Films S.p.A. opened a unit at Lainate, at the premises of the Parent Company.

A loan agreement, to be renewed annually, is in place.

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

No transactions.

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

Company acquired in the second half of 2021, to which the Company charges some costs for administrative and commercial services incurred on behalf of the same, costs for Research and Industrialisation services and costs for general centralised group services.

To clarify the above, the Company has agreements for the provision of commercial, technical, IT, legal, and financial services, and for the development of specific projects, in place with several subsidiaries (SAES Innovative Packaging S.r.l., SAES Getters/USA, Inc., SAES Getters Korea Corporation, SAES Getters (Nanjing) Co., Ltd., Spectra-Mat, Inc., SAES Smart Materials, Inc. and Memry Corporation).

The Company exercises management and coordination over SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A., SAES Nitinol S.r.l. and SAES Investments S.A. pursuant to Article 2497 et seq. of the Italian Civil Code.

The Company has bank guarantees in place in favour of its subsidiaries: please refer to Note no. 37 for more information.

The most significant transactions performed in 2021 are commented upon in the Explanatory Notes, in the section analysing the breakdown of the individual Financial Statement items.

The equity and economic transactions performed with subsidiary, associated or jointly-controlled companies of the SAES Getters Group are summarised below:

(thousands of euro)

Legal Entity	Receivables 2021	Payables 2021	Revenues 2021	Expenses 2021	Obligations 2021 (*)
S.G.G. Holding SpA	0	0	0	0	0
SAES Getters/USA, Inc.	1,457	116	6,599	868	4,000
Spectra-Mat, Inc.	122	0	162	1	0
SAES Getters Export, Corp	0	0	0	0	0
SAES Smart Materials, Inc.	137	101	176	626	0
Memry Corporation	912	146	1,253	1,245	0
SAES Getters Korea Corporation	260	1	1,245	25	0
SAES Getters (Nanjing) Co.Ltd.	249	78	1,634	278	0
Memry GmbH in liquidazione	0	0	0	0	0
SAES Getters International S.A.	0	17,108	0	107	0
SAES Innovative Packaging S.r.l. (**)	16	2,697	13	3	448
SAES Nitinol S.r.l.	43	451	11	1	0
SAES Coated Films S.p.A.	2,606	10	605	7	59
SAES Coated Films German Branch	4	0	4	0	0
Strumenti Scientifici Cinel S.r.l. (***)	233	0	198	2	35
SAES Investments S.A.	48,801	161	290	161	0
SAES RIAL Vacuum S.r.l.	121	56	751	208	0
Actuator Solutions GmbH	41	0	414	299	1,250
Flexterra, Inc.	85	0	87	0	0
Total	55,087	20,924	13,441	3,829	5,792

(*) It includes guarantees issued by SAES Getters S.p.A.

(**) co-obligation of SAES Getters S.p.A. in guarantee of E.T.C. S.r.l. in liquidation (now SAES Innovative Packaging S.r.l.) for VAT refund 2017

(***) co-obligation of SAES Getters S.p.A. in guarantee of Strumenti Scientifici Cinel S.r.l. for rent contract

With reference to the definition of "Related Party" included in IAS 24 revised, the following Related Parties were identified as at December 31, 2021:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that, as at December 31, 2021, held 34.44%¹¹ of the ordinary shares of SAES Getters S.p.A. On April 28, 2021, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of 2 million euro.

Please note that at the beginning of September 2021, S.G.G. Holding S.p.A. accrued the increase in voting rights in relation to an additional 2,198,713 ordinary shares of SAES Getters S.p.A.

- **Actuator Solutions GmbH**, a joint venture jointly owned by SAES and Alfmeier Präzision Groups, focusing on the development, manufacturing and marketing of actuators based on SMA technology.

With regard to Actuator Solutions GmbH, in 2021, the Company had a commercial relationship (sale of raw materials and semi-finished products) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract. Moreover, there is a sales agreement in place between the Company and Actuator Solutions GmbH that envisages recognition to the joint venture of sales commissions on SMA wire procured for SAES Getters S.p.A. from the business activities of Actuator Solutions. Against this agreement, no commissions accrued in favour of Actuator Solutions GmbH in 2021.

Finally, please note that the subsidiary SAES Nitinol S.r.l. granted several interest-bearing loans to the joint venture Actuator Solutions GmbH. As at December 31, 2021, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to a total of 9.76 million euro, including 1.76 million euro in interest accrued and not yet paid.¹²

Please note that the interest rate applied to the loans granted, starting from January 1, 2021, was reduced from 6% to 2% and that in the course of 2021, SAES Nitinol S.r.l. signed an agreement with Actuator Solutions GmbH aimed at the partial waiver of the interest accrued in the 2016-2018 period on the loans granted to the joint venture, for a value of 500,000 euro.

The total amount of financial credit (both principal and interest) held by SAES Nitinol S.r.l. from the German joint venture was already written off at the end of the previous financial year; as at December 31, 2021, an additional write-down was made on the financial credit corresponding to the interest accrued in the current year (0.16 million euro) since SAES management believes it is unlikely to be recovered.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., focused on the design and production of integrated vacuum components and systems for accelerators, for the research and for industrial systems and devices.

The Company has business relationships with SAES RIAL Vacuum S.r.l. (purchase and sale of raw materials, components and processing for the production of vacuum systems) and performs various services for this, mainly sales, marketing activities and administrative support, which are charged back under a service agreement. Finally, SAES Getters S.p.A. granted a loan of 49 thousand euro¹³, aimed at financially supporting SAES RIAL Vacuum S.r.l. operations.

- **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 Company provides some administrative services, as well as legal, financial and tax support, and assistance in joint venture research and development activities, including the management of patents. These services are charged back under a *service fees* contract. On July

¹¹ As at December 31, 2021, 5,018,486 ordinary shares held by S.G.G. Holding had accrued the increase and, therefore, S.G.G. Holding held 51.15% of the voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

¹² On December 31, 2021, SAES Nitinol S.r.l. and Actuator Solutions GmbH signed an agreement to postpone to December 31, 2022 the payment of all interest accrued from 2016 to 2021 on loans granted by SAES, in several tranches, to the joint venture.

¹³ As at December 31, 2020, the financial receivable due to SAES Getters S.p.A. by the joint venture SAES RIAL Vacuum S.r.l. was equal to 50 thousand euro (49 thousand euro in principal and 1 thousand euro in interest).

16, 2020, SAES Getters International Luxembourg S.A. signed a convertible loan with a value of 3 million dollars in favour of the joint venture Flexterra, Inc., to be repaid in cash at the end of one year (maturity date) or earlier, if certain significant events occur, such as the liquidation of Flexterra and change of control. The loan will accrue interest at 8% per year. As well as by cash, the repayment can be in the form of equity if Flexterra arranges a qualified capital stock increase for a value of at least 6 million dollars before the maturity date. In this case, SAES Getters International Luxembourg S.A. will receive a number of new shares equal to the quota 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 related financial receivable of SAES Getters International Luxembourg SA was fully written down as at December 31, 2020 since Flexterra's 2021-2025 plan does not provide for its recovery in the five-year period.

On August 18, 2021, an agreement was finalised by SAES Getters International Luxembourg S.A. to disburse to the *joint venture* Flexterra, Inc. a second convertible loan for a total value of 2 million US dollars, with the same characteristics as the one granted last year (July 2020). The loan, with a duration of one year and on which interest of 8% will accrue, is divided in two tranches: the first, equal to 1 million US dollar, at the signing of the contract and the second, again for 1 million US dollar, to be paid in the second half of November 2021. The agreement also establishes the extension of the *maturity date* of the convertible loan of 3 million dollar granted in July 2020 and the alignment of the maturity to that of the new loan.

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

The *Group Human Resources Manager*, the *Group Legal/Compliance & Internal Audit Manager*¹⁴ and the *Group Research Lab Manager* are also considered key managers. Their close relatives are also considered connected parties. In this respect, it should be noted that, as at December 31, 2020, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES Getters S.p.A. and the subsidiary SAES Coated Films S.p.A., respectively.

The following tables show the total values of related party transactions in 2020 and 2021.

(thousands of euro)														
December 31, 2021	Expenses recharge													
	Net sales	Cost of goods sold	Research and development expenses	Selling expenses	General and administrative expenses	Research and development expenses	Selling expenses	General and administrative expenses	Other income (expenses)	Financial income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
S.G.G. Holding S.p.A.														
SAES RIAL Vacuum S.r.l.	729	(208)					8	10	3	1	71	(56)		50
Actuator Solutions GmbH	332					40		42	(299)		41			
Flexterra, Inc.						50		35	2		85			
Totale	1,061	(208)	0	0	0	90	8	87	(294)	1	197	(56)	0	50

(thousands of euro)														
December 31, 2020	Expenses recharge													
	Net sales	Cost of goods sold	Research and development expenses	Selling expenses	General and administrative expenses	Research and development expenses	Selling expenses	General and administrative expenses	Other income (expenses)	Financial income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
S.G.G. Holding S.p.A.														
SAES RIAL Vacuum S.r.l.	975	(198)					10	10		1	318	(18)		50
Actuator Solutions GmbH	709					40		42	(300)		252			
Flexterra, Inc.						25		22			47			
Totale	1,685	(198)	0	0	0	65	10	74	(300)	1	618	(18)	0	50

The following table shows the remuneration of key managers as identified above.

(thousands of euro)	December 31, 2021	December 31, 2020	Difference
Short term employee benefits	4,276	3,967	309
Post employment benefits	0	0	0
Other long term benefits	533	1,290	(757)
Termination benefits	1,479	1,740	(261)
Payments in shares	0	0	0
Other benefits	0	0	0
Total remuneration provided to managers with strategic responsibilities	6,288	6,997	(709)

¹⁴ The *Group Legal / Compliance & Internal Audit Manager* left on May 31, 2021.

The item "Short-term employee benefits" is made up of both fixed and variable remuneration of Key Managers and also includes the remuneration received by Ginevra della Porta by virtue of her employment relationship with the Company. The higher value compared to the previous year is mainly attributable to the increase in the short-term variable remuneration of the two Executive Directors in 2021 compared to the previous year.

The decrease in the item "Other long-term benefits" is due to lower provisions for the three-year monetary incentive plans of the Executive Directors, expiring at the end of 2023 and the release of the provision for the three-year monetary incentive plan of a key manager who left during the year.

In general terms, the variable remuneration of the Executive Directors in 2021 remained substantially in line with the previous year: the higher 2020 provision for expiring three-year monetary incentive plans was balanced in 2021 by a greater annual incentive and a greater provision for ¹⁵phantom shares, recorded in the table among "Severance benefits".

Note that the item "Termination benefits" also includes the allocation for the phantom shares incentive plan (please refer to Note no. 30).

As at December 31, 2021, the amount due to key managers of the Company was equal to 3,935 thousand euro compared to a payable of 7,121 thousand euro as at December 31, 2020. The decrease is mainly attributable to the payment, which took place in May 2021, of the three-year monetary incentive plans of the Executive Directors and key managers of the Company, which matured on December 31, 2020, as well as the lower payable for variable remuneration of the Directors.

Pursuant to CONSOB communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, it should be noted that also in 2021 all Related Party transactions were carried out in the ordinary course of business, at economic and financial conditions in line with standard market conditions.

Research, Development and Innovation

Research and development expenses for 2021 totalled 8,606 thousand euro (12.4% of net revenues), slightly up in absolute terms and as a percentage of revenues compared to those of 2020 (7,433 thousand euro, equal to 11.6% of net revenues).

The activities of the *Corporate* Research Laboratories have focused on the radical development of technological platforms, through innovation projects carried out mainly in the field of fine chemistry for the development of innovative materials and new functional systems. In this activity, much attention was paid to the innovation of the research processes and to the ways of using the knowledge developed. A complete digitisation of the processes was adopted through the implementation of electronic laboratory notebooks and the creation of new applications for the management of the developed contents.

In addition, during 2021, a significant restructuring of both the office areas and the real laboratories was started, to facilitate more effective and efficient development processes and to allow the carrying out of collaboration activities with external companies in specific areas. Works will continue in 2022 and will cover the entire area of the *Corporate* Research Laboratories.

As regards the development of innovative materials, two major projects based on the **speciality zeolites** platform were implemented in 2021.

New zeolites with bactericidal and virucidal properties (capable of also inhibiting the activity of SARS-CoV-2) have been developed and validated according to ISO 22196:2011 standards and according to standard protocols of the Department of Microbiology and Virology of the Policlinico San Matteo of Pavia. In the second part of 2021 these zeolites were then registered as "*Biocidal Product*" in Germany and France, while the procedure for registration in the USA was started. The obtained registrations will allow the sale in the respective countries of the **virucidal zeolites** under the trade name of ZeoAidTM in the form of powder or in

¹⁵ The value of the total liability estimated at the expiry of the plan increased following the increase in the value of the SAES share at the end of 2021, compared to the listing at the end of 2020.

integrated form in different functional systems, such as coatings and dispersions. The zeolites with virucidal properties are the subject-matter of a SAES patent application filed in 2020 and now being published. Another project based on the *speciality zeolites* platform concerns the development of **optically active markers** for the tracking of compostable polymer formulations. The project is carried out in collaboration with Novamont, (www.novamont.com/leggi-comunicato-stampa/saes-coated-films-e-novamont-avviano-il-progetto-per-la-tracciabilit-dei-manufatti-compostabili/), a leading company in the bio-plastics and *biochemical* sector, and envisages the functionalisation of compostable formulations with SAES zeolites capable of guaranteeing their identification in end-of-life management processes. In the first part of 2021 the feasibility study was successfully completed and the project partners decided to pursue the development of some demonstrators to be subjected to evaluation tests. The preparation of a set of integrating active *marker* systems was carried out in the second part of the year and the verification of the functional properties for some specific applications is planned for 2022.

Further developments were carried out on membrane emulsification processes for the preparation of **organic capsules and spheres with functional properties**. In the second part of 2021, a new chemical emulsification pilot plant was completed and the installation and validation phase was started at the Lainate site. This plant was designed to support the development of polymer spheres and *core-shell* structures for innovative *fillers*, capable of introducing new functionalities in various industrial applications. Using the process defined previously at a laboratory scale, two new systems have already been developed: the first represented by polymeric spheres with high oxygen barrier properties, able to guarantee an extension of the storage times of fresh products in the field of flexible *packaging*. These spheres will be integrated both in water-based *coatings*, such as the Coathink® systems of SAES Coated Films S.p.A., and in solvent-free *coatings*, subject to joint development with an industrial partner. The second product consists of sub-micrometric spheres of natural materials with antioxidant properties for flexible *packaging* structures, capable of preserving the characteristics of food products for long times.

As regards the development of new **functional coatings**, in the second half of 2021 a new European project was activated, "Ecofishent" (www.cordis.europa.eu/project/id/101036428), funded by the European Commission with a contribution of over 15 million euro, to develop new antioxidant *coatings* extracted from waste products from the fishing industry with circular economy approaches and to ensure their integration into flexible *packaging*. The Company is involved in this project for the development of antioxidant formulations to be applied in flexible substrates using *roll-to-roll* processes. This project is part of the Company's initiative for the development of functional *green* (water-based) lacquers for active *packaging* applications. In this context, the development of an antioxidant *coating* was completed to ensure better preservation of the sensory characteristics of a series of *Venchi* brand products for the entire duration of the chocolate *shelf-life* (www.saesgetters.com/sites/default/files/pictures/COMUNICATO%20STAMPA%20VENCHI%20-70%25_004.pdf).

A SAES patent application is associated with this product.

Other projects concern the development of lacquers with barrier properties for application in multilayer laminated structures, to be used in pasteurisation processes, and the integration of the oxygen barrier function in lamination adhesives. Both projects are carried out in collaboration with industrial partners.

With regard to **dispensable getter solutions**, in 2021 the development of a new dispensable getter was carried out for the control of the quantity of humidity and volatile organic substances in photonic and optoelectronic devices. This system is based on the integration of functional materials, based on both absorbent polymers and nano-structured zeolites within dispensable organic matrices. The development was completed in the second half of 2021 and a new patent application was filed. The new dispensable getter solution will expand the family of dispensable getter products already available, to preserve the functionality of electronic devices.

With regard to developments in the **Metallurgy** sector, in the field of **bio-absorbable materials**, in the second part of 2021, two patent applications were published on new quaternary alloys and the necessary actions were defined to achieve the realisation of semi-finished products and the validation of the

technology developed through in-vivo tests. Assessments are underway to identify the applicable approaches to support the application development phase.

Furthermore, the *scale-up* activity of the smelting process continues for the production of high fatigue performance **SMA alloy** wires for industrial applications. The product, called *Clean Melt*, capable of guaranteeing fatigue resistance ten times higher than the reference values, exhibits enabling performance for *fatigue rated applications*. At the same time, the experimentation on the conversion processes of the *Clean Melt* material continues, to guarantee “*Super Clean Melt*” performance with fatigue resistance about one hundred times higher than the reference values.

The activities of the **Strategic Innovation Office** in 2021 focused on several fronts of the innovation plan, which aims to fuel business growth and accelerate the creation of value.

The three main *drivers* that can push the Group towards this growth have been defined: the use of *design driven innovation*, the launch of a program of interaction with *start-ups* and the search for new strategic and technological directions.

The primary objective of *design driven innovation* and the **Design House function**, which deals directly with it, is to systematically launch new innovative products with highly distinctive technologies on the market. In 2021, the development of a first product continued, the launch of which is scheduled for the second quarter of 2022.

The **program of interaction with start-ups**, whose name will be **REDZONE**, has the ultimate aim of bridging the *gap* between growing businesses and technological solutions of *start-ups* in the field of advanced materials, to multiply opportunities and generate further growth through new business models. REDZONE will have to attract *start-ups* and integrate their innovative solutions. The Company will act as both a technological and an industrial partner, able to evaluate the technical opportunity, support the start-up in technological development and develop a valid product / solution, which responds to a clear market need. At the end of the process, which includes two phases with an intermediate *go / no go gates*, a customer-supplier relationship will be defined relating to the co-developed solution, as well as a possible minority *equity* option.

With regard to the third *driver*, namely the **search for new strategic and technological directions**, in 2021 the new process of managing the analysis of potential collaboration opportunities with *start-ups*, spin-offs and SMEs, called *Venture Assessment Tool*, became operational; this instrument is available to the entire SAES Group, based on international *best practices* and on the experience gained in recent years by the internal *Technology Observatory*. The aim of the *Venture Assessment Tool* is to enable a *venture* portfolio management process related to growth opportunities through the use of a proprietary and standardised *framework*, to perform a detailed and shared analysis of the initiatives, as a support tool to the decisions of the Top Management.

The tool is used to evaluate *M&A* opportunities, collaborations, *partnerships*, research into new technologies and advanced materials of interest to the Company and its subsidiaries and to the aforementioned REDZONE programme.

In parallel, we are proceeding with a systematic analysis of social and technological mega-trends and new emerging trends, to select future SAES innovation trajectories, so that they are as consistent as possible with the expected development at a global level.

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

Impact of the Covid-19 pandemic on annual results

The current year saw the gradual overcoming of the Covid-19 crisis starting from the first quarter, in which some signs of recovery had appeared.

However, the persistence of the pandemic has had positive effects on the sales of some of the Company's divisions: the Specialty Chemicals Division (dispensable dryers used in pulse oximeter displays); the business of thermal insulation (getters used in the insulating panels of containers for the transport of vaccines); the medical diagnostics sector (porous getters for X-ray tubes).

On the other hand, the slowdown in demand for getters for thermal sensors should be noted, after the peak recorded last year due to the first phase of the Covid-19 pandemic (Business Electronic Devices).

Due to the pandemic, the Company incurred **extraordinary costs**, in particular, costs for sanitisation and adaptation of access points and workspaces to ensure employee safety, as well as healthcare prevention expenses and consulting and training costs.

(thousands of euro)	2021					
Covid-19 one-offs	Direct labor	Manufacturing overhead	R&D expenses	Selling expenses	G&A expenses	Total
Personnel cost	0	0	0	0	27	27
Maintenance and repairs	0	0	0	0	142	142
Depreciation	0	0	0	0	0	0
Material and office material	0	0	0	0	7	7
Training	0	0	0	0	0	0
Consultant fees	0	0	0	0	2	2
Leasing	0	0	0	0	2	2
Canteen, cleaning, vigilance	0	0	0	0	167	167
Transport, insurance, freight-direct	0	0	0	0	0	0
Other costs	0	0	0	0	0	0
Total extraordinary cost of sales and operating expenses Covid-19	0	0	0	0	347	347

(thousands of euro)	2020					
Covid-19 one-offs	Direct labor	Manufacturing overhead	R&D expenses	Selling expenses	G&A expenses	Total
Personnel cost	(8)	(12)	(25)	(4)	68	19 (*)
Maintenance and repairs	0	0	0	0	164	164
Depreciation	0	0	0	0	2	2
Material and office material	0	0	0	0	68	68
Training	0	0	0	0	3	3
Consultant fees	0	0	0	0	135	135
Canteen, cleaning, vigilance	0	0	0	0	145	145
Transport, insurance, freight-direct	0	0	0	0	2	2
Other costs	0	0	0	0	2	2
Total extraordinary cost of sales and operating expenses Covid-19	(8)	(12)	(25)	(4)	589	540

(*) The amount is composed by:

- CIGO savings in Lainate plant, for -54 thousands of euro;
- additional personnel costs, for 73 thousands of euro.

Please note that in 2021 the net value of extraordinary costs decreased slightly compared to the previous year, mainly thanks to lower costs for consultancy.

Please also note that in 2020, SAES made **donations** for a total of 691 thousand euro to research organisations and hospitals operating on the front line in the battle against Covid-19, as well as to the Italian Civil Defence (the related costs are classified under "Other expenses").

(thousands of euro)		
Covid-19 one-offs	2021	2020
Other income	0	28
Other expenses	0	(691)
Total other extraordinary income (expenses) Covid-19	0	(663)

Lastly, please note that in the previous year the impact of Covid-19 on the financial markets led to a strong fall in the **fair value of securities** held by the Company for the investment of liquidity. The negative effect that emerged in the first quarter 2020 was gradually reabsorbed in the following months, making it possible to close the year with a securities valuation in line with the value as at December 31, 2019. The change in the fair value of the securities portfolio in 2021 was a positive 2.1 million euro.

Subsequent events

It is noted that, in order to adapt the divisional structure of the Group to the evolution of technologies and their application offering, starting from January 1, 2022 the Group is organised into the following technological areas of competence (or "Divisions"):

- SAES Industrial Division (which coincides with the previous Metallurgy operating sector, with the addition of all SAES products based on functionalised polymers that have a getter function - i.e. dispensable getters and dryers, barrier *sealant* with getter function and *fillers* containing getter species - which move from the SAES Chemicals Division to the SAES Industrial Division for streamlining based on their ultimate function, namely the selective absorption of gases in the *packaging* of devices. This getter function, in fact, unites these dispensable products, based on functionalized polymers, to the more traditional SAES getters, based on metal alloys);
- SAES High Vacuum Division (unchanged and coinciding with the Vacuum Technology operating unit);
- SAES Medical Nitinol Division (unchanged and previously named "Medical");
- SAES Packaging Division (unchanged and previously named "Advanced Packaging");
- SAES Chemicals Division, which 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).

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, groups 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 following tables show the revenues and the income statement, both relating to the 2021 financial year, presented according to the new divisional structure, with evidence of the reclassifications with respect to the operating sectors in existence up to December 31, 2021.

(thousands of euro)

Divisioni e Business	December 31, 2021	Reclassifications	January 1, 2022
Security & Defense	8,206	0	8,206
Electronic Devices	9,923	0	9,923
Healthcare Diagnostics	3,349	0	3,349
Lamps	2,703	0	2,703
Thermal Insulated Devices	3,381	0	3,381
Organic Electronics	0	1,905	1,905
Getters & Dispensers	27,562	1,905	29,467
Sintered Materials	0	0	0
SMA Materials	9,115	0	9,115
SAES Industrial	36,677	1,964	38,641
High Vacuum Solutions	16,237	0	16,237
SAES High Vacuum	16,237	0	16,237
Medical Nitinol	0	0	0
SAES Medical Nitinol	0	0	0
Chemicals	16,701	(1,905)	14,796
SAES Chemicals	16,701	(1,964)	14,737
Packaging Solutions	13	0	13
SAES Packaging	13	0	13
Total net sales	69,628	0	69,628

(thousands of euro)																					
	SAFS Industrial			SAFS High Vacuum			SAFS Medical Nitinol			SAFS Chemicals			SAFS Packaging			Non allocated			Totale		
	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified	2021	Reclassification ion	2021 reclassified
Total net sales	36,677	1,905	38,582	16,237	0	16,237	0	0	0	16,701	(1,905)	14,796	13	0	13	0	0	0	69,628	0	69,628
Total cost of sales	(19,394)	(845)	(20,239)	(7,162)	0	(7,162)	0	0	0	(11,807)	845	(10,962)	(132)	0	(132)	(336)	0	(336)	(38,833)	0	(38,833)
Gross profit	17,283	1,060	18,343	9,075	0	9,075	0	0	0	4,894	(1,060)	3,834	(119)	0	(119)	(336)	0	(336)	30,797	0	30,797
% on net sales	47.1%		47.5%	55.9%		55.9%	n.a.		n.a.	29.3%		25.9%	-915.4%		-915.4%	n.a.		n.a.	44.2%		44.2%
Total operating expenses	(5,393)	(1,085)	(6,478)	(3,582)	0	(3,582)	(256)	0	(256)	(2,275)	1,085	(1,190)	(1,378)	0	(1,378)	(26,012)	406	(25,606)	(38,896)	406	(38,490)
Total other income (expenses), net	(263)	(4)	(267)	(15)	0	(15)	0	0	0	(16)	4	(12)	(1,098)	0	(1,098)	2,811	4	2,815	1,419	4	1,423
Operating income (loss)	11,627	(29)	11,598	5,478	0	5,478	(256)	0	(256)	2,603	29	2,632	(2,595)	0	(2,595)	(23,537)	410	(23,127)	(6,680)	410	(6,270)
% on net sales	31.7%		30.1%	33.7%		33.7%	n.a.		n.a.	15.6%		17.8%	-19961.5%		-19961.5%	n.a.		n.a.	-9.6%		-9.6%
Dividends																			10,520		10,520
Net financial income (expenses)																			(1,845)	0	(1,845)
Foreign exchange gains (losses), net																			(215)	0	(215)
Writedown of investments																			4		4
Income before taxes																			1,777	410	(8,330)
Income taxes																			(987)	0	(987)
Net income (loss) from continued operations																			790	410	(9,317)
Net income (loss) from discontinued operations																			0	0	0
Net income (loss)																			790	410	(9,317)
Net income (loss) from third parties																			0	0	0
Group Net income (loss)																			790	410	(9,317)

On January 31, 2022 the **EUREKA Fund! - Technology Transfer** ended its *fundraising* with a total collection of 62,675,500 euro. Following the sixth and final closing, on February 16, 2022, the Parent Company obtained a **reimbursement** for both the costs and the investments of the fund, **equal to 5 thousand euro** and the SAES investment in the fund was diluted from 4.81% to 4.79%.

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 between the end of February and the beginning of March. Therefore, Strumenti Scientifici Cinel S.r.l. will be 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 euro). On the same date, the joint venture also repaid the loan granted by the other shareholder, Rodofil S.r.l. (principal equal to 51 thousand euro).

Regarding the **investment completed in the EUREKA! venture capital fund** on March 7, 2022, a payment of 49 thousand euro was made, 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.¹⁶

Please note that the **fair value of the Group's securities portfolio**, after having decreased by approximately 1.5% at the end of January 2022. The yield was consistently negative at approximately -3.3% during February (-4.8% sequential performance from January 1 to February 28, 2022).

On March 1, 2022, SAES Getters S.p.A. confirmed its commitment to provide its subsidiary - as such - SAES Coated Films S.p.A. with the financial resources necessary for it to carry out ordinary business operations and to guarantee its business continuity as a *going concern* and, if necessary, to recapitalise the company in compliance with the provisions of the Italian Civil Code.

Ukraine - Russia conflict

The very recent international political events involving Ukraine and Russia require the focus of attention on providing, where possible, the disclosure required by IAS 10 - Events occurring after the closing date of the reference year, in the drafting of the financial statements as at December 31, 2021.

¹⁶ NOVAC S.r.l. is an innovative start-up operating in the field of electrical energy storage and release systems, through the development of a new type of super capacitors, capable of providing high power and very short charging times.

It should be noted that SAES's direct exposure to Russia, Ukraine and Belarus is marginal. The turnover of 2021, concentrated in Russia alone, was immaterial. The forecasts for 2022, drawn up before the crisis, also confirm the irrelevance of these markets. Furthermore, SAES has no suppliers from these countries.

However, the unpredictable dynamics of the geopolitical, military and economic evolutions of the 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 crisis. The expected results of the characteristic management remain conditioned by the evolution of the global macroeconomic context and the consequent repercussions on the cost of raw materials and energy.

Trans-functional and corporate working groups (with particular attention to European realities) have been set up, coordinated by the headquarters, with the aim of photographing the possible effects and identifying trends and risks, in order to identify and implement mitigation actions. Maximum attention is placed on the cost of energy and utilities in general, on the tensions in the supply chains indirectly impacted by the sanctions (availability of parts and their prices), on inflation, on the value of the securities portfolio, on central bank rates, on exchange rates, and on GDP in general.

Other information regarding the Company

To illustrate the performance of subsidiaries, please refer to the Consolidated Financial Statements and to the "Summary schedule of key data of subsidiary companies".

The Company has three *Branch Offices*, one in Taoyuan City (Taiwan), one in Tokyo (Japan) and one in Freiburg (Germany).

Information on the shareholding structures set forth in Article 123-*bis* of Italian Legislative Decree 58/98 (TUF, Consolidated Finance Law), paragraph 1, is illustrated in the "Report on Corporate Governance" drawn up by the Company, included in the financial statements and published on the Company's website www.saesgetters.com, *Investor Relations* section, *Corporate Governance* sub-section.

Going concern

The financial statements are prepared on the basis of **business continuity** as, even though in the presence of a difficult and uncertain economic and financial environment caused by the ongoing Covid-19 pandemic and the geopolitical tensions linked to the crisis between Russia and Ukraine, in the light of the results achieved in 2021 and, in particular, of the progressive increase in the Medical Division sales, that exceeded pre-Covid levels, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) regarding business continuity.

The duration and extent of the future spread of the Covid-19 pandemic and its related economic and financial effects remain difficult to forecast and are constantly monitored by the Company. It should also be noted that SAES' global presence, in terms of both manufacturing and sales, and its positioning in businesses considered essential, reduce the risk. In addition, the availability of unused credit lines constitutes a further guarantee of business continuity.

Proposal to approve the Financial Statements and the allocation of the dividend

Dear Shareholders,

We hereby submit the following proposed resolution for your approval

“The Shareholders’ Meeting,

- after examining the figures of the Annual financial statements of SAES Getters S.p.A., as at December 31, 2021, accompanied by the Directors’ Report on operations, the Report of the Board of Statutory Auditors, the Independent Auditors’ Report and any other documentation envisaged by law;

- after acknowledging the results for the year ending December 31, 2021;

resolves

- to approve the Financial statements of SAES Getters S.p.A. as at December 31, 2021, which closed with a loss for the year of 8,291,582.19 euro;

- to fully cover the loss for the year by using part of the “Retained earnings” reserve;

- to distribute a portion of the “Retained earnings” available reserve of 8,530,485.43 euro equally to ordinary and savings shares pursuant to Article 26 of the Articles of Association, by assigning a dividend of 0.47 euro per savings share and per ordinary share, as shown in the following table;

A Total dividend of:		euro
- euro	0.470000 for each n. 7,378,619 saving shares	3,467,950.93
- euro	0.470000 for each n.10,771,350 ordinary shares	5,062,534.50
For a total maximum distribution of euro		8,530,485.43

- the calculation of ordinary shares does not include the 3,900,000 treasury shares of the Company. The Company cannot sell them because, in compliance with Article 2357-ter, the Shareholders’ Meeting did not authorise their sale.

- to place the payment of these amounts in favour of entitled ordinary and savings shares, which will be in circulation as at April 26, 2022 (Record date) effective from April 27, 2022, with detachment of coupon no. 38; the security will be traded ex-dividend from April 25, 2022;

- to award the Chairman, Deputy Chairman and Managing Director, jointly and severally, all powers necessary for the implementation of this resolution.”

Lainate (MI), March 14, 2022

on behalf of the Board of Directors
Massimo della Porta
Chairman

(SEPARATE) FINANCIAL STATEMENTS OF SAES GETTERS S.P.A. FOR THE YEAR ENDED DECEMBER 31, 2021

Statement of profit or loss

(euro)

	Notes	2021	2020
Third party net sales		59,885,952	53,737,011
Intercompany net sales		9,741,910	10,116,595
Total net sales	3	69,627,862	63,853,606
Third party cost of sales		(36,014,096)	(33,396,179)
Intercompany cost of sales		(2,817,275)	(2,297,397)
Total cost of sales	4	(38,831,371)	(35,693,576)
Gross profit		30,796,491	28,160,030
Research & development expenses	5	(8,606,077)	(7,432,781)
Selling expenses	5	(7,403,745)	(6,207,182)
General & administrative expenses	5	(22,873,709)	(23,633,332)
Write-down of trade receivable	5	(13,178)	(52,332)
Total operating expenses		(38,896,709)	(37,325,627)
Intercompany royalties		1,036,151	862,135
Other third party income (expenses), net		(973,875)	(987,800)
Other intercompany income (expenses), net		1,357,231	1,714,618
Total other income (expenses), net	6	1,419,507	1,588,953
Operating income (loss)		(6,680,711)	(7,576,644)
Dividends	7	10,520,418	11,257,181
Third party financial income		1,161,472	1,155,112
Intercompany financial income		304,469	331,520
Total financial income	7	1,465,941	1,486,632
Third party financial expenses		(3,038,969)	(1,835,254)
Intercompany financial expenses		(271,770)	(179,005)
Total financial expenses	7	(3,310,739)	(2,014,259)
Foreign exchange gains (losses), net	8	(215,039)	(334,876)
Writedown of investments	9	(9,084,000)	(416,207)
Income before taxes		(7,304,131)	2,401,827
Income taxes	10	(987,451)	(149,750)
Current taxes		(734,184)	(891,206)
Deferred taxes		(253,267)	741,456
Net income (loss) from continued operations		(8,291,582)	2,252,077
Net income (loss)		(8,291,582)	2,252,077

Statement of other comprehensive income

(euro)

	Note	2021	2020
Net income (loss) for the period		(8,291,582)	2,252,077
Actuarial gain (loss) on defined benefit plans	29	(1,449)	84,535
Income tax		348	(20,288)
Actuarial gain (loss) on defined benefit plans, net of taxes		(1,101)	64,247
Equity transaction costs related to equity method evaluated companies		(94,891)	(109,666)
Total components that will not be reclassified to the profit (loss) in subsequent periods		(95,992)	(45,419)
Other comprehensive income (loss), net of taxes		(95,992)	(45,419)
Total comprehensive income (loss), net of taxes		(8,387,574)	2,206,658

Statement of financial position

(euro)	Notes	December 31, 2021	December 31, 2020
ASSETS			
Non Current Assets			
Property, plant and equipment, net	11	38,361,204	35,525,088
Intangible assets, net	12	162,913	258,398
Right of use	13	2,682,145	2,885,101
Investments and other financial activities	14	138,543,638	128,230,252
Securities	15	0	31,241,355
Deferred tax assets	16	2,384,089	2,637,009
Intercompany financial credits	21	49,000	49,000
Other long term assets	17	1,483,150	1,169,135
Total Non Current Assets		183,666,139	201,995,338
Current Assets			
Inventory	18	10,654,009	8,881,699
Third party trade receivables		9,544,215	6,777,618
Intercompany trade receivables		3,747,938	3,522,280
Trade receivables	19	13,292,153	10,299,898
Derivative instruments evaluated at fair value	20	8,842	0
Securities	15	30,242,273	0
Intercompany financial credits	21	51,259,886	142,518,151
Tax consolidation receivables	22	30,221	209,788
Prepaid expenses, accrued income and other	23	3,479,149	3,144,111
Other financial receivables towards third parties	24	0	11,238
Cash and cash equivalents	25	5,090,668	2,778,888
Total Current Assets		114,057,201	167,843,773
Total Assets		297,723,340	369,839,111

(euro)	Notes	December 31, 2021	December 31, 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		12,220,000	12,220,000
Share issue premium		25,724,211	25,724,211
Treasury shares		(93,382,276)	(93,382,276)
Legal reserve		2,444,000	2,444,000
Sundry reserves and retained earnings		245,698,578	250,982,124
Net income (loss) for the period		(8,291,582)	2,252,077
Shareholders' Equity	26	184,412,931	200,240,136
Non Current Liabilities			
Non current financial liabilities	27	0	95,231,679
Financial liabilities for leases	28	2,107,037	2,336,028
Staff leaving indemnity and other employee benefits	29	5,485,859	5,530,021
Non current provisions	30	1,540,089	780,194
Total Non Current Liabilities		9,132,985	103,877,922
Current Liabilities			
Third party trade payables		8,973,652	7,723,316
Intercompany trade payables		500,219	303,679
Trade payables	31	9,473,871	8,026,995
Derivative financial instruments measured at fair value	20	0	32,546
Intercompany financial payables	32	20,416,968	6,941,067
Financial liabilities for leases	28	722,595	704,937
Other payables	33	8,907,061	9,671,348
Income taxes payables	34	120,025	197,079
Current provisions	30	2,500,756	2,511,119
Bank overdraft	35	62,031,874	32,513,485
Current portion of long term debt	27	0	5,120,014
Other Financial Debts		4,274	2,463
Total Current Liabilities		104,177,424	65,721,053
Total Liabilities and Shareholders' Equity		297,723,340	369,839,111

Cash flow statement

(euro)	2021	2020
Cash flows from operating activities		
Net income (loss) from continued operations	(8,291,582)	2,252,077
Net income (loss) from discontinued operation	0	0
Current income taxes (*)	734,184	604,206
Changes in deferred income taxes	253,267	(741,456)
Depreciation of financial leased assets	789,000	680,297
Depreciation	4,166,000	3,926,388
Write-down (revaluation) of property, plant and equipment	0	3,775
Amortization	175,000	248,098
Net loss (gain) on disposal of assets	19,000	(32,179)
Fiscal receivables (*)	(425,445)	0
Net loss (gain) on forward fair value	(8,842)	0
Write-down of trade receivables	13,000	52,332
Write-down of investments and financial receivables in subsidiaries	9,080,000	416,207
Other income from equity investments	(37,428)	(11,257,181)
Other non-monetary costs (revenues)	(8,671,647)	3,041
Interest and other financial (income) expenses, net	0	527,627
Accrual for termination indemnities and similar obligations	775,979	1,459,686
Changes in provisions	374,313	519,914
OCI	103	0
	(1,055,099)	(1,337,168)
Working capital adjustments		
Account receivables and other receivables		
Account receivables and other receivables	(3,005,253)	(1,226,805)
Inventory	(1,772,310)	(244,843)
Account payables	1,447,217	(2,491,354)
Other current payables	(100,390)	(310,615)
	(3,430,737)	(4,273,617)
Payment of termination indemnities and similar obligations	(280,564)	(148,194)
Interests and other financial payments	309,992	(492,445)
Interests and other financial receipts	(726,158)	331,750
Taxes paid	(636,645)	375,653
Net cash flows from operating activities	(5,819,211)	(5,544,021)
Cash flows from investing activities		
Increase of investments in controlled companies	(19,247,044)	(4,700,147)
Decrease of investments in controlled companies	316,159	0
Purchase for tangible assets	(7,002,000)	(5,031,798)
Proceeds from sale of tangible and intangible assets	2,000	47,659
Purchase of intangible assets	(80,000)	(97,999)
Income from securities, net of management fees	742,486	750,363
Dividends received, net of withheld	10,520,418	10,635,314
Purchase of securities	(7,500,000)	0
Disposal of securities	7,797,750	0
Investments in other companies	(190,244)	(311,760)
Adjustment on the consideration for the purification business disposal	0	0
Transfer of credit from SAES Coated Films S.p.A.	0	(1,100,000)
Net cash flows from investing activities	(14,640,475)	191,632
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	0
Proceeds from short term financial liabilities	29,500,000	5,500,000
Dividends payment	(7,439,864)	(9,197,661)
Purchase of treasury shares and related accessory costs	0	0
Interests paid on long term financial liabilities	(1,163,825)	(1,221,513)
Interests paid on short term financial liabilities	(286,000)	(193,759)
Other costs paid	(27,328)	(28,353)
Repayment of financial liabilities	(100,365,399)	(5,119,404)
Long-term financial receivables from related parties (granted) repaid over the period	0	2,191
Change in financial receivables/ payables to related parties (cash pooling)	565,197	(948,940)
Change in loan to/from related parties	106,341,179	2,873,859
Other financial receivables	(2,173,276)	0
Other financial payables	1,537	2,463
Repayment of financial liabilities for leased assets	(758,543)	(530,248)
Long Term rec. Financial	(1,392,000)	0
Interests paid on leased assets	(25,457)	(18,752)
Net cash flows from financing activities	22,776,221	(8,880,117)
Net foreign exchange differences	(280)	0
Net (decrease) increase in cash and cash equivalents	2,316,255	(14,232,506)
Cash and cash equivalents at the beginning of the period	2,780,628	17,013,278
Cash and cash equivalents at the end of the period	5,096,884	2,780,772

Statement of changes in equity as at December 31, 2021

(thousands of euro)	Capital stock	Share issue premium	Treasury Shares	Legal reserve	Sundry reserves and retained earnings					Total	Net income (loss) for the period	Total shareholders' equity
					Other reserves in suspension of tax	Cash Flow hedge reserve	Revaluation reserve	Altre riserve e risultati a nuovo				
Balance at December 31, 2020	12,220	25,724	(93,382)	2,444	138	0	2,615	248,229		250,982	2,252	200,240
Allocation Fiscal year 2021 net profit								2,252		2,252	(2,252)	0
Dividends paid								(7,440)		(7,440)		(7,440)
Purchase of Treasury shares												0
Accessory costs on purchase of treasury shares												0
Income (loss) from transactions with Group companies												0
Net income for the period											(8,292)	(8,292)
Other comprehensive income (loss)								(96)		(96)		(96)
Balance at December 31, 2021	12,220	25,724	(93,382)	2,444	138	0	2,615	242,946		245,699	(8,292)	184,413

Statement of changes in equity as at December 31, 2020

(thousands of euro)	Capital stock	Share issue premium	Treasury Shares	Legal reserve	Sundry reserves and retained earnings					Total	Net income (loss) for the period	Total shareholders' equity
					Other reserves in suspension of tax	Cash Flow hedge reserve	Revaluation reserve	Altre riserve e risultati a nuovo				
Balance at December 31, 2019	12,220	25,724	(93,382)	2,444	138	0	2,615	243,056		245,809	14,416	207,230
Allocation Fiscal year 2019 net profit								14,416		14,416	(14,416)	0
Dividends paid								(9,198)		(9,198)		(9,198)
Purchase of Treasury shares												0
Accessory costs on purchase of treasury shares												0
Income (loss) from transactions with Group companies												0
Net income for the period											2,252	2,252
Other comprehensive income (loss)								(45)		(45)		(45)
Balance at December 31, 2020	12,220	25,724	(93,382)	2,444	138	0	2,615	248,229		250,982	2,252	200,240

EXPLANATORY NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The mission of SAES Getters S.p.A. has changed over time, particularly in recent years due to the world recession and the significant restructuring of the Group.

As well as acting as the management and control holding company for the entire Group, the Company hosts the central R&D laboratories, in synergy with which it develops pilot production lines, selling the products on its target markets.

Especially through the branches in Taiwan and Japan, it provides support to the sale of finished products in the Far East, manufactured by subsidiary and associated companies.

The SAES Group is headquartered in Milan.

SAES Getters S.p.A. also operates in the field of advanced materials, particularly in the development of getters for microelectronic and micromechanical systems, of shape memory alloys and of getter materials in polymeric matrixes. Finally, the Company has recently developed a technological platform that integrates getter materials in polymeric matrices that spans numerous fields of application (advanced packaging, OLED displays, implantable medical devices and new diagnostics for solid state images).

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

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A., whose registered office is in Milan, via Vittor Pisani 27, which as at December 31, 2021, held 34.44% ¹⁷ of the Company's ordinary shares. S.G.G. Holding S.p.A. does not exercise any management and coordination activity pursuant to Article 2497 et seq. of the Italian Civil Code for the reasons illustrated in the Report on corporate governance and ownership.

The statement of financial position and the income statement have been drawn up in units of euro, without any decimal points. These Notes comment on the main items, and unless indicated otherwise, the amounts are shown in thousands of euro.

The separate financial statements for the year ending December 31, 2021 have been prepared in accordance with the IFRSs issued by the *International Accounting Standards Board* ("IASB") and approved by the European Union ("IFRS"), Consob resolutions no. 15519 and no. 15520 of July 27, 2006, Consob communication no. DEM/6064293 of July 28, 2006 as well as Article 149-duodecies of the Issuers' Regulations. The abbreviation "IFRS" includes all revised International Accounting Standards ("IAS") and all interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), including those previously issued by the *Standing Interpretations Committee* ("SIC").

For comparative purposes, comparative figures for 2020 are also shown, in application of IAS 1 – *Presentation of Financial Statements*.

The preparation of the separate financial statements was made mandatory by the provisions contained in Article 2423 of the Italian Civil Code.

¹⁷ As at December 31, 2021, S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A. and, taking account of the shares with increased voting rights, has 51.15% of the total voting rights that can be exercised on that date (including the voting rights of the treasury shares held by SAES Getters S.p.A. in the calculation).

The draft separate financial statements of SAES Getters S.p.A. for the year ending December 31, 2021 and the relative publication were approved by a resolution of the Board of Directors passed on March 14, 2022. The Shareholders' Meeting is tasked with final approval of the separate financial statements of SAES Getters S.p.A., and will be convened for April 20, 2022.

Accounting schedules

The accounting schedules adopted are consistent with those envisaged by Revised IAS 1; specifically:

- the statement of financial position has been prepared by classifying assets and liabilities as "current / non-current" and by stating "Assets held for sale" and "Liabilities held for sale" in two separate items, as required by IFRS 5;
- the statement of profit or loss has been prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group's specific business, complies with internal reporting procedures and is in line with standard industry practice;
- the cash flow statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as allowed by IAS 7.

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

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

- income and expenses arising from the sale of real property;
- income and expenses arising from the sale of business units and equity investments included among non-current assets;
- expenses or any income arising from reorganisation processes associated with extraordinary corporate transactions (mergers, de-mergers, acquisitions and other corporate transactions);
- income and expenses arising from discontinued businesses.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties have been highlighted separately from the related items in these Explanatory Notes.

Segment information

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

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

This structure has not changed with respect to last year.

Seasonality of revenues

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

2. ACCOUNTING STANDARDS

Business combinations and Goodwill

Business combinations are recognised using the purchase method. According to this method, the assets (including intangible assets not previously recognised), liabilities and potential liabilities (excluding future restructuring) acquired and identifiable, are recognised at their fair value on the date of acquisition. The positive difference between the purchase cost and the Company's share of the fair value of said assets and liabilities is classified as goodwill and recognised as an intangible asset. Any negative difference ("negative goodwill") is instead recognised in the income statement at the time of the acquisition.

Any considerations subject to conditions set out in the business combination contracts are measured at fair value as at the date of acquisition and are included in the value of the considerations transferred into the business combination in order to determine goodwill. Any subsequent changes in this fair value that can be put down as adjustments arising during the measurement period are retrospectively included in goodwill. The changes in fair value that can be put down as adjustments arising during the measurement period are those that derive from more information on events and circumstances that existed as at the date of acquisition, obtained during the measurement period (that cannot exceed the period of one year from the business combination).

If the acquisition cost and/or the value of the assets and liabilities acquired can be determined only temporarily, the Company will record the business combination using temporary values that will be determined definitively within 12 months from the date of acquisition. This accounting methodology, if used, will be reported in the Explanatory notes.

The accessory transaction costs are recognised in the income statement when they are incurred.

Goodwill is not amortised, but annually, or more frequently if certain specific events or particular circumstances indicate the possibility that it may be impaired, it is tested for impairment to identify any impairment losses, in accordance with IAS 36 – *Impairment of assets*. After initial recognition, goodwill is valued at cost, net of any accumulated impairment losses. Once goodwill has been written down, impairment losses will not be reversed.

For the purpose of the consistency analysis, the goodwill acquired in a business combination is allocated, on the acquisition date, to the Company's individual *Cash Generating Units (CGU)*, or to groups of cash generating units, which should benefit from synergies of the business combination, regardless of the fact that other assets or liabilities of the Company are allocated to these units or groups of units. Each CGU or group of CGUs to which the goodwill is allocated, represents the lowest level, as regards the Company, at which goodwill is monitored for internal management purposes.

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

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

Intangible assets

Development costs

Costs incurred internally to develop new products and services are considered, depending on the case, as intangible assets or property, plant and equipment generated internally and are recognised under assets

only if the costs can be determined reliably and the technical feasibility of the product, the expected volumes and prices indicate that the costs incurred during the development stage will generate future economic benefits.

Development costs capitalised only include expenses incurred that may be directly attributed to the development process.

Development costs capitalised are amortised systematically, starting from the start of production, for the estimated lifetime of the product/service.

Other assets with a finite useful life

Other intangible assets with a finite useful life purchased or produced internally are recognised under assets, in accordance with the provisions of IAS 38 (Intangible assets), when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.

These assets are recognised at purchase or production cost and amortised on a straight line basis for their estimated useful life. Intangible assets with a finite useful life are also submitted to tests to identify any impairment losses on an annual basis, or whenever there is any indication that the asset may be impaired.

Amortisation is calculated on the basis of a straight-line criterion for the estimated useful life of the assets; the rates of amortisation are reviewed annually and are changed if the current estimated life differs from that estimated previously. The impact of these changes is recognised in the income statement on a forward-looking basis.

Intangible assets are amortised on the basis of their estimated useful life, if established, as follows:

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

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost or, for those in place as at January 1, 2004, at deemed cost, which for some assets is represented by the revalued cost. The costs incurred after the purchase are capitalised only if they lead to an increase in future economic benefits inherent to the asset to which they refer. All other costs (including financial expenses directly attributable to the acquisition, construction or production of the asset in question) are recognised in the income statement when incurred. The cost of the assets also includes the costs envisaged by the dismantling of the asset and the recovery of the site where a legal or implicit obligation is present. The corresponding liability is recognised, at its present value, in the period in which the obligation arises, in a fund recognised under liabilities as part of the provisions for risks and charges; the recognition of the capitalised expense in the income statement is made over the useful life of the relative property, plant and equipment through the depreciation process of the same.

Depreciation is calculated on the basis of a straight-line criterion for the estimated useful life of the assets.

Land, including that relating to buildings, is not depreciated. The rates of depreciation are reviewed annually and are changed if the current estimated life differs from that estimated previously. The impact of these changes is recognised in the income statement on a forward-looking basis.

The minimum and maximum rates of depreciation are shown below:

Buildings	2.5% - 20%
Plant and machinery	6% - 33%
Industrial and commercial equipment	3% - 40%
Other assets	3% - 25%

Lease contracts

Lease contracts are recognised in accordance with IFRS 16, which establishes a single model of recognition and measurement of lease contracts (operating lease or otherwise) for the lessee, with the leased asset recognised as an asset in the statement of financial position (right of use) with an offsetting item under financial debt. Exceptions are made only for short-term leases (i.e., leases with a duration equal to or less than twelve months) and leases where the underlying asset represents a low-value asset (i.e., underlying assets that do not exceed the value of 5 thousand euro, when new); for these, the Company continues to recognize the lease payments in the income statement on a straight-line basis for the duration of their contracts, unless another systematic basis is found to be a better representation of the time when the economic benefits of the leased assets are enjoyed.

Liabilities towards the lessor are classified as financial liabilities in the statement of financial position and are initially measured at the value of the payments required by the lease contract that were not already paid at the commencement date, discounted using the contract's implicit rate. If this rate cannot be inferred from the contract, the lessee uses its own effective financing rate.

Payments considered in the measurement of lease liabilities mainly include:

- fixed lease payments, net of any incentives;
- variable payments that depend on an index or rate, initially measured using the index or rate at the contract's commencement date;
- exercise price of purchase options, if lessees are reasonably certain they will exercise these options; and
- penalties paid to terminate the lease contract, where the term of the lease reflects the exercise of an option to terminate the lease contract.

The carrying amount of this liability is reduced to reflect the lease payments made during the year.

Rights of use refer to leased assets. These assets, representative of the right of use on the goods, are recognized by the Company as a special item in the consolidated balance sheet, separate from tangible and intangible assets. The right-of-use assets are initially equivalent to the corresponding lease liabilities, net of any incentives received and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment. If the Company has a cost obligation to dismantle and remove the leased asset, restore the site on which the asset is located or reinstate the underlying asset to conditions required by the terms of the lease contract, a provision is recognised and measured in accordance with IAS 37. Right-of-use assets are depreciated over the term of the lease contract. If the Company expects to exercise the purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation begins on the commencement date of the lease contract.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired, as described in the paragraph "Impairment of assets".

Depreciation of the right-of-use asset and interest expense accrued on the lease liability are recognised in the income statement.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use) if:

- the lease term has changed or a significant event or change in circumstances occurs that results in a change in the assessment of the exercise of the purchase option; in this case, the lease liability is remeasured by discounting the modified future payments using a revised discount rate;
- lease payments change due to changes in an index or rate or a change in the expected payment based on a guaranteed residual value; in this case, the lease liability is restated by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is due to a change in a variable interest rate, for which a revised discount rate is used);
- a lease contract is amended and therefore the liability is restated over the term of the amended lease by discounting the amended lease payments using a discount rate that is revised to the effective date of the amendment.

Impairment of assets

On each reporting date, the Company assesses if there are any indications that intangible assets with a finite useful life and property, plant and equipment and equity investments may have suffered an impairment loss. Goodwill and intangible assets with an indefinite useful life undergo impairment testing at least once a year, or, more frequently, whenever there is any indication that the asset may be impaired.

Rights of use relating to leased assets are also included in assets subject to impairment testing.

Goodwill

Goodwill undergoes impairment testing to identify its recoverable amount on the reporting date and whenever there are indicators of problems with said item during the year. The goodwill acquired and allocated during the year undergoes impairment testing to identify the recoverable amount before the end of the year in which the acquisition and allocation took place.

To assess its recoverable amount, the goodwill is allocated, on the acquisition date, to each *Cash Generating Unit* (CGU) or group of CGUs, which benefit from the acquisition, regardless of the fact that other assets or liabilities of the entity acquired are allocated to these units.

If the carrying amount of the Cash Generating Unit (or group of CGUs) exceeds the respective recoverable amount, an impairment loss is recognised in the income statement corresponding to the difference.

The impairment loss is recognised in the income statement, first by reducing the carrying amount of the goodwill allocated to the CGU (or group of CGUs) and only later to the other assets of the unit in proportion to their carrying amount up to the recoverable amount of the asset with a finite useful life. The recoverable amount of a Cash Generating Unit, or group of CGUs, to which the goodwill is allocated, is the higher between the fair value less selling costs, and the value in use of the same CGU.

The value in use of an asset is represented by the present value of expected cash flows calculated by applying a discounting rate that reflects current market valuations of the time value of money and of the specific risks of the asset. The explicit future cash flows cover a period of three years and are projected for a specific period of between 2 and 12 years, with the exception of cases in which the projections require longer periods as in the case of newly-started businesses and start-ups. The long-term growth rate used to estimate the terminal value of the CGU (or group of CGUs) is assumed at a value not exceeding the average long-term growth rate of the sector, country or market in which the CGU (or group of CGUs) operates.

The value in use of Cash Generating Units in foreign currency is estimated in the local currency by discounting on the basis of an appropriate rate for said currency. The present value obtained in this way is converted into euro on the basis of the spot exchange rate on the reference date of the impairment test (in our case the reporting date of the financial statements).

Future cash flows are estimated by referring to the current conditions of the Cash Generating Unit and, therefore, neither the benefits resulting from future restructuring which the entity has not yet committed to, nor future investments to improve or optimise the CGU are considered.

For impairment testing purposes, the carrying amount of a Cash Generating Unit is calculated according to the criterion with which the recoverable amount of the Cash Generating Unit is determined, excluding surplus assets (namely financial assets, deferred tax assets and non-current assets held for sale).

After having conducted impairment testing of the Cash Generating Unit (or group of CGUs) to which the goodwill is allocated, a second-level impairment test is conducted also including centralised assets with accessory functions (corporate assets) that do not generate positive cash flows and that cannot be allocated according to a criterion that is reasonable and consistent to the individual CGUs. At this second level, the recoverable amount of all of the CGUs (or groups of CGUs) is compared with the carrying amount of all of the CGUs (or groups of CGUs), also including those CGUs to which no goodwill has been allocated, and centralised assets.

If the conditions that led to the previously recognised impairment loss no longer apply, the original value of the goodwill is not reversed, in accordance with the provisions of IAS 36 – *Impairment of Assets*.

(Intangible and tangible) assets with a finite useful life

During the year, the Company checks whether there are indications that tangible or intangible assets with a finite useful life may have suffered impairment losses. To this end, internal and external sources of information have been considered. As regards the former (internal sources), the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that envisaged. As regards external sources, instead, the following are considered: the trend of the market prices of the assets, any negative changes in technology, markets or laws, the trend of market interest rates, the cost of capital used to value the investments and lastly, if the carrying amount of the net assets of the Company is higher than market capitalisation.

If there are indications that both tangible and intangible assets with a finite useful life have suffered an impairment loss, the carrying amount of the asset is reduced to the relative recoverable amount. The recoverable amount of an asset is defined as the higher between the fair value, net of selling costs, and its value in use. The value in use of an asset is represented by the present value of expected cash flows calculated by applying a discounting rate that reflects current market valuations of the time value of money and of the specific risks of the asset. When the recoverable amount of a single asset cannot be estimated, the Company estimates the recoverable value of the Cash Generating Unit to which the asset belongs.

The impairment loss is recognised in the income statement.

If, subsequently, the reasons that led to the impairment loss no longer apply, the carrying amount of the asset or of the Cash Generating Unit is increased up to the new estimated recoverable amount which, in any event, cannot exceed the amount that would have been determined if no impairment loss had been recognised. The reversal of the impairment loss is recognised in the income statement.

Equity investments

Subsidiaries are enterprises over which the Company independently has the power to make the strategic decisions of the enterprise in order to obtain the relative benefits. Generally, control is considered to exist when over half of the voting rights that may be exercised in the ordinary shareholders' meeting are held directly and indirectly, also considering what is known as potential votes, namely voting rights resulting from convertible instruments.

Equity investments in subsidiaries are measured at purchase price, which may be permanently reduced in the event of the distribution of the share capital or of capital reserves or, in the presence of impairment losses determined by conducting impairment tests, the cost may be reversed in future years if the reasons that led to the write-downs no longer exist.

Minority interests not held for trading purposes

Equity investments other than associates or joint ventures, i.e. minority interests not held for trading purposes, are reported under non-current assets as "Investments in other companies" and, in accordance with IFRS 9, are measured at fair value. Upon initial recognition, fair value is normally the transaction price; subsequently, any changes in fair value are recognised in other comprehensive income, with no expectation that they will be reclassified to profit or loss.

Dividends from the investment are recognised in profit (loss) for the year.

The risk deriving from any losses exceeding shareholders' equity is recognised in a specific provision for risks to the extent that the investing company is committed to performing legal or implicit obligations of the investee company, or in any event to hedging its losses.

Financial assets (other than trade receivables) and financial liabilities

Pursuant to IFRS 9, the classification and measurement of financial assets is made on the basis of the business model chosen by the Company for their management, as well as on the basis of the characteristics of the contractual cash flows of the financial assets in question.

The business models adopted by the Company are the following:

- *Held to Collect*: these are financial instruments used to absorb temporary cash *surpluses*; they are characterised by a low level of risk and mostly held to maturity. The measurement is made at amortised cost.
- *Held to Collect and Sell*: these are monetary instruments, bonds and equity trading instruments used for the dynamic management of cash *surpluses*; they are characterised by a low level of risk and usually held to maturity or sold to cover specific liquidity requirements. The measurement is made *at fair value* through profit or loss.

The impairment of financial assets other than trade receivables is made following the expected losses model and in particular, using the general model that identifies the expected losses on receivables in the following 12 months, or over the entire residual life if the credit risk substantially worsens. Specifically, with respect to cash, expected losses are calculated in accordance with default percentages associated with each bank with which the cash is deposited, obtained on the basis of each bank's ratings.

Financial liabilities include financial payables as well as financial liabilities, including financial derivatives. They also include trade payables and those of a miscellaneous nature.

Financial liabilities are measured at amortised cost. These liabilities are recorded according to the settlement date principle and initially recognised at fair value, which usually corresponds to the fee received, net of settlement costs directly attributable to the financial liability. After initial recognition, these instruments are measured at amortised cost, using the effective interest rate criterion.

Trade receivables

Trade receivables are characterised by a low level of risk and are generally held to maturity; they are classified in the category "*Held to Collect*" and are measured at amortised cost.

The impairment of trade receivables is recognised using the simplified approach permitted by IFRS 9. This approach involves estimating the expected loss over the life of the receivable at initial recognition and in subsequent measurements. The estimate is made mainly by calculating the average expected uncollectability, based on historic and geographical indicators. For some receivables characterised by specific risk, specific measurements of the single credit positions are made instead.

Financial derivatives

The financial derivatives put in place by SAES Getters S.p.A. seek to cover the exposure to exchange rate and interest rate risk and to a diversification of debt parameters, which enable the cost and the volatility to be reduced to within set operational thresholds.

SAES Getters S.p.A. has decided to defer the application of the hedge accounting model envisaged by IFRS 9 and to continue to apply the IAS 39 model.

Therefore, in accordance with the provisions of IAS 39, derivative hedges are recognised according to the procedures established for hedge accounting only when:

- a) at the beginning of the hedge, there are the formal description and the documentation of the hedging relationship in question;
- b) the hedge is expected to be highly effective;
- c) the effectiveness can be reliably measured;
- d) the hedge in question is highly effective during the different accounting periods to which it pertains.

All financial derivatives are measured at fair value, as established in IAS 39.

When derivative instruments have the characteristics to be measured according to hedge accounting criteria, the following accounting treatments are applied:

- *Fair value hedge* – If a financial derivative is designated to hedge exposure to changes in the fair value of an asset or liability, attributable to a specific risk, the profit or the loss resulting from subsequent changes in the *fair value* of the hedging derivative is recognised in the income statement. The profit or

loss resulting from the adjustment to the *fair value* of the item hedged, for the part attributable to the risk hedged, changes the carrying amount of said item and is recognised in the income statement.

- **Cash flow hedge** – If a financial derivative is designated to hedge the exposure to the fluctuation of the cash flows of an asset or liability recognised in the financial statements or of a transaction deemed as highly likely, the effective portion of the profits or losses resulting from the adjustment to *fair value* of the derivative instrument is recognised in a specific equity reserve (Reserve for the *fair value* adjustment of hedging derivatives). The accrued profit or loss is reversed from the equity reserve and recognised in the income statement in the same years in which the effects of the hedged transaction are recognised in the income statement.

The profit or loss associated to that part of the ineffective hedge is immediately recognised in the income statement. If the hedged transaction is no longer deemed likely, the profits or losses not yet realised, recognised in the equity reserve, are immediately recognised in the income statement.

For derivatives for which no hedging relationship has been established, the profits or the losses resulting from their measurement at fair value are recognised directly in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recognised, depending on their nature, at nominal value.

Other cash equivalents represent short-term and highly liquid financial loans which can be promptly converted into cash, known and subject to an insignificant risk of change in their value, whose original maturity or that at the time of purchase, does not exceed 3 months.

Inventories

Inventories – represented by raw materials, products purchased, semi-finished goods, work in progress and finished products – are measured at the lower of purchase and production cost and assumed realisable value; the cost is calculated using the FIFO method. The measurement of inventories includes direct costs of materials and of labour and the indirect costs of production (variable and fixed).

In addition, provisions are allocated for materials, finished products, spare parts and other supplies considered obsolete or slow moving, taken their future expected use and their assumed realisable value into account.

Divested assets/Assets held for sale/Discontinued operations

Divested assets, Assets held for sale and Discontinued operations refer to those business lines and to those assets (or groups of assets) sold or about to be sold, the carrying amount of which has been or will be recovered mainly through their sale rather than ongoing use.

These conditions are considered to be met when the sale or the discontinuance of the disposal group is considered highly likely and the assets and liabilities are immediately available for sale in their current condition.

Assets held for sale are measured at the lower of their net carrying amount and fair value net of selling costs. If these assets originate from recent business combinations, they are measured at their present value net of selling costs.

In compliance with IFRS, the data relating to the assets divested and/or held for sale are presented as follows:

- in two specific items on the statement of financial position: Assets held for sale and Liabilities held for sale;
- in a specific income statement item: Income (loss) from discontinued operations.

Provisions relating to personnel

Staff Leaving Indemnities (TFR)

Staff Leaving Indemnities (Trattamento di Fine Rapporto, or TFR), mandatory for Italian enterprises pursuant to Article 2120 of the Italian Civil Code, are a type of deferred remuneration and are correlated to the length of the employee's working life and to the remuneration received in the relative period of service. In application of IAS 19, the TFR, calculated in this way, is considered a "Defined Benefits Plan" and the relative obligation to be recognised in the financial statements (Payable for TFR) is established by an actuarial calculation, using the *Projected Unit Credit Method*. As envisaged by the revised version of IAS 19, the gains and losses resulting from the actuarial calculation are fully recognised in the statement of comprehensive income in the period in which they arise. These actuarial differences are immediately recognised in profits carried forward and are not classified in the income statement in later periods.

The costs relating to the present value of the obligation for the TFR resulting from the approximation of the time at which the benefits will be paid, are included under "Personnel costs".

From January 1, 2007, the 2007 Finance Law and relative implementing decrees introduced significant changes to the TFR scheme, including giving workers a choice as to the destination of their accruing TFR, to supplementary pension plans or to the "Treasury Fund" managed by INPS.

Therefore, this means that the obligation towards INPS and the contributions made to supplementary pension plans are considered, according to IAS 19, "Defined contribution plans", while the amounts recognised as payables for TFR continue to be considered "Defined benefit plans".

The legislative changes that have been made since 2007 have therefore led to a redetermination of actuarial assumptions and of the consequent calculations used to establish the TFR.

Other long-term benefits

Bonuses for anniversaries or other benefits linked to length of service and long-term incentive plans are discounted to establish the present value of the obligation for defined benefits and the relative cost of current work performed. Any actuarial differences, as envisaged by the revised version of IAS 19, are fully recognised in the statement of comprehensive income in the period in which they arise. These actuarial differences are immediately recognised in profits carried forward and are not classified in the income statement in later periods.

Provisions for risks and charges

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

Changes in estimates are reflected in the income statement of the year in which the same arose.

Treasury Shares

Treasury shares are deducted from shareholders' equity.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate in force on the date of the transaction. Monetary assets and liabilities in foreign currency are converted at the exchange rate in force on the reporting date of the financial statements. The exchange rate differences generated by the cancellation of monetary entries or by their conversion at rates different to those of their initial recognition in the year or to those at the end of the previous year are recognised in the income statement.

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 converted at the exchange rate at year end.

Recognition of revenues

Pursuant to IFRS 15, a contract with a customer is only recognised if it is likely that the Company will receive the consideration it will have a right to in exchange for goods and services that will be transferred to the customer.

The recognition of revenues is based on the following five *steps*:

- (i) the identification of a contract with the customer;
- (ii) identification of the *performance obligations*, represented by the contractual promises to transfer goods and/or services to a customer;
- (iii) determination of the transaction price;
- (iv) allocation of the transaction price to the performance obligations identified on the basis of the "*stand alone*" sales price of each good or service;
- (v) recognition of the revenue when the related performance obligation is satisfied, that is, upon the transfer to the customer of the promised good or service; the transfer is considered completed when the customer obtains control of the good or service, which can take place continuously in a diluted and prolonged period of time ("*over time*"), as in the case of contractual assets from valuation of long-term orders, or at a specific moment in time ("*at a point in time*"). The Company also recognises revenues relating to those assets that are still held in stock but for which there is no alternative use and for which there is already an unconditional right to be paid by the customer.

In consideration of the nature of the contracts and the type of work, the progress of the long-term orders is determined by using an input-based method, based on the percentage that emerges from the ratio of costs incurred compared to the total costs estimated by the contract (*cost-to-cost* method). This method is applied in particular to some contracts of the Vacuum Technology Division.

Revenues are recorded net of discounts, allowances and returns.

Cost of sales

The cost of sales includes the cost of production or purchase of the products and of the goods that have been sold. It includes all costs for materials, processing and general expenses directly associated with the production, including the depreciation of assets used in production and the write-downs of the inventories.

Research and advertising costs

Research costs, referring both to basic research aimed at increasing the company's knowledge, and to the production of a new or improved product / process, are charged directly to the income statement in the year in which they are incurred. Development costs, referring to activities related and consequent to applied research, aimed at putting into practice the results of the research activities, can be capitalized if the conditions envisaged by IAS 38, and already mentioned in the paragraph on intangible assets, are met. If the requirements for the mandatory capitalisation of development costs are not met, the charges are booked to the income statement of the year in which they were incurred.

In regard to the current year, it should be noted that all development costs incurred by the Company were charged directly to the income statement as they did not meet the requirements for capitalization.

Government grants

Government grants are recognised in the financial statements in accordance with IAS 20, namely when it is reasonably certain that the company will meet all of the conditions envisaged for the receipt of the grants and that the grants in question will be received. Grants are recognised in the income statements for the period in which the costs relating to the same are recorded. With regard to the disclosure and transparency obligations for parties that entertain economic relations of any nature with the Public Administration envisaged by Article 1, paragraphs 125-129, of Italian Law 124/2017, note that in 2020, the Company did not receive any government grants to which the above-cited Law and any later amendments apply.

Current and deferred taxes

Income taxes include all of the taxes calculated on the Company's taxable income.

Income taxes are recognised in the income statement, with the exception of those relating to items that are directly debited from or credited to an equity reserve, in which case the relative tax is recognised directly in the respective equity reserve.

The provisions for taxes that might be generated by the transfer of non-distributed profits of the subsidiaries are made only where there is a real intention to transfer these profits.

Deferred tax assets/liabilities are recognised according to the balance sheet liability method.

Deferred tax assets/liabilities are recognised on the temporary differences between the carrying amount and the amount for tax purposes of an asset or liability. Deferred tax assets, including those resulting from recordable tax losses and unused tax credit, are recognised to the extent to which future taxable income is likely to be generated to recover the same.

Deferred tax assets on tax losses that may be carried forward are recognised to the extent to which future taxable income is likely to be generated against which they can be recovered.

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

Deferred tax assets and deferred tax liabilities are calculated by adopting the tax rates that are expected to be applicable, in the years in which the temporary differences will cancel each other out.

Dividends

Dividends received are recognised in the income statement on an accruals basis, namely in the year in which the relative credit right arises, following the shareholders' meeting resolution to distribute the dividends of the investees.

Distributable dividends are represented as a change in shareholders' equity in the year in which they are approved by the Shareholder's Meeting.

Use of estimates and subjective valuations

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

In particular, estimates and subjective evaluations are used to recognise the recoverable amount of non-current assets (including goodwill), accruals to provisions for receivables, obsolete and slow-rotation inventory, depreciation and amortisation, employee benefits, deferred tax assets, restructuring provisions as well as other accruals and provisions, including both provisions for risks and for pension plans and other post-employment benefits. The estimates are also used to define the duration and interest rate of the transactions that relate to lease contracts. Estimates and assumptions are reviewed periodically and the effects of all changes are immediately reflected in the statement of profit or loss.

In the absence of a standard or an interpretation that applies specifically to a transaction, Company Management makes weighted subjective valuations to establish which accounting methods it intends to adopt to provide relevant and reliable information so that the financial statements:

- truly reflect the equity/financial situation, the profit/loss and the cash flows of the Company;
- reflect the economic substance of the transactions;
- are neutral;
- are prepared on prudential bases;
- are complete in terms of all relevant aspects.

The financial statement items that require greater subjectivity by the directors in drawing up estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, the write-down of fixed assets, the amortisation/depreciation of fixed assets, deferred tax assets, the bad debt provision, the provision for obsolete inventory, the risks provision, pension plans and other post-employment benefits.

Please refer to the relative paragraphs of the Explanatory Notes for the main assumptions adopted and the sources used for making the estimates.

IFRS accounting standards, amendments and interpretations applied as from January 1, 2020

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

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

On March 31, 2021 the IASB published an amendment called "*Covid-19 - Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)*", extending the period of application of the amendment for a year, issued in 2020, giving lessors the option to account for the reduction of the payments connected to Covid-19 without having to evaluate, by analysing the contracts, whether the definition of lease modifications of IFRS 16 was complied with or not. Therefore, lessors applying this option in 2020 accounted for the effects of the reductions in lease payments directly in the income statement as at the effective date of the decrease. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of April 1, 2021 and early adoption is allowed.

The adoption of this amendment did not affect the Company's financial statements since the situation in question did not occur.

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

On June 25, 2020, the IASB published "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments allow the temporary exemption for the application of IFRS 9 to be extended until January 1, 2023 for insurance companies.

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

Interest Rate Benchmark Reform – Phase 2

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

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

These amendments became effective from January 1, 2021.

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

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet obligatory not adopted in advance by the Company as at December 31, 2021

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

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

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

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

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

The adoption of these amendments is not expected to have any significant impact on the Company's financial statements.

IFRS 17 – Insurance Contracts

On May 18, 2017, the IASB issued IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – *Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations deriving from the insurance contracts it issues. The IASB developed this standard to eliminate inconsistencies and weaknesses in existing accounting practices, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

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

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

The main features of the *General Model* are as follows:

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

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

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

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

The adoption of these amendments is not expected to have any significant impact on the Company's financial statements.

IFRS accounting standards, amendments and interpretations not yet validated 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 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*

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

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

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

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

Amendment to IAS 8 - Definition of Accounting Estimates

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

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

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

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

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

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

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

Amendment to IFRS 17 - *Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*

On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and, therefore, at improving the usefulness of comparative information for readers of the financial statements.

The amendments will apply from January 1, 2023, together with the application of IFRS 17.

The adoption of this amendment is not expected to have any significant impact on the Company's financial statements.

IFRS 14 - *Regulatory Deferral Accounts*

On January 30, 2014, the IASB published IFRS 14 - *Regulatory Deferral Accounts*, which allows only those adopting IFRS for the first time to continue to recognize the amounts relating to assets subject to regulated tariffs ("*Rate Regulation Activities*") according to the previous accounting standards adopted.

As the Company is not a *first-time adopter*, this standard is not applicable.

3. NET SALES

In 2021, net sales were 69,628 thousand euro, up (+9%) compared to the previous year.

The following table shows a breakdown of revenues by Business Unit:

(thousands of euro)

Business	2021	2020	Total difference	Total difference %	Exchange Rate effect %	Organic change %
Security & Defense	8,206	8,728	(522)	-6.0%	-1.5%	-4.5%
Healthcare Diagnostics	3,349	2,960	389	13.1%	-1.0%	14.1%
Electronic Devices	9,923	13,535	(3,612)	-26.7%	-1.4%	-25.3%
Thermal Insulated Devices	3,381	3,009	372	12.4%	-4.5%	16.8%
Lamps	2,703	3,053	(350)	-11.5%	-2.3%	-9.2%
Sintered Components for Electronic Devices & Lasers	0	0	0	n.a.	n.a.	n.a.
SMA Industrial	9,115	8,899	216	2.4%	-1.2%	3.6%
Metallurgy Division	36,677	40,184	(3,507)	-8.7%	-1.6%	-7.1%
Solutions for Vacuum Systems	16,237	11,511	4,726	41.1%	-3.4%	44.4%
Vacuum Technology Division	16,237	11,511	4,726	41.1%	-3.4%	44.4%
Nitinol for Medical Devices	0	0	0	n.a.	n.a.	n.a.
Medical Division	0	0	0	n.a.	n.a.	n.a.
Functional Dispensable Products	16,701	12,147	4,554	37.5%	-0.6%	38.1%
Specialty Chemicals Division	16,701	12,147	4,554	37.5%	-0.6%	38.1%
Advanced Coatings	13	12	1	8.3%	0.0%	8.3%
Advanced Packaging Division	13	12	1	8.3%	0.0%	8.3%
Total net sales	69,628	63,854	5,774	9.0%	-1.7%	10.8%

For comments on the turnover trends, please refer to the Report on operations.

4. COST OF SALES

The cost of sales in 2021 was 38,831 thousand euro, up 3,137 thousand euro (+8.8%) compared to 2020: the percentage on turnover is in line with the previous year (55.8% against 55.9% in 2020).

A breakdown of the cost of sales by business unit and by category is provided below, compared with the figure of the previous year.

(thousands of euro)

Business Unit	2021	2020	Total difference	Total difference %
Metallurgy	19,394	21,429	(2,035)	-9.5%
Vacuum Technology	7,162	4,798	2,364	49.3%
Medical	0	0	0	n.a.
Specialty Chemicals	11,807	8,881	2,926	32.9%
Advanced Packaging	132	144	(12)	-8.3%
Not Allocated	336	442	(106)	-24.0%
Total cost of sales	38,831	35,694	3,137	8.8%

(thousands of euro)

	2020	2019	Total difference	Total difference %
Raw materials	16,972	13,567	3,405	25.1%
Direct labour	7,537	7,618	(81)	-1.1%
Manufacturing overhead	15,892	14,928	964	6.5%
Increase (decrease) in work in progress and finished goods	(1,570)	(419)	(1,151)	274.7%
Total cost of sales	38,831	35,694	3,137	8.8%

The unallocated cost of sales is related to a project to renovate and modernise certain production departments at the Lainate plant.

5. OPERATING EXPENSES

Operating expenses amounted to 38,897 thousand euro in 2021, up (4.2%) compared to the previous year.

Total operating expenses are classified by category as follows:

(thousands of euro)

	2021	2020	Total difference	Total difference %
Research & development expenses	8,606	7,433	1,173	15.8%
Selling expenses	7,404	6,207	1,197	19.3%
General & administrative expenses	22,874	23,634	(760)	-3.2%
Write-down of trade receivables	13	52	(39)	-75.0%
Total operating expenses	38,897	37,326	1,571	4.2%

Research and development expenses amounted to 8,606 thousand euro, up by 15.8% compared to 7,433 thousand euro in 2020. In 2021, research activities resumed at full capacity after the slowdown in 2020 due to the Covid-19 emergency, receiving a further boost from the new department of the *Design House*, which focuses on the development of highly innovative products, which should be launched on the market in the next fiscal year.

Selling expenses recorded an increase of +1,197 thousand euro. This growth is due to the internal strengthening of the sales structure, aimed at supporting future development.

The growth is partially offset by lower sales commissions (down by 209 thousand euro) paid on the sales of SMA shape memory wires.

The **general and administrative expenses** decreased by 760 thousand euro. The main change concerns consultancy expenses, which decreased by 218 thousand euro compared to 2020.

A breakdown by nature of the total expenses included in the cost of sales and operating expenses, compared with the previous year, is given below:

(thousands of euro)

Total costs by nature	2021	2020	Difference
Raw materials	16,972	13,567	3,405
Personnel cost	32,882	32,005	877
Depreciation	4,167	3,926	241
Right of use depreciation	789	680	109
Amortization	175	248	(73)
Write-down of non current assets	0	4	(4)
Corporate bodies	5,124	5,209	(85)
Consultant fees and legal expenses	5,216	5,066	150
Audit fees (*)	266	279	(13)
Maintenance and repairs	2,739	2,702	37
Various materials	2,627	2,625	2
Licenses and patents (**)	746	714	32
Utilities	3,301	2,131	1,170
Travel expenses	87	136	(49)
Training	163	124	39
General services (canteen, cleaning, vigilance, etc.)	1,324	1,248	76
Commissions	376	585	(209)
Insurances	731	684	47
Telephones and faxes	58	53	5
Transports	431	449	(18)
Promotion and advertising	249	69	180
Other recovery	(316)	(313)	(3)
Other	1,191	1,248	(57)
Total costs by nature	79,298	73,439	5,859
Increase (decrease) in work in progress and finished goods	(1,570)	(419)	(1,151)
Total cost of sales and operating expenses	77,728	73,020	4,708

The expenses, net of the change in inventories, showed an overall increase against the previous year of 5,859 thousand euro.

The main changes regarded:

- the item "Raw materials and resale materials", due to higher costs related to the Specialty Chemicals business, offset by an increase in finished goods inventory;
- the item "Personnel costs", which increased mainly due to greater *severance* (equal to 626 thousand euro in 2021 compared to 126 thousand euro in 2020), as well as due to an inflationary effect;
- the item "Corporate bodies", which includes the remuneration of the members of the Board of Directors, both executive and non-executive, and the members of the Company's Board of Statutory Auditors. For the details on the amounts paid in terms of remuneration in 2021 and the comparison with the previous year, please refer to the Report on remuneration;
- the item "Utilities", which increased due both to the increase in the cost of raw materials and to greater consumption to support the increased production;
- the item "Commissions", which decreases, as lower commission expenses were paid on the sales of SMA shape memory wires for consumer applications;
- the item "Advertising costs", which increased following the resumption of fair activities after the slowdown due to the pandemic.

The breakdown by nature of extraordinary items related to the COVID-19 pandemic, included in the cost of sales and in operating expenses of 2021, is provided below, with related details and a comparison with 2020:

(thousands of euro)		2021				
Covid-19 one-offs	Direct labor	Manufacturing overhead	R&D expenses	Selling expenses	G&A expenses	Total
Personnel cost	0	0	0	0	27	27
Maintenance and repairs	0	0	0	0	142	142
Depreciation	0	0	0	0	0	0
Material and office material	0	0	0	0	7	7
Training	0	0	0	0	0	0
Consultant fees	0	0	0	0	2	2
Leasing	0	0	0	0	2	2
Canteen, cleaning, vigilance	0	0	0	0	167	167
Transport, insurance, freight-direct	0	0	0	0	0	0
Other costs	0	0	0	0	0	0
Total extraordinary cost of sales and operating expenses Covid-19	0	0	0	0	347	347

(thousands of euro)		2020				
Covid-19 one-offs	Direct labor	Manufacturing overhead	R&D expenses	Selling expenses	G&A expenses	Total
Personnel cost	(8)	(12)	(25)	(4)	68	19 (*)
Maintenance and repairs	0	0	0	0	164	164
Depreciation	0	0	0	0	2	2
Material and office material	0	0	0	0	68	68
Training	0	0	0	0	3	3
Consultant fees	0	0	0	0	135	135
Canteen, cleaning, vigilance	0	0	0	0	145	145
Transport, insurance, freight-direct	0	0	0	0	2	2
Other costs	0	0	0	0	2	2
Total extraordinary cost of sales and operating expenses Covid-19	(8)	(12)	(25)	(4)	589	540

(*) The amount is composed by:
- CIGO savings in Lainate plant, for -54 thousands of euro;
- additional personnel costs, for 73 thousands of euro.

The extraordinary expenses of 347 thousand euro refer mainly to costs for sanitisation and adaptation of access points and work spaces to ensure employee safety, as well as healthcare and prevention expenses and consulting and training costs.

6. OTHER NET INCOME (EXPENSES)

The item "Other net income (expenses)" in 2021, compared to 2020, breaks down as follows:

(thousands of euro)			
	2021	2020	Difference
Gains from assets sale - third parties	2	33	(31)
Gains from closed leasing contracts	37	0	
Intercompany royalties	1,036	862	174
Intercompany service fees	1,695	1,879	(184)
Other Income	557	505	52
Total Other Income	3,327	3,279	11
Loss from assets sale - third parties	0	(1)	1
Loss from closed leasing contracts	0	(3)	3
Other intercompany expenses	(340)	(165)	(175)
Total Other Expenses	(1,567)	(1,521)	(46)
Total Other Expenses	(1,907)	(1,690)	(217)
Total Other Net Income (Expenses)	1,420	1,589	(206)

The main components of "Other income" concern the charge-back of costs for services rendered to subsidiaries, based on contracts entered into between the Company and them, which decreased by 184 thousand euro compared to the previous year, as a result of the slowdown in activities caused by the pandemic, and royalties for the use of the Company's trademarks and patents, up by 174 thousand euro compared to 2020.

The item "Other income" as at December 31, 2021 includes income equal to 454 thousand euro due to tax credits for investments in research and development, in accordance with the provisions of Law no. 160 of December 27, 2019 (2020 Budget Law).

As at December 31, 2020 this item amounted to 259 thousand euro.

On the other hand, the item "Other expenses" mostly includes the write-down of the credit related to a potential minority equity investment in the packaging business of 1,100 thousand euro, subsequently

suspended for change of strategy and the property taxes and other taxes, other than income taxes, of 209 thousand euro. The item "Other expenses" in 2020 also included donations, amounting to 691 thousand euro, made by the Company during the year to research and hospital facilities working on the front line to overcome the Covid-19 emergency, as well as to the Italian Civil Defence.

7. DIVIDENDS AND NET FINANCIAL INCOME (EXPENSES)

The item "Dividends" breaks down as follows:

(thousands of euro)

	2021	2020	Difference
Dividends from controlled companies:			
- SAES Getters/U.S.A., Inc.	4,038	6,344	(2,306)
- SAES Getters Export Corp	5,728	3,733	1,995
- SAES Getters (Nanjing) Co., Ltd.	754	1,180	(426)
Dividends from Group companies	10,520	11,257	(737)

The breakdown of "Net financial income (expenses)" is as follows:

(thousands of euro)

Financial income	2021	2020	Difference
Bank interest income	0	0	0
Other financial income	343	332	11
Utili realizzati su IRS	0	0.00	0
Gains from derivative financial instruments evaluation at fair value	33	18	15
Gains from securities evaluation at fair value	0	357	(357)
Interest income and coupons received on securities	1,090	780	310
Total financial income	1,466	1,487	(21)
Financial expenses	2021	2020	Difference
Bank interest expense and other bank expenses	(1,929)	(1,758)	(171)
Other financial expenses	(281)	(179)	(102)
Losses from securities evaluated at fair value	(999)	0	(999)
Commissions and expenses on securities	(50)	(30)	(20)
Realized losses on derivative financial instruments	(27)	(28)	1
Oneri da valutazione a fair value degli strumenti finanziari derivati (IRS)	0	0	0
Interest on lease financial liabilities	(25)	(19)	(6)
Total financial expenses	(3,311)	(2,014)	(1,297)
Total net financial income (expenses)	(1,845)	(527)	(1,317)

The item "Other financial income" includes interest accrued on loans disbursed to Group companies, which increased by 11 thousand euro compared to the previous year.

The income from coupons amounted to 1,090 thousand euro (item "interest income and coupons received on securities"), up by 310 thousand euro compared to the previous year.

The item "Income/Losses from derivative instruments measured at fair value" (positive balance of +33 thousand euro in 2021, compared to a positive balance of +18 thousand euro in 2020) represent the effect on the income statement of the fair value measurement of the interest rate hedging contracts, including embedded, on the long-term variable rate loans held by the Company.

The increase in the item "Bank interest and other bank expenses" (-171 thousand euro compared to 2020) is mainly due to the charges incurred following the early repayment completed on December 30, 2021 of the medium/long-term loan taken out by the Company with Mediobanca – Banca di Credito Finanziario S.p.A. on April 17, 2019 worth 92.7 million euro to Mediobanca (-325 thousand euro) partly offset by the lack of

upfront fees (-195 thousand euro) paid in 2020 connected to the new revolving credit lines taken out by the Company during the previous year.

The item "Other financial charges" (-102 thousand euro compared to 2020) mainly includes the interest accrued on loans disbursed by Group companies, which increased compared to the previous year due to the greater indebtedness towards them.

The item "Gains from securities at fair value" (a negative balance of -999 thousand euro in 2021 compared to a positive balance of +357 thousand in 2020) comprises losses resulting from the measurement at fair value of the securities subscribed to by the Company at the beginning of 2019 to invest part of the cash resulting from the extraordinary sale of the purification business completed in mid-2018.

The item "Commissions and other securities costs" includes the management fees of the securities portfolio.

Interest expenses on leases amounted to 25 thousand euro in 2021, compared to 19 thousand euro in the previous year, and were a consequence of the application of IFRS 16. The increase is mainly related to the new leased offices in Milan starting from the end of last year.

8. FOREIGN EXCHANGE GAINS (LOSSES), NET

This item breaks down as follows:

(thousands of euro)

	2021	2020	Difference
Realized exchange gains	433	386	47
Realized exchange gains on forwards	17	0	17
Non realized exchange gains	20	33	(13)
Realized exchange losses	(536)	(657)	121
Realized exchange rate losses on forwards	(138)	0	(138)
Non realized exchange losses	(20)	(97)	77
Gains (Losses) from fair value valuation of derivative financial instruments	9	0	9
Total	(215)	(335)	120

In 2020, realised exchange rate gains of 433 thousand euro were offset by realised exchange rate losses of 536 thousand euro. The net impact of realised exchange rate differences was negative due to a gradual weakening of the US dollar during the year, which had a negative effect on the translation of foreign currency receipts.

9. WRITE-DOWNS OF INVESTMENTS IN SUBSIDIARIES AND FINANCIAL RECEIVABLES

In 2021, the investment in SAES Coated Films S.p.A. was written down by 8,705 thousand euro following impairment testing. As regards SAES Getters Korea Corporation, a further amount was allocated to the provision for risks of 375 thousand euro to cover future losses.

In 2020, the equity investments in Memry GmbH in liquidation were written down for 105 thousand euro, equal to the difference between the value of the equity investment and the corresponding portion of shareholders' equity as at December 31, 2020, and in SAES Getters Korea Corporation for 184 thousand euro, following impairment testing. For SAES Getters Korea Corporation, an amount was allocated to the provision for risks of 154 thousand euro to cover future losses.

The following table shows the write-downs of investment in 2020, compared with the previous year:

(thousands of euro)

	2021				2020			
	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total	Investment Write-down	Accrual at Loss Coverage Reserve	Loss Coverage Reserve Utilization	Total
Memry GmbH in liquidazione	0	0	0	0	105	0	0	105
SAES Getters Korea Corporation	0	375	0	375	184	154	0	337
SAES Coated Films S.p.A.	8,705	0	0	8,705	0	0	0	0
SAES Nitinol S.r.l.	0	0	0	0	0	0	(770)	(770)
Totale	8,705	375	0	9,080	288	154	(770)	(328)

The financial receivables written down in 2021 and the comparison with the previous year are illustrated below:

(thousands of euro)

	2021	2020
	Financial receivables write-down	Financial receivables write-down
Other third parties	4	(26)
Totale	4	(26)

This item includes write-downs of financial assets (in particular, cash and cash equivalents) in application of IFRS 9. The expected losses were calculated in accordance with 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. The increase in expected losses of 4 thousand euro is due to the increased cash held by the Company at the end of the 2021 financial year, compared to the previous year (5 million euro as at December 31, 2021 compared to 2.8 million euro as at December 31, 2020).

10. INCOME TAXES

As the consolidating entity, the Company joined the national tax consolidation scheme set forth in Articles 117 et seq. of the T.U.I.R. [Consolidated Law on Income Tax] with its subsidiaries E.T.C. S.r.l. in liquidation (now SAES Innovative Packaging S.r.l.), SAES Nitinol S.r.l. and SAES Coated Films S.p.A., effective from January 1, 2015 for the three-year period 2015-2017, and automatically renewed for a further three years. Therefore, it consolidated its taxable income with those of its subsidiaries.

Income taxes breaks down as follows:

(thousands of euro)

	2021	2020	Difference
Current taxes:			
- Italian Income Tax (Ires / Irap)	(199)	(300)	101
- Withholding Tax on Dividends	(535)	(591)	56
Total current taxes	(734)	(891)	157
Deferred taxes	(253)	741	(994)
Total deferred taxes	(253)	741	(994)
Total Taxes	(987)	(150)	(837)

Negative values: costs

Positive values: income

Current taxes for the year show a negative balance (cost) of 734 thousand euro, which is mainly represented:

- for a negative 191 thousand euro, by IRAP for the financial year;
- for a negative 28 thousand euro, by income taxes for the previous financial year owed to the Japanese tax authorities by the Japan Technical Service branch;
- for a negative 535 thousand euro, by the non-recoverable portion (95%) as a tax credit of withholding taxes applied abroad on dividends received;
- for a positive 24 thousand euro, by the IRES related to the tax loss that is included in the taxable income of the tax consolidation.

The item "Deferred taxes" shows a negative balance (cost) of 253 thousand euro, represented by the recognition of deferred tax on the temporary differences between the income before taxes and the taxable income for the year. The difference, equal to a negative 994 thousand euro, compared to the balance of the previous year, equal to 741 thousand euro, is mainly due to the fact that the balance of the previous year was positively influenced by the release of deferred taxes recognised on the differences between tax values and civil values of the assets following the realignment of these values, carried out in 2020 pursuant to Article 110, paragraph 8 of Law Decree 104/2020.

The following table shows the percentage represented by taxes of taxable income, analysing the variance with respect to the theoretical rate:

(thousands of euro)

	2021		2020	
Income before Tax	(7,304)		2,402	
Theoretical tax rate and tax charges	1,753	24.00%	(576)	24.00%
<i>Difference between theoretical and effective current taxes</i>				
Effect of lower tax rate on dividends	1,863		1,976	
Tax effect from other permanent differences	(2,465)		(86)	
Unrecognition (recognition) of deferred tax assets on fiscal losses	(1,916)		(1,479)	
Unrecognition (recognition) of deferred tax assets on temporary differences	253		(338)	
Effect of realignment of tax value of IAS assets	0		(49)	
Non deductible foreign withholdings	0		(4)	
CFC	0		0	
Taxes on GBH income	(3)			
IRAP Effect	(191)		0	
Income statement current taxes - fiscal year	(706)	-9.67%	(557)	23.17%
Income statement deferred taxes - fiscal year	(253)		741	
Total income tax (current / deferred) - fiscal year	(959)	-13.13%	184	-7.68%
Income statement current taxes - prior years	(28)		(334)	
Income statement deferred taxes - prior years	0		0	
Total income taxes	(987)	-13.51%	(150)	6.23%

Note that, following the law amendments made by Italian Legislative Decree no. 142 of November 29, 2018 to the reference standard on "Controlled Foreign Companies" (known as the "CFC" regime, Article 167, paragraph 5, of the T.U.I.R. [Consolidated Law on Income Tax]), on December 9, 2020, the Company filed a request for a ruling pursuant to Article 11, paragraph 1, letter b) of Italian Law No. 212 of July 27, 2000, in order to obtain the opinion of the Italian tax authorities on the non-application of the aforementioned regulations to the US subsidiary SAES Getters Export, Corp.

On April 1, 2021, the Company received a request from the Revenue Agency for additional documentation in relation to the aforementioned request for a ruling. Pending the production of additional documentation, on July 5, 2021 the Inland Revenue Agency published the draft circular regarding the CFC regulations, as

amended by Legislative Decree no. 142/2018, which stated that "the positive response provided in response to requests for ruling submitted pursuant Article 8-ter, under the same circumstances, continues to be valid".

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

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

On December 27, 2021, the Revenue Agency published the final version of the circular (circular 18/2021) which establishes the validity of favourable rulings pursuant to paragraph 8-ter ("the positive response, provided in response to requests for a ruling submitted in accordance with Article 8-ter, under the same circumstances, continues to be valid for the purposes of the new legislation").

In light of the above, taking into consideration:

- i. the favourable response obtained in 2012 pursuant to paragraph 8-ter to the request for ruling for the non-application of the CFC regime;
- ii. and that the Group's operating structure in the United States and, in particular, the operation of the ICD Regime has never been changed over the years, with the exception of the sale of SAES Pure Gas to third parties, which in any case has not changed the operation and function of ICD in the context of the Group's US business,

it can be considered that the favourable ruling obtained by the Company in 2012 is still to be considered valid for the purposes of the non-application of the CFC regulations for ICD.

NON-CURRENT ASSETS

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of depreciation, amounted to 38,361 thousand euro as at December 31, 2021. Compared to December 31, 2020, they increased by 2,836 thousand euro.

The changes that occurred are shown below:

(thousands of euro)

	Land	Building	Plant and machinery	Assets under construction and advance	Total
December 31, 2019	1,478	16,619	13,629	2,713	34,439
Additions	0	544	2,894	1,591	5,029
Disposals	(11)	0	(5)	0	(15)
Reclassifications	0	205	1,107	(1,312)	0
Revaluations	0	(1,067)	(2,860)	0	(3,926)
Write-downs	0	0	(1)	(0)	(1)
December 31, 2020	1,467	16,301	14,764	2,992	35,525
Additions	0	734	4,003	2,265	7,002
Disposals	0	0	(0)	0	(0)
Reclassifications	0	58	2,471	(2,529)	0
Revaluations	0	(1,111)	(3,054)	0	(4,166)
Write-downs	0	0	0	(0)	(0)
December 31, 2021	1,467	15,982	18,184	2,728	38,361
December 31, 2020					
Historical cost	1,467	36,583	104,093	3,029	145,172
Accumulated depreciation	0	(20,282)	(89,328)	(37)	(109,647)
Net book value	1,467	16,301	14,764	2,992	35,525
December 31, 2021					
Historical cost	1,467	37,375	110,567	2,765	152,174
Accumulated depreciation	0	(21,393)	(92,383)	(37)	(113,813)
Net book value	1,467	15,982	18,185	2,728	38,361

It should be noted that, as at December 31, 2021, land and buildings were not burdened by mortgages or other guarantees.

During 2021, investments in property, plant and equipment amounted to 7,002 thousand euro, up by 1,973 thousand euro compared to 2020.

At the Lainate plant, investments were made relating to the completion of the new pilot lacquering line for advanced *Packaging* (+1,737 thousand euro), the purchase of equipment for the R&D laboratories (+500 thousand euro) and the renovation and modernization of the offices of the Lainate headquarters (+1,130 thousand euro), as well as the purchase of tools dedicated to the *Electronic Devices* business (new *tool* for *sputtering* machine, +240 thousand euro) and to the purchase of machinery to increase the production capacity of the *Metallurgy* division (PaGe aligner-exhibitor, +248 thousand euro).

At the Avezzano plant, investments were made to upgrade some *Electronic Devices* (+240 thousand euro), *Specialty Chemicals* (+150 thousand euro) and *Vacuum System* (+410 thousand euro) production lines and for the *equipment* connected to the production processes and laboratories (+1,940 thousand euro).

The item "assets under construction and advances" mainly consists of advances and work in progress relating to the renovation and modernization of the Lainate and Avezzano offices (+786 thousand euro), the construction of an emulsification plant (+364 thousand euro) and the setting up of a specific department, both within the *Chemicals* Division. There are also investments in progress relating to technological systems for the upgrading of the furnace line and for the purchase of laboratory equipment and instruments (+509 thousand euro).

During 2021, completely depreciated capital goods were disposed of, in the course of the normal cycle of replacement of machinery and instrumentation no longer usable in the production process. It should be remembered that, in 2020, disposals referring to the land asset class concerned the sale of an unused area in the industrial centre of Avezzano.

Depreciation for the year amounted to a total of 4,166 thousand euro, in line with the previous year (3,926 thousand euro).

All the property, plant and equipment described in this paragraph is owned by the Company. Please refer to Note no. 13 for more details on leased assets as at December 31, 2021; the corresponding right of use was recognised as an asset in application of IFRS 16 – *Leases*.

No financial expenses were capitalised on property, plant and equipment.

No write-downs were made in 2021.

Statement of equity of assets pursuant to Italian Law no. 72/1983, Article 10 et seq. Revaluation Laws (Italian Law 413/1991 and Italian Law 342/2000)

Note that, with regard to the assets to which specific Monetary Revaluation Laws used to apply, the Company decided to exercise the exemption granted by IFRS 1 “First-time application of International Accounting Standards”, regarding the selective adoption of the fair value on the date of transition to International Accounting Standards. Therefore, these assets are measured on the basis of the revalued cost (deemed cost), represented by the amount adjusted at the time by virtue of the revaluations made.

The net carrying amount of the revaluations made, net of depreciation, amounted on the transition date, January 1, 2004 to 460 thousand euro and 146 thousand euro categorised respectively as “Land and buildings” and “Plant and machinery”.

(thousands of euro)

Revaluation laws	Land and buildings		Plant & machinery		Industrial and commercial		Other assets		Net total value
	Historical cost	Net book value Dec 31, 2021	Historical cost	Net book value Dec 31, 2021	Historical cost	Net book value Dec 31, 2021	Historical cost	Net book value Dec 31, 2021	
Law n. 576, Dec 2, 1975	0	0	178	0	0	0	0	0	0
Law n. 72, Mar 19, 1983	207	0	611	0	0	0	19	0	0
Law n. 413, Dec 30, 1991	540	173	0	0	0	0	0	0	173
Law n. 342, Nov 22, 2000	0	0	850	0	0	0	0	0	0

12. INTANGIBLE ASSETS

Intangible assets, net of amortisation, amounted to 163 thousand euro as at December 31, 2021, down by 95 thousand euro compared to December 31, 2020.

The changes that occurred are shown below:

(thousands of euro)

	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2019	0	41	360	0	7	408
Additions	0	13	90	0	(5)	98
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	0	(32)	(216)	0	0	(248)
Write-downs	0	0	0	0	0	0
December 31, 2020	0	21	235	0	2	258
Additions	0	52	1	0	28	81
Disposals	0	0	0	0	(1)	(1)
Reclassifications	0	2	0	0	(2)	0
Revaluations	0	(17)	(158)	0	0	(175)
Write-downs	0	0	0	0	0	0
December 31, 2021	0	58	78	0	27	163
December 31, 2020						
Historical cost	183	2,158	6,044	10	2	8,396
Accumulated depreciation	(183)	(2,136)	(5,809)	(10)	0	(8,138)
Net book value	0	21	235	0	2	258
December 31, 2021						
Historical cost	183	2,211	6,045	10	27	8,476
Accumulated depreciation	(183)	(2,153)	(5,967)	(10)	0	(8,313)
Net book value	0	59	78	0	27	163

In 2021, intangible assets increased by 81 thousand euro (98 thousand euro in 2020) and mainly refer to the purchase of software licenses for new IT projects.

Amortisation for the period, equal to 175 thousand euro, decreased by 73 thousand euro compared to the previous period (248 thousand euro). This reduction is mainly attributable to the fact that some Licenses with a significant historical cost completed their amortization process in the first half of 2021.

No financial expenses were capitalised on intangible assets.

No write-downs were made in 2021.

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

13. RIGHT OF USE

Right-of-use assets, resulting from lease, rental or use of third-party asset contracts, were recognised separately and, at January 1, 2021, amounted to 2,885 thousand euro.

(thousands of euro)

Right of use	Land and buildings	Plant and machinery	Vehicles	Total
January 1, 2020	293	110	546	948
New leases agreements subscribed in the period	2,008	385	372	2,765
Early termination of leases agreements	(105)	(16)	(27)	(148)
Reclassification	0	0	0	0
Depreciation	(259)	(136)	(286)	(681)
December 31, 2020	1,937	342	606	2,885
Nuovi contratti di leasing accesi nel periodo	151	184	267	601
Estinzione anticipata di contratti di leasing	0	0	(16)	(16)
Riclassificazioni	0	0	0	0
Ammortamenti	(384)	(115)	(289)	(788)
December 31, 2021	1,704	410	568	2,682
December 31, 2020				
Historical cost	2,311	576	1,023	3,910
Accumulated depreciation	(374)	(234)	(417)	(1,025)
Net book value	1,937	342	606	2,885
December 31, 2021				
Historical cost	2,462	697	1,103	4,262
Accumulated depreciation	(758)	(287)	(535)	(1,580)
Net book value	1,704	410	568	2,682

It should be noted that the increase in value of 151 thousand euro recorded in the "Buildings" category mainly refers to the right of use recognized following the renewal of the operating lease (until September 30, 2023) concerning the use of an office real estate unit located in Tokyo for the activities of the Company's Japanese permanent establishment. It should also be noted that, although of an insignificant amount, the increase also takes into account the value of the right of use recognized following the renewal (until September 8, 2022) of the lease contract for the Company's permanent establishment in Taiwan.

The category "Plants and machinery" is almost exclusively related to the contracts signed by the Company for the use of third-party computer equipment (servers, memories, network components and printers). There was an increase in the right of use of 184 thousand euro deriving mainly from the signing of a contract for the rental of a server and the related storage for the Avezzano plant.

Similarly, the "Motor vehicles" category, which refers to long-term rental contracts for the Company's fleet of cars, was characterised by an increase in the right of use of 267 thousand euro. The increase is due to the signing of new contracts, mainly to replace expired ones.

Moreover, the item "early termination of leases" in the table is characterised by the effect deriving from the early termination of certain car rental contracts of 16 thousand euro.

Depreciations for the period amounted to 788 thousand euro, up by 108 thousand euro compared to December 31, 2020 due to the recognition of the right of use of contracts entered into during the year.

14. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

On the reporting date, equity investments amounted to 138,544 thousand euro.

The value of the equity investments, recognised in the financial statements as at December 31, 2021, is shown in the following table:

(thousands of euro)

Investments in subsidiaries	Balance at December 31, 2020	Additions	Write-down	Disposals	Other movements	Balance at December 31, 2021
Direct controlled companies:						
SAES Getters International Luxembourg S.A.	42,721	0	0	0	0	42,721
SAES Getters (Nanjing) Co., Ltd.	6,904	0	0	0	0	6,904
SAES Getters Export Corp.	2	0	0	0	0	2
Memry GmbH in liquidazione	335	0	0	(3,100)	2,765	0
SAES Coated Films S.p.A.	17,486	0	(8,705)	0	0	8,781
SAES Innovative Packaging S.r.l.	889	0	0	0	0	889
SAES Nitinol S.r.l.	30	0	0	0	0	30
SAES Getters/U.S.A., Inc.	28,059	0	0	0	0	28,059
SAES Investments S.A.	30,000	0	0	0	0	30,000
Strumenti Scientifici Cinel S.r.l.	0	19,247	0	0	0	19,247
Indirect controlled companies:						
SAES Getters Korea Corporation	0	0	0	0	0	0
Total controlled companies	126,426	19,247	(8,705)	(3,100)	2,765	136,633
Joint ventures:						
SAES Rial Vacuum Srl	1,614	0	0	0	0	1,614
Totale Joint ventures	1,614	0	0	0	0	1,614
Investments in other companies						
EUREKA! Fund (*)	191	305	(95)	(103)	0	298
Total other companies	191	305	(95)	(103)	0	298
Total related companies	0	0	0	0	0	0
Total	128,230	19,552	(8,800)	(3,203)	2,765	138,544

(*) It should be noted that the -103 thousand euro in the column "Disposal" refer to the valuation at the fair value of the investments

Equity investments were measured at cost, adjusted if necessary, in case of impairment.

It should be noted that the value of the long-term equity investments recorded in the financial statements (138,544 thousand euro) includes the value of the minority shareholding in other companies, not held for trading purposes and, in compliance with the provisions of IFRS 9, valued at fair value, with recognition of changes in other comprehensive income, without reversal to the income statement; this relates to the equity investment in the EUREKA! venture capital fund. Fund I - Technology Transfer, established and managed by the asset management company, recognised for a value of 298 thousand euro and deriving from the signing of an agreement with the company EUREKA! Venture SGR S.p.A. on the basis of which the Company, starting from the 2020 financial year, has undertaken to invest in the aforementioned venture capital fund.

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

With regard to the capital contributions made by the Company over the course of the 2021 financial year, please refer to the Report on operations, in the paragraph "Significant events in 2021".

With reference to the equity investment in *Memry GmbH in liquidation*, it should be noted that the book value in the financial statements was zeroed as a result of the completion of the liquidation process, which began at the end of 2017 and ended on July 22, 2021 with the cancellation of the company from the Register of Companies.

As already mentioned in the Report on Operations under paragraph "Significant events in 2021", on July 7, 2021, SAES Getters S.p.A. finalised the closing for the acquisition of 100% of the capital stock of Strumenti

Scientifici Cinel S.r.l. (CINEL), an established international player in the sector of components and scientific instruments for synchrotrons and particles accelerators, based in the province of Padua. The price was 19,247 thousand euro and coincides with the book value of the equity investment in the company. The payment was made in a single tranche and in cash, already in the Company's available funds. This consideration was set by calculating the *equity value*, adding the enterprise value (equal to 8 times the EBITDA obtained as the arithmetic average of the EBITDA resulting from the financial statements approved for the years 2019 and 2020), the net financial position (NFP) estimated 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. The differences between these estimated values of NFP and NWC and the actual values at closing, equal to a total of 300 thousand euro, constituted an element of price adjustment in favour of the sellers.

The spaces used to date by CINEL, already sold to another company, were leased through the signing of a specific six-year contract. Furthermore, agreements were subscribed with the previous owners to allow them to continue to work with SAES as consultants, in order to guarantee business continuity in the transition phase.

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

Pursuant to Article 2427, point 5 of the Italian Civil Code, the following information is provided:

Name	Location	Currency	Share Capital	Shareholders' Equity		Fiscal Year Net Income		% Shares	Historical cost	Difference	
				Total	Pro - quota	Total	Pro - quota				
				(A)				(B)			(B) - (A)
SAES Getters/U.S.A., Inc.	Colorado Springs , CO	U.S.\$.	33,000,000	39,929,184	39,929,184	6,929,185	6,929,185				
	(USA)	Thousands of euro	29,137	35,254	35,254	5,859	5,859	100	28,059	(7,196)	
SAES Getters International	Lussemburgo	Euro	34,791,813	49,955,843	49,955,843	13,499,411	13,499,411				
Luxembourg S.A.		Thousands of euro	34,792	49,956	49,956	13,499	13,499	100	42,721	(7,235)	
SAES Investments S.A.	Lussemburgo	Euro	30,000,000	35,179,621	35,179,621	2,361,354	2,361,354				
		Thousands of euro	30,000	35,180	35,180	2,361	2,361	100	30,000	(5,180)	
SAES Getters Korea Corporation	Seul	Thousands of won	524,895,000	202,377	75,851	(287,840)	(107,882)				
	(Corea del Sud)	Thousands of euro	390	150	56	(213)	(80)	37	0	(56)	
SAES Getters Nanjing Co. Ltd	Nanchino	Renmimbi	69,121,618	103,100,790	103,100,790	2,492,111	2,492,111				
	(Rep.Pop.Cinese)	Thousands of euro	9,607	14,330	14,330	327	327	100	6,904	(7,426)	
SAES Getters Export Corp.	Delaware, DE	U.S.\$.	2,500	207,201	207,201	3,237,802	3,237,802				
	(USA)	Thousands of euro	2	183	183	2,738	2,738	100	2	(181)	
SAES Innovative Packaging S.r.l.	Lainate (MI)	Euro	75,000	2,727,749	2,727,749	(27,841)	(27,841)				
		Thousands of euro	75	2,728	2,728	(28)	(28)	100	889	(1,839)	
SAES Nitinol S.r.l.	Lainate (MI)	Euro	10,000	424,680	424,680	226,280	226,280				
		Thousands of euro	10	425	425	226	226	100	30	(395)	
SAES Coated Films SpA	Roncello (MB)	Euro	50,000	3,000,929	3,000,929	(2,359,186)	(2,359,186)				
		Thousands of euro	50	3,001	3,001	(2,359)	(2,359)	100	8,781	5,780	
Strumenti Scientifici Cinel S.r.l. *	Vigonza (PD)	Euro	78,000	2,722,108	2,722,108	(182,088)	(182,088)				
		Thousands of euro	78	2,722	2,722	(182)	(182)	100	19,247	16,525	
SAES Rial Vacuum S.r.l.	Parma (PR)	Euro	200,000	1,978,466	969,448	408,250	200,043				
		Thousands of euro	200	1,978	969	408	200	49	1,614	644	
Totale				145.907	144.804	22.637	22.561		138.247	(6.557)	

(*) Economic values referring to the period between the date of acquisition of Strumenti Scientifici Cinel S.r.l. and December 31, 2021

	Esercizio 2021																			
Name	Balance at beginning of year						Changes during fiscal year								Balance at year-end					
	Historical cost	Revaluations	Write-down	Investment re-establishment	Equity value method adjustments	Balance at December, 31 2020	Acquisitions/ Subscriptions/ Contributions	Merge	Disposals	Disposals	Revaluations	Write-down	Investment re-establishment	Equity value method adjustments	Historical cost	Revaluations	Write-down	Investment re-establishment	Equity value method adjustments	Balance at December, 31 2021
Imprese controllate																				
SAES Getters USA, Inc.	(52)	52	0	0	0	0	0	0	0	0	0	0	0	0	(52)	52	0	0	0	0
SAES Getters International Luxembourg S.A.	42,721	0	0	0	0	42,721	0	0	0	0	0	0	0	0	42,721	0	0	0	0	42,721
SAES Getters Korea Corporation	184	0	184	0	0	0	0	0	0	0	0	0	0	0	184	0	184	0	0	0
SAES Getters Nanjing Co. Ltd	11,797	0	4,893	0	0	6,904	0	0	0	0	0	0	0	0	11,797	0	4,893	0	0	6,904
SAES Getters Export Corp.	2	0	0	0	0	2	0	0	0	0	0	0	0	0	2	0	0	0	0	2
Menry GmbH in liquidazione	4,495	0	4,160	0	0	335	0	0	4,495	0	0	(4,160)	0	0	0	0	0	0	0	0
Saes Coated Films SpA	18,765	0	1,735	456	0	17,486	0	0	0	0	0	8,705	0	0	18,765	0	10,440	456	0	8,781
SAES Innovative Packaging S.r.l.	6,541	0	6,052	400	0	889	0	0	0	0	0	0	0	0	6,541	0	6,052	400	0	889
SAES Nitinol S.r.l.	1,408	0	1,418	40	0	30	0	0	0	0	0	0	0	0	1,408	0	1,418	40	0	30
SAES Getters/U.S.A. Inc.	28,059	0	0	0	0	28,059	0	0	0	0	0	0	0	0	28,059	0	0	0	0	28,059
SAES Investments S.A.	30,000	0	0	0	0	30,000	0	0	0	0	0	0	0	0	30,000	0	0	0	0	30,000
Strumenti Scientifici Cinel S.r.l.	0	0	0	0	0	0	19,247	0	0	0	0	0	0	0	19,247	0	0	0	0	19,247
Imprese a controllo congiunto:																				
SAES Rial Vacuum Srl	1,614	0	0	0	0	1,614	0	0	0	0	0	0	0	0	1,614	0	0	0	0	1,614
Altre imprese																				
EUREKA! Fund (*)	191	0	0	0	0	191	305	0	0	103	0	95	0	0	393	0	95	0	0	298
Total	145,724	52	18,441	896	0	128,230	19,552	0	4,495	103	0	4,640	0	0	160,678	52	23,081	896	0	138,544

(*) It should be noted that the -103 thousand euro in the column "Disposal" refer to the valuation at the fair value of the investments

In accordance with the provisions of international accounting standard IAS 36, an impairment test was conducted in order to establish if the equity investments had been recognised in the financial statements as at December 31, 2021 at a lower value than their recoverable amount. This test was conducted on the basis of the most recent plans drawn up by top management for the period 2022-2024 and approved by the Company's Board of Directors on January 20, 2022.

Again in accordance with IAS 36, the Company carries out the test for impairment of investments recorded in the financial statements on an annual basis, or more frequently if specific events or circumstances occur that may lead to the presumption of impairment.

With regard to the above, in assessing whether there is an indication that the equity investments in question may have suffered an impairment loss, indications from information sources external and internal to the Company have been considered. More specifically, potential indicators of impairment have been identified in the presence of negative results of the investee company and an excess of the carrying amount of the equity investment over the corresponding portion of shareholders' equity.

Instead, in accordance with IAS 36 - "*Impairment of assets*", the recoverable amount of the equity investments that showed a higher carrying value than the relative share of shareholders' equity, was measured, in particular those held in SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Getters Korea Corporation.

It should be noted that, with respect to the equity investment held in SAES Rial Vacuum S.r.l., the Company announced in October 2021 an agreement to acquire the remaining 51% of the share capital of the joint venture. The proposed consideration is in the region of €5,25 million, as approved by the Board of Directors on October 14, 2021. No specific impairment test was therefore carried out, having considered as recoverable value the fair value of the stake held, equal to 49%, deduced on the basis of this extraordinary transaction under negotiation.

With regard to the equity investments in SAES Coated Films S.p.A. and in Strumenti Scientifici Cinel S.r.l., the recoverable value was determined by identifying the equity value through the cash flows estimated by the management in line with the assumptions of the five-year plan approved by the Board of Directors of the Companies on March 2, 2022, consistent with the assumptions of the medium-term forecasts prepared by the Management and a terminal value. In the model for discounting future cash flows, a terminal value

was taken into account to reflect the residual value that the companies are expected to generate beyond the five-year period covered by the plans. This value was estimated by prudentially assuming a growth rate (*g-rate*) of zero and a time horizon of 10 years estimated after the explicit period covered by the plan (a time horizon consistent with that used for the corresponding CGUs).

The same assumptions reflect the best estimates made by management as regards the company's operations, production profiles, market context and changes in the regulatory and legislative framework. The terminal value was estimated by prudentially assuming a growth rate of zero (*g-rate*), and a time horizon deemed representative of the estimated duration specific to the various businesses.

The cash flow forecasts are more specifically based on the following key variables:

- developments in the macroeconomic variables;
- estimate of future sales volumes by business area / product family / customer;
- price and profit margin trends;
- cost of sales (including the cost of materials) by product family;
- production costs, operating expenses and investments plan;
- discounting rates estimated by Management.

The expected growth in sales is based on management forecasts, whilst the profit margins and operating expenses for the various businesses were estimated on the basis of time series, adjusted according to expected results and on the basis of expected market price changes. The value of investments and working capital were determined according to different factors, such as the forecast levels of future growth and the product development plan. These assumptions were influenced by future expectations and market conditions.

With regard to SAES Coated Films, the resulting cash flows, calculated net of tax, are then discounted at a rate that represents the weighted average cost of the capital invested in the company being assessed (*Weighted Average Cost of Capital, WACC*), corresponding to 8.7%, also calculated net of tax, in accordance to the assessments made at the level of the consolidated financial statements of the SAES Group

In defining the *WACC*, the sector Beta was increased by 50% (from 1 to 1,5) in consideration of market uncertainties and the consequent predictive difficulty of a sector characterized by innovative contents, albeit with a favourable revenue trend, linked to both to the strategic repositioning of SAES Coated Films S.p.A. (from *coated films manufacturer* to *packaging solution provider*), and to the increasing adoption of ecological *packaging* solutions.

The outcome of the analysis carried out revealed the need to carry out a write-down of 8,705 thousand euros. Moreover, by carrying out a sensitivity analysis, increasing the *WACC* by up to 2 percentage points above the Group's reference value, the write-down of SAES Coated Films S.p.A. would have been 2,940 thousand euros higher (from 8,705 thousand euro to 11,645 thousand euro).

With regard to Strumenti Scientifici Cinel S.r.l., the resulting cash flows, calculated net of taxation, were then discounted at a rate representing the Weighted Average Cost of Capital (*WACC*) of 6.2%, also calculated net of the tax component and in line with that used for the CGU of reference with regard to the valuations made at the level of the consolidated financial statements of the SAES Group.

The outcome of the checks carried out confirmed the book value. The sensitivity analysis carried out by increasing the *WACC* by up to 2 percentage points above the reference value for the Group shows a negative value of 2,279 thousand euro.

Regarding SAES Getters Korea Corporation, whose equity investment was completely written off in 2020, a prudential test of future cash flows was carried out. The negative outcome of the test showed the need to supplement the allowance for risks to cover future losses by an additional 375 thousand euro. For the purposes of the impairment test, once again the value in use was determined using the free operating cash

flow method, based on the three-year plan for 2022-2024 approved by the Company's Board of Directors on February 15, 2022 and using a WACC of 6.2%, aligned with that used by the Group for the Security & Defense business, the Company's core business. The terminal value to reflect the residual value the company is expected to generate beyond the three-year period covered by the plans was estimated conservatively assuming a growth rate (g-rate) of zero and a time horizon of an estimated 10 years after the three-year period covered by the plan (a time horizon consistent with that used for the Security & Defense business).

The estimation of the recoverable amount required judgement and the use of estimates by management. The Company cannot therefore guarantee that no impairment losses will arise in the future. In fact, a number of different factors, also related to changes in the market and in demand, could require the value of the assets in future periods to be recalculated. The circumstances and the events that could cause a further assessment of the existence of impairment will be constantly monitored by the Company. In particular, with regard to the current conflict between Russia and Ukraine, it should be noted that the plans used for the purposes of the impairment test do not include any direct or indirect effects caused by the worsening of the geopolitical crisis, as these derive from events occurring after the end of the financial year. At present, however, it is not yet possible to make any assessment of the economic impact of the conflict, due to the unpredictable dynamics of its development and the complex interdependencies with world economies. The potential effects of this phenomenon on the Group's estimates of future cash flows cannot be determined at the moment and will be constantly monitored in the coming months, including with a view to identifying any impairments of the Group's assets.

Note that the item "Equity investments in other companies" includes, for a value of 298 thousand euro, the investment made by the Company in the venture capital fund EUREKA!.

Please note that the investment in the fund totals 3 million euro, has a duration of 10 years (coinciding with the duration of the Fund), and provides for a financial outlay by the Company in the form of drawdown transactions, based on investment opportunities that gradually arise and provide for the related calls for capital subscriptions from the SGR (draw-down operations).

The following table shows the changes in the value of the equity investment in 2021.

(thousands of euro)

Investments in other companies	December 31, 2020	Capital injections	Fair value evaluation	Other variations	December 31, 2021
EUREKA! Fund	191	305	(95)	(103)	298
Total	191	305	(95)	(103)	298

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

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

Furthermore, please note that on May 31, 2021, the third closing by the EUREKA! fund was completed, on the basis of which new investors were formally admitted, with a total contribution to the investment of approximately 11.3 million euro. SAES' investment was, therefore, diluted from 7.51% to 5.85% and the

Company obtained a reimbursement for both the costs and the investments of the Fund, equal to around 50 thousand euro.

On July 27, 2021, the Company proceeded to make a payment of 50 thousand euro, including both the portion of commissions and management fees, and the portion of an investment made by the fund in Aquaseek S.r.l., a newly established spin-off company of the Politecnico of Turin, which intends to develop and market an innovative system (*AWG, Atmospheric Water Generator*) for the collection and conversion of environmental humidity, in order to make it available in liquid and drinkable form, useful in environments of water scarcity or usable in parallel with other resources.

On September 16, 2021, a further payment of 70 thousand euros was made following a new investment by the fund in two innovative start-ups: the company Caracol S.r.l., which operates in the field of *additive manufacturing* robotic technologies, and the company Eye4NIR S.r.l., which works for the development of an innovative class of image sensors, with the aim of simultaneously detecting visible and infrared wavelength.

On October 29, 2021 the EUREKA! fund completed the fourth closing, with a total capital injection from new investors of approximately 6.1 million euro. The equity investment of SAES Getters S.p.A. was diluted from 5.85% to 5.23% and the Company obtained a reimbursement for both the fund's costs and the investments, equal to approximately 27 thousand euro.

On December 10, 2021, the EUREKA! fund then completed the fifth closing, with a contribution to the investment of approximately 5.1 million euro. Following this transaction, the Company's investment was diluted from 5.23% to 4.81% and the same obtained a reimbursement of 26 thousand euro.

Finally, on December 17, 2021, a further payment of 83 thousand euro was made, including both the portion of management fees and commissions, and the second tranche of the investment in Wise S.r.l., as well as the investment in three *proof-of-concept (POC)* transactions that will be carried out through the new company EUREKA! TT S.r.l., 100% owned by the EUREKA! fund and established with the aim of financing University and Research Centres projects.

The fair value valuation of the equity investment in the EUREKA! fund was negative and equal to -95 thousand euro (including the portion attributable to the Company in management fees and other expenses incurred by the fund during the 2021 financial year), recognized in other comprehensive income.

15. SECURITIES IN THE PORTFOLIO

The item "Securities in the portfolio" as at December 31, 2021 amounted to 30,242 thousand euro, which compares with a value of 31,241 thousand euro as at December 31 of the previous year (down by 999 thousand euro).

These securities refer to investments in cash (made back in 2019) of 30,000 thousand euro in *Credit Linked Certificates (CLC)*, due to mature at five years and representing financial instruments linked to the performance of underlying bonds and debt securities issued by leading Italian banks.

Please note that these financial assets, measured at fair value, were classified as non-current assets in 2020, as they represent a guarantee on the medium/long-term loan obtained by the Company to fund the purchase of ordinary shares as part of the voluntary partial public tender offer launched in 2019. As better specified in the "Financial payables" section, this loan was fully repaid at the end of the 2021 financial year; for this reason, since they are no longer used as collateral, the securities in the portfolio were reclassified under current assets.

Please note that in 2021 the Company replaced an investment in a *Credit Link Certificate*, with a nominal value of 7,500 thousand euro, with the aim of protecting the value of the invested capital and increasing the coupon yield.

With regard to the fair value measurement of the securities portfolio as at December 31, 2021, it should be noted 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).

The performance of *Credit Linked Certificates* in 2021 was affected by the high volatility of the global financial markets which occurred in the second half of the year with particular reference to the expectations of a rise in interest rates.

It should be noted that the fair value of the Company's securities portfolio, consisting primarily of *buy & hold* assets, decreased in February 2022 by around 5.1% compared to the value as at December 31, 2021.

16. DEFERRED TAX ASSETS

As at December 31, 2021, this item showed a positive balance of 2,384 thousand euro, against 2,637 thousand euro as at December 31, 2020 and refers to the net balance of deferred taxes relating to temporary differences between the value attributed to the assets and liabilities according to statutory criteria and the value attributed to the same for tax purposes. In light of the evidence resulting from the long-term plans drawn up by management, the Company prudentially decided not to reinstate the deferred tax assets written down in 2017.

The breakdown of deferred tax assets and liabilities recorded in the statement of financial position as at December 31, 2021 and as at December 31, 2020 respectively, according to the nature of the differences that generated the deferred taxes:

(thousands of euro)

	December 31, 2021		December 31, 2020	
	Temporary tax adjustments	Tax Impact	Temporary tax adjustments	Tax Impact
<u>Deferred tax liabilities:</u>				
- Capital gains from disposals	0	0	0	0
- Termination indemnity adjustment as for L	(574)	(138)	(471)	(113)
- Assets revaluation (fair value)	0	0	0	0
<u>Deferred tax assets:</u>				
- Non Operating Losses (NOLs)	0	0	0	0
- Depreciation / Amortization	955	229	823	198
- Assets write-downs	316	76	329	79
- Stock obsolescence	1,566	376	1,286	309
- IAS 19 adjustments effect	847	203	(284)	(68)
- Fiscally deductible costs	5,175	1,243	8,112	1,947
- Provision accruals	109	26	380	90
- Fair value phantom shares	1,530	367	770	184
- Other	10	2	54	12
Total deferred tax effects		2,384		2,637

17. OTHER LONG-TERM ASSETS

The item "Other long-term assets" amounted to 1,483 thousand euro at December 31, 2021. In addition to the security deposits paid by the Company as part of its operational management (59 thousand euro), this item includes the convertible loan, including interest, for the value of 1,424 thousand euro granted to the German company Rapitag GmbH, to a *start-up* based in Munich.

Description	Currency	Principal (thousand of euro)	Timing of capital reimbursement (#)	Interest rate	Value as at December 31, 2021 (*) (thousand of euro)	Value as at December 31, 2020 (thousand of euro)
Convertible note granted 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	1,424	0
		subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand of euro in total				
Total					1,424	0
Other financial receivables from third parties provision					0	0
Total net of write-downs					1,424	0

(*) Interest included.

(**) Relevant events include Rapitag's controlled administration, liquidation, change of control of more than 50% and renunciation by one of the Founding Shareholders.

(#) Extensible deadline by agreement between the parties

Please note that this loan agreement envisages that the resources provided by Company are to be used by Rapitag GmbH for the prototyping of products for *mobile check-out* based on *IoT (Internet of Things)* solutions to be carried out through the joint venture Actuator Solutions GmbH as exclusive contractor. 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. Also according to the agreement, Rapitag will only use SMA shape memory alloy wires supplied by SAES.

Regulated by an agreement signed on July 2, 2021, the loan was granted by the Company in two tranches, the first of which, amounting to 800 thousand euro, transferred upon signature of the agreement, to finance the company's operations; the second (totalling 740 thousand euro), payable in five successive calls for an amount of 148 thousand euro each, corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH.

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 Getters S.p.A. 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 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.

It should be noted that as at December 31, 2021 four of the five calls envisaged had been paid, for a total of 592 thousand euro and that interest had accrued for 32 thousand euro. The *cash-out* of the latest call took place at the beginning of January 2022.

Finally, it should be noted that the receivable, equal to 1,100 thousand euro and corresponding to the advance paid in the previous year for a potential minority equity investment in the packaging business, subsequently suspended due to a change in strategy, was cancelled in 2021, due to its difficult recoverability.

CURRENT ASSETS

18. INVENTORY

Closing inventories as at December 31, 2021 amounted to 10,654 thousand euro, recording an increase of 1,772 thousand euro compared to the previous year, essentially due to the increase in stocks of semi-finished and finished products, including goods in transit for 615 thousand euro, to support business growth in the consumer electronics sector (*Specialty Chemicals Division*).

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Raw materials, auxiliary materials and spare parts	3,011	2,948	63
Work in progress and semi-finished goods	3,266	2,731	535
Finished products and goods	4,377	3,203	1,175
Total	10,654	8,882	1,772

The values of inventory are shown net of the provision for obsolete inventory to adjust them to their estimated realisable value based on market trends.

Changes in the provision for obsolete inventory is provided below:

(thousands of euro)

	December 31, 2020	Accrual	Release into Income Statement	Utilization	December 31, 2021
Raw materials, auxiliary materials and spare parts	956	93	0	(70)	979
Work in progress and semi-finished goods	237	41	0	(5)	273
Finished products and goods	93	238	0	(17)	314
Total	1,286	372	0	(92)	1,566

The "provision" column, which recorded an increase of 372 thousand euro, includes the write-down of 212 thousand euro of finished products relating to applications for the *Specialty Chemicals* business.

On the other hand, with a value of 92 thousand euro, the "usage" column represents the value of material scrapped or sold, written down in previous years.

Also as a result of the global economic and financial crisis caused by the COVID-19 pandemic, as it is always done at the end of each financial year, management considered it appropriate to carry out more detailed analyses with particular attention to potential impairment of inventories of raw materials, semi-finished and finished products that can no longer be sold due to issues with the solvency of end customers. This testing did not show a need to include dedicated and additional adjustments to the net value of inventory due to the pandemic.

19. TRADE RECEIVABLES

Trade receivables as at December 31, 2021 amounted to 13,292 thousand euro, marking an increase of 2,992 thousand euro compared to the previous year.

The following table shows a breakdown and changes of this item:

(thousands of euro)

	Gross value Dec 31, 2021	Bad debts provision Dec 31, 2021	Net value Dec 31, 2021	Net value Dec 31, 2020	Difference
Trade Receivables vs Customers	9,755	(211)	9,544	6,778	2,766
Trade Receivables vs Subsidiaries	3,551	0	3,551	2,906	645
Trade Receivables vs Joint Ventures	197	0	197	616	(419)
Total trade receivables	13,503	(211)	13,292	10,300	2,992

Trade receivables, all of which due within 12 months, originate from normal sales transactions.

Trade receivables are not interest-bearing and generally are due after 60-90 days.

The analysis conducted on trade receivables to ascertain the correspondence between their carrying amount and their realisable value, confirmed a problem regarding a customer based in Germany, already identified in 2020. With regard to this, please note that during the 2020 financial year the Company had written down some receivables due between June 2019 and June 2020 from this German customer, for a

total value of 7 thousand euro. The portion of the provision relating to this write-down is still in place as at December 31, 2021.

It should be remembered that in 2020 the company had written down items relating to another German customer, declared insolvent. The write-down amounted to 41 thousand euro and 3 thousand euro was recovered following the inclusion as a creditor, with consequent release of the related provision of the same amount

It should also be noted that in application of IFRS 9, the Company, as in the previous year, made an estimate of losses on receivables based on the *Expected Credit Losses* model. Using the simplified approach which envisages an estimate of the expected loss for the whole life of the receivable at the time of initial recognition and of subsequent measurements, the Company calculated the average expected uncollectability of trade receivables, based on historic and geographical indicators for all outstanding receivables, also considering receivables characterised by specific elements of risk, which underwent a specific assessment. This generic write-down recognised as at December 31, 2021 was equal to 6 thousand euro. As at December 31, 2020, the same calculation had led to an allocation to the bad debt provision of 4 thousand euro. The increase in the current year (+2 thousand euro) is exclusively attributable to the aforementioned increase in trade receivables as at December 31, 2021, compared to December 31, 2020, with the same risk of default associated with the countries of origin of the credit.

Changes in the bad debt provision are provided below:

(thousands of euro)

	2021	2020
Opening balance	(208)	(160)
Accrual	(6)	(52)
Utilization	0	5
Release	3	0
Reversal of unused amounts	0	0
Closing balance	(211)	(208)

A breakdown of the figures as at December 31, 2021 by geographical area is shown below:

(thousands of euro)

	Italy	UE & Other Europe	Northern America	Japan	Other Asia	Other	Total Net Value
Trade Receivables vs Customers	235	4,014	424	516	3,975	380	9,544
Trade Receivables vs Subsidiaries	693	4	2,346	0	508	0	3,551
Trade Receivables vs Joint Ventures	71	41	85	0	0	0	197
Total Receivable	999	4,059	2,855	516	4,483	380	13,292

The following table provides a breakdown of the trade receivables, by those not yet due and past due as at December 31, 2021 compared with the previous year:

(thousands of euro)

Ageing	Total	Not yet due	Due not written down				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2020	13,292	9,802	2,746	473	167	81	23
December 31, 2021	10,300	8,101	1,056	864	233	10	36

Receivables past due more than 30 days and not written down, since they are considered recoverable, represent an insignificant percentage (6%) if compared to the total trade receivables, and are constantly monitored.

As a result of the COVID-19 pandemic, management considered it appropriate to carry out additional tests for potential impairment of trade receivables considered not recoverable due to solvency difficulties of the end customers.

In particular, in addition to updating the *Expected Loss* calculation (see previous comments), an in-depth analysis was conducted of individual positions past due by more than 90 days to assess the probability of their collection by the Company.

This analysis, further supported by the fact that the *DSO (Days of Sales Outstanding)* at December 31, 2021 (69 days) is in line with the value as at December 31, 2020 (59 days), shows no need for an additional write-down.

Management considers the forecasts generated to be reasonable and sustainable, though current circumstances are a cause of uncertainty.

20. DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at December 31, 2021, the item "Derivative financial instruments measured at fair value" equal to 8.8 thousand euro, it represents the fair value of the forward sale contracts on the dollar entered into by the Company in order to hedge the economic result for the year 2022 from the fluctuation of the euro-dollar exchange rate. These contracts, which extend throughout 2022, were signed on November 29, 2021 for a total notional value of 9 million US dollars with an average forward exchange rate of 1.1369 against the euro and hedge approximately 80% of the Company's estimated net dollar flows for the year 2022. It should also be noted that on March 9, 2021 the Company had entered into forward sale contracts on the dollar for a notional value of 6.7 million US dollars, with an average forward exchange rate of 1.1957, hedging approximately 65% of net dollar flows expected for the period April-December 2021. All these contracts had expired by December 31, 2021.

The table below shows the summary, and the fair value, of the forward sale contracts on the dollar as at December 31, 2021. It should be noted that no forward contract was signed during the previous year and, therefore, was still in place as at December 31, 2020.

Currency	December 31, 2021		December 31, 2020	
	Notional (currency)	Fair value (thousand of euro)	Notional (currency)	Fair value (thousand of euro)
thousand of EUR	0	0	0	0
thousand of JPY	0	0	0	0
thousand of USD	9,000	9	0	0
	Total	9	Total	0

The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:

- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the valuation date;
- the implied volatility curve of the options market price.

Please note that, as at December 31, 2020, the item "Derivate financial instruments measured at fair value" under the Company's balance sheet liabilities represented the fair value of agreements signed by the Company with a view to fixing the interest rate on long-term bank loans, as well as the fair value of the implicit derivatives included in said loan agreements.

In December 2021, the two *Interest Rate Swap (IRS)* contracts in place at the end of the previous year to hedge the Company's margins from fluctuations in interest rates, were extinguished in advance of their natural maturity, following the early repayment of the bank loans to which the *IRSs* were linked, as better described in Note n °27

Finally, please note that, with regard to the early repayment of the loan signed in 2019 with Mediobanca, the Company paid the lender, as a penalty, a sum equal to 325 thousand euro, corresponding to the negative

mark-to-market value of the *IRS* derivative stipulated by the lender to hedge the risk of interest rate fluctuations on a fixed rate loan. No liability¹⁸ was recognised at the end of the previous year in relation to this embedded derivative and, therefore, the cost of the penalty was booked in the income statement for 2021.

The embedded derivative included in the loan agreement with Banco BPM, on the other hand, matured naturally on December 31, 2021.

No new *IRS* contracts were signed during the 2021 financial year.

For comparative purposes, the following table shows the summary of the *Interest Rate Swap* contracts and the related fair value, compared with December 31, 2020:

Description	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value December 31, 2021 (thousands of euro)	Fair value December 31, 2020 (thousands of euro)
<i>Interest Rate Floor</i> on Banco BPM loan (Derivative embedded in the loan agreement)	December 22, 2016	EUR	5,000 (*)	December 31, 2021	If three month Euribor <0, the financing variable rate is equal to the spread	Quarterly	0	(4)
<i>Interest Rate Swap (IRS)</i> on Unicredit S.p.A. loan	April 7, 2017	EUR	10,000 (*)	March 31, 2022	Fixed rate paid: 0.0% Variable rate received: three month Euribor (**)	Quarterly	0	(10)
<i>Interest Rate Swap (IRS)</i> on Intesa Sanpaolo S.p.A. loan	April 19, 2017	EUR	5,000	December 21, 2022	Fixed rate paid: 0.16% Variable rate received: six month Euribor	Half-yearly	0	(18)
Totale							0	(32)

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.

(**) In case of a negative three months Euribor, the contract provides for a floor equal to -1.00%.

The fair valuation as at December 31, 2020, conducted by an independent third party, was made at market rates, in a *risk neutral* context and by using rate models that reflect the best practices usually adopted.

To determine the fair value, the input information used was:

- the *Interest Rate Swap* rate curve by maturity;
- the cumulative default probabilities extracted from Standard & Poor's;
- interest rate volatility surfaces extracted from Bloomberg.

The pricing was adjusted, in accordance with IFRS 13, by means of a *Credit Value Adjustment* (CVA, namely the adjustment relating to the risk of default of the counterparty) and a *Debt Value Adjustment* (DVA, namely the cost of protecting against the risk of default of the Company by the counterparty), calculated using the "Provision Model" method. In particular, to determine the counterparty risk component in the fair value, the rating opinion issued by Moody's rating agency on the issuing credit entity for the calculation of the CVA. To determine the DVA, given the objective impossibility of assigning a rating opinion for the SAES Group, the lowest rating opinion of those identified for credit entities was prudentially applied.

21. FINANCIAL RECEIVABLES RELATED PARTIES

The financial receivables classified under current assets refer mainly to cash pooling receivables and to loans to subsidiaries, amounting to 51,260 thousand euro as at December 31, 2021, down by 91,258 thousand euro compared to the 2020 financial year.

This decrease is mainly due to the partial repayment (93,150 thousand euro) of the interest-bearing loan granted to SAES Investments S.A. at the end of 2021 and to the collection of the interest for 2020, equal to 286 thousand euro, partially offset by an overall increase of 390 thousand euro in the value of the loan itself which took place over the year 2021 and the related interest accrued in 2021, amounting to 286 thousand euro.

¹⁸ There was no asset or liability recognised as at December 31, 2020 for that embedded derivative, since no conditions that would make the contract certain or payable had arisen.

Please note that the loan, which aimed at the purchase of *credit linked certificates* (with a contract signed on November 12, 2018), was originally for a total value of 160 million euro. During 2019 it was partially repaid by SAES Investments S.A. for 30 million euro and increased by 10 million euro (due to the reduction in the capital of SAES Investments S.A.); in 2020 it was increased by 940 thousand euro (in order to support the company's cash needs for payables to group companies and for the payment of taxes and tax payables), and for interest of 286 thousand euro.

Please note that the financial receivables from related parties also include a new interest-bearing term loan, granted by the Company to the subsidiary SAES Coated Films S.p.A. with a contract signed on February 8, 2021. It provides for a maximum capital of 5 million euro, payable upon request by the subsidiary in several transactions and repayable by the latter in various instalments, throughout the duration of the contract. The interest rate on the loan, applied to the daily balance and fixed at the beginning of each calendar quarter, is equal to the algebraic sum of the three-month EURIBOR rate (on a 360-day basis) measured at the beginning of each quarter and increased by 1.40% (Margin). In the event that this algebraic sum of EURIBOR and Margin results in a value less than zero, the rate applied will be zero.

The contract expires on December 31, 2021, with the possibility of automatic extension from year to year; as at December 31, 2021, the deadline was extended to December 31, 2022.

The contract provides that the accrued interest is debited at the end of each financial year and that other accounting items deriving from the settlement of reciprocal credit and debit positions can be credited and debited to the principal amount of the loan.

Under the aforementioned contract, during the year, the Company disbursed to SAES Coated Films S.p.A. a total amount of 2,173 thousand euro, of which 1,670 thousand euro through payment of liquidity, 71 thousand euro due to the settlement of items deriving from the national tax consolidation, 423 thousand euro for waiver of receivables (net of payables) overdue as at December 31, 2021 and 9 thousand euro corresponding to the interest accrued during the year.

Note that the item "financial receivables from related parties" recorded among non-current assets for 49 thousand euro includes the amount of an interest-bearing loan granted by the Company in favour of the joint venture SAES RIAL Vacuum S.r.l.

The portion whose payment by the joint venture is expected within one year is classified under current assets (1 thousand euro, equal to the interest accrued and not yet collected as at December 31, 2021), while the remaining portion, as mentioned above, was classified under non-current assets (49 thousand euro, equal to the principal).

The table below shows the breakdown and changes in financial receivables from related parties compared to the previous year:

(thousands of euro)

	Cash pooling interest	Loan	Loan interests	Cash pooling balance	Other	December 31, 2021	Cash pooling interest	Loan	Loan interests	Cash pooling balance	Other	December 31, 2020	Difference
SAES Getters International Luxembourg S.A.	0	0	0	0	0	0	29	0	0	0	0	29	(29)
SAES Getters/U.S.A., Inc.	10	0	0	273	0	283	15	0	0	910	0	925	(642)
SAES Investments S.A.	0	48,516	285	0	0	48,801	0	141,276	287	0	0	141,563	(92,762)
SAES Rial Vacuum Srl	0	0	1	0	0	1	0	0	1	0	0	1	(0)
SAES Coated Films S.p.A.	0	2,165	9	0	0	2,174	0	0	0	0	0	0	2,174
SAES Innovative Packaging S.r.l.	0	0	0	0	1	1	0	0	0	0	0	0	1
Total classified in current assets	10	50,681	295	273	1	51,260	44	141,276	288	910	0	142,518	(91,258)
SAES Coated Films S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0	0
SAES Rial Vacuum Srl	0	49	0	0	0	49	0	49	0	0	0	49	0
Total classified in non-current assets	0	49	0	0	0	49	0	49	0	0	0	49	0

22. TAX CONSOLIDATION RECEIVABLES

The item "Tax consolidation receivables", amounting to 30 thousand euro, includes the IRES tax credit for the year which relates to the tax consolidation with SAES Getters S.p.A. as consolidating entity, before the debt of the Company towards the subsidiaries SAES Coated Films S.p.A., of 6.5 thousand euro, and SAES Innovative Packaging S.r.l., of 81 euro.

23. PREPAID EXPENSES, ACCRUED INCOME AND OTHER RECEIVABLES

This item includes current non-trade receivables from third parties, along with prepaid expenses and accrued income. The breakdown of the item is shown in the following table:

(thousands of euro)

Prepaid expenses, accrued income and other	December 31, 2021	December 31, 2020	Variazione
VAT receivables	568	794	(226)
Income tax and other tax receivables	1,672	1,242	430
Social security receivables	2	32	(30)
Other	63	107	(44)
Total other receivables	2,305	2,175	130
Prepaid expenses	1,174	969	205
Total prepaid expenses, accrued income and other	3,479	3,144	335

The item "VAT receivables" mainly consists, for 468 thousand euro, of VAT originated in 2021 as a result of the excess VAT receivable from the tax authorities compared to the VAT payable to the tax authorities. It should be noted that almost all of the VAT credit resulting from the 2021 annual VAT return referring to the 2020 tax period, for a value of 771 thousand euro, was offset with taxes of a different nature in the first half of the 2022 financial year. It was therefore not necessary to submit an application for VAT refund.

The item "Other tax receivables" includes tax receivables for advance payments on income taxes (52 thousand euro), receivables from the Italian tax authorities for withholding taxes recoverable on dividends (274 thousand euro), royalties (606 thousand euro) and bank interest income (45 thousand euro), receivables from the Japanese tax authorities for tax advances of the Japan Technical Services branch (10 thousand euro) and tax credit from the Italian tax authorities (685 thousand euro) recognised in 2020 and 2021 as a grant for operating expenses of investments in research, technological innovation and development under Italian Law no. 160 of December 27, 2019, Article 1, paragraphs 198 to 209, which will be mostly used during the 2022 financial year, as required by law.

The item "Receivables from social security institutions" mainly refers to receivables from INAIL, in particular relating to the position of the Avezzano local unit.

Note that the item "Others", amounting to 63 thousand euro, mainly consists of a receivable for public grants related to a European research project for 57 thousand euro.

Income from public grants recognised in the income statement amounted to a total of 7 thousand euro (43 thousand euro in 2020). The item "Prepaid expenses" amounting to 1,174 thousand euro, up compared to the previous year, includes the portion of costs deferred to one or more subsequent years and is represented by patent maintenance expenses of 489 thousand euro, insurance expenses of 132 thousand euro and expenses for IT programs and services for most of the remaining amount.

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

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

Law no. 124 of August 4, 2017 – Article 1, paragraphs 125-129 – "Fulfilment of transparency and disclosure obligations" introduced, for financial statements starting from 2018, a series of disclosure and transparency obligations by parties that have financial relationships with the Public Administration. In view of the most recent guidelines, it is believed that the following do not fall under the obligations for publication:

- general measures that can be used by all companies that fall under the general structure of the applicable system defined by the State (e.g., ACE);
- selective economic benefits, received in application of an aid regime, accessible to all companies that meet certain conditions, on the basis of general pre-determined criteria (e.g., contributions for research and development products and tax incentives);

- public resources that can be related to public parties of other states (European or non-European) and European institutions;
 - contributions for training received by interprofessional funds since they are funds for association purposes and for entities governed by private law, funded with contributions paid by the companies themselves.
- In accordance with the above, the analysis made showed that the Company, in 2021, similarly to the previous financial year, did not receive public grants that would fall under the application of law no. 124/2017 (Article 1, paragraphs 125-129) as amended.

24. FINANCIAL RECEIVABLES FROM OTHER INVESTEEES

Please note that as at December 31, 2021 the Company has no financial receivables from other investee companies.

It should be remembered that the value recorded in this item in 2020 represented the receivable from the EUREKA! fund, deriving from the recognition of a reimbursement referring both to the costs and to the investments of the EUREKA! venture capital fund. *Fund I – Technology Transfer*, obtained following the dilution of the Company's shareholding due to the admission of new investors to the Fund, when the second closing was completed by the Fund itself. This receivable was collected in January 2021.

25. CASH AND CASH EQUIVALENTS AND NET FINANCIAL POSITION

The following table shows the breakdown of the cash and cash equivalents held by the Company as at December 31, 2021, mainly denominated in euro:

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Bank accounts	5,089	2,776	2,313
Petty cash	2	3	(1)
Total	5,091	2,779	2,312

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

Note that the item "Bank accounts" is shown net of the write-down, amounting to -6 thousand euro, determined in application of IFRS 9, which is compared with a write-down of -2 thousand euro in the previous year. The increase in expected losses of 4 thousand euro is due to the increased cash held by the Company at the end of the 2021 financial year, compared to the previous year (5 million euro as at December 31, 2021 compared to 2.8 million euro as at December 31, 2020). Also note that the expected losses were calculated in accordance with a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of each bank's rating.

The increase in cash and cash equivalents is due to the operating and dividend collections made at the end of the current year.

For a detailed analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash flow statement (Note no. 36).

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

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Cash on hands	2	3	(1)
Cash equivalents	5,089	2,776	2,312
Cash and cash equivalents	5,091	2,779	2,311
Other current financial assets	0	11	(11)
Related parties current financial assets*	51,260	142,518	(91,258)
Securities - short term	30,242	0	30,242
Derivative instruments evaluated at fair value	9	0	9
Current financial assets	81,511	142,529	(61,019)
Bank overdraft	(62,032)	(32,513)	(29,520)
Current portion of long term debt	0	(5,120)	5,120
Derivative instruments evaluated at fair value	0	(33)	33
Other current financial liabilities *	(20,417)	(6,941)	(13,476)
Other financial debt	(4)	(2)	(2)
Current financial liabilities for leases	(723)	(705)	(18)
Current financial liabilities	(83,176)	(45,314)	(37,865)
Current net financial position	3,426	99,994	(96,569)
Related parties non current financial assets **	49	49	0
Securities - long term	0	31,241	(31,241)
Other current financial assets, non current	1,424	0	1,424
Non current financial assets	1,473	31,290	(29,817)
Long term debt, net of current portion	0	(95,232)	95,232
Non current financial liabilities for leases	(2,107)	(2,336)	229
Non current financial liabilities	(2,107)	(97,568)	95,461
Non current net financial position	(634)	(66,278)	65,644
Net financial position	2,791	33,716	(30,925)

* It includes current liabilities and receivables versus controlled and related companies

** It includes non current financial receivables from controlled and related companies

For the trend of the net financial position, please refer to the Report on operations.

26. GROUP SHAREHOLDERS' EQUITY

The Company's shareholders' equity as at December 31, 2021 amounted to 184,413 thousand euro and recorded a decrease compared to December 31, 2020 of 15,827 thousand euro. The decrease is mainly attributable to the result for 2021, negative for 8,292 thousand euro, (which compares with a profit in 2020, equal to 2,252 thousand euro) and to the distribution of dividends in 2021 for a total of 7,440 thousand euro, using in part the "Other reserves and retained earnings".

The following also should be noted:

- negative actuarial differences on defined benefit plans recognised as equity in other comprehensive income and losses, equal to -1 thousand euro;
- the negative change (-95 thousand euro) in the fair value of equity investments in other companies ¹⁹(in particular, investment in the EUREKA! venture capital fund, for details please refer to Note no. 14).

With regard to the changes in shareholders' equity that took place during the year, please refer to the appropriate financial statement.

Capital stock

¹⁹ In compliance with IFRS 9, minority interests not held for trading purposes are measured at fair value, with recognition of the changes in other comprehensive income, without transfer to the income statement.

As at December 31, 2021 the capital stock, fully subscribed and paid up, amounted to 12,220 thousand euro and consisted of 14,671,350 ordinary shares, of which 3,900 thousand for shares in the portfolio and 7,378,619 savings shares, for a total of 22,049,969 shares.

The ordinary and savings shares are listed on the segment of the Mercato Telematico Azionario known as "STAR" (Securities with High Requirements), dedicated to small and medium caps that meet specific requirements with regard to reporting transparency, liquidity and *Corporate Governance*.

Capital reserves

a) *Share Issue Premium Reserve*

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Company. As at December 31, 2021, it amounted to 25,724 thousand euro and remained unchanged compared to December 31, 2020.

b) *Treasury Shares Reserve*

The item amounted to -93,382 thousand euro as at December 31, 2021, unchanged compared to December 31, 2020 and refers to the ordinary shares acquired by the Company as part of the voluntary partial public tender offer authorised by the Ordinary Shareholders' Meeting on March 18, 2019 following the proposal by the Board of Directors of February 14, 2019. In particular, on May 31, 2019, the Company acquired 3,900,000 ordinary shares at a price of 23 euro per share. These treasury shares represent a medium and long-term investment in the Company, which can also be used as a collateral for loans, for any extraordinary transactions and/or to develop alliances in line with the strategic guidelines of the Company and of the Group. Until these opportunities for use arise, the Company intends to retain the treasury shares purchased in the portfolio.

The table below shows the breakdown of the capital stock and the reconciliation between the number of shares in issue and the treasury stock as at December 31, 2021 (both unchanged compared to December 31, 2020).

	December 31, 2021
Ordinary outstanding shares	10,771,350
Savings outstanding shares	7,378,619
Treasury shares	3,900,000
Total shares	22,049,969

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

	December 31, 2021
Number 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 euro, to which the additional charges of 3.7 million euro have to be added.

As provided by the international accounting standards, the overall cost (of 93.4 million euro) to acquire the treasury stock, including the additional charges, reduced the equity by the same amount.

c) *Merger surplus reserve (principal)*

This item includes the share of 11 thousand euro that can be allocated to the capital reserve for the surplus resulting from the merger by incorporation of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. in 2016.

Legal reserve

This item refers to the Company's legal reserve of 2,444 thousand euro as at December 31, 2021 and it was unchanged compared to December 31, 2020, since the reserve had reached its legal limit.

Reserve for untaxed earnings

This item, totalling 5,721 thousand euro, is mostly comprised by positive monetary revaluation balances resulting from the application of Law no. 72 of March 19, 1983 (1,039 thousand euro) and Law no. 342 of November 21, 2000 (1,576 thousand euro) as well as by the positive balance, net of substitute tax of 48 thousand euro, corresponding to the realignment of the tax values to the statutory reporting values of certain property, plant and equipment pursuant to Article 110, paragraph 8 of Italian Law Decree No. 104/2020 (1,573 thousand euro). Pursuant to Law no. 342/2000, the revaluation reserve has been stated net of the related substitute tax of 370 thousand euro. See the following table for further details.

Other reserves and retained earnings

This item includes reserves of profits, net of the Legal reserve and the Reserve for untaxed earnings, and totals 147,980 thousand euro, broken down as follows:

- **retained earnings**, equal to 242,031 thousand euro;
- **reserve for the application of IAS 19**, amounting to -1,294 thousand euro;
- **reserve for transition to IAS** available in the amount of 1,655 thousand euro; note that the net reserve for transition to IAS amounts to 1,634 thousand euro and is available in the amount of 1,655 thousand euro. The available amount is higher than the total net reserve, which amounts to 1,634 thousand euro, in that the unavailable reserve for transition to IAS is negative, -21 thousand euro, following the transfer of the realignment amount to the reserve for untaxed earnings;
- **reserve for treasury stock**, amounting to -93,382 thousand euro;
- **reserve for capital gains on the sale of treasury stock**, amounting to -589 thousand euro;
- **reserve from transactions with Group companies**, representing the difference between appraisal value and carrying amount of assets transferred to the Company by the subsidiary SAES Getters/USA Inc., amounting to -420 thousand euro, recorded as a reduction of shareholders' equity in accordance with OPI1 principle issued by the Italian Association of Auditors.

As indicated in the Report on corporate governance and ownership structure enclosed to these financial statements, 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 26 of the By-laws, savings shares are entitled to a preferred dividend equal to 25% of their implied book value; if in one financial year a dividend of less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining profit that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

Reserves subject to taxation in the event of distribution

(thousands of euro)

	Amount *
Revaluation Reserve - Law n. 72, March 19, 1983	1,039
Revaluation Reserve - Law n. 342, November 21, 2000	1,576
Reserve ex Law n. 126, October 13, 2020	1,573
Other Reserves	138
Reserve ex Law n. 576, 1975 - re-classified into Capital Stock	419
Reserve ex Law n. 72, 1983 - re-classified into Capital Stock	976
Total	5,721

* included in tax base for both Company and shareholders

Availability of the main items of Shareholders' Equity

(thousands of euro)

Description	Amount	Destination	Amount available for distribution	Summary of destinations during prior 3 years	
				Loss coverage	Other destinations
Capital Stock	12,220				
Share issue premium	25,724	a, b, c	25,724		
Merger surplus reserve (capital share)	11	a, b, c	11		
Legal reserve	2,444	b	2,444		
Reserves in suspension of tax					
Reserve ex Law n. 72, 1983	1,039	a, b, c	1,039		
Reserve ex Law n. 342, 2000	1,576	a, b, c	1,576		
Reserve ex Law 126, 2020	1,573	a, b, c	1,573		
Other reserves in suspension of tax	138	a, b, c	138		
Treasury Shares	(93,382)	a, b, c	(93,382)		
Other Reserves and Retained Earnings (*)	241,362	a, b, c	241,383		15,458
Net income (loss) for the period	(8,292)	a, b, c	(8,292)		17,760
Total Shareholders' Equity	184,413		172,214		

a: capital increase

b: loss coverage

c: distribution to shareholders

(*) including the IAS Conversion Reserve, for the part not in tax suspension, equal to 1,634 thousand euro. This Reserve is available to distributions only up to 1,655 thousand euro.

NON-CURRENT LIABILITIES

27. FINANCIAL DEBTS

At the end of December 2021 the remaining portions of all existing loans were repaid in advance by the Company and in particular:

- loan with Unicredit S.p.A., signed in April 2017, with a nominal value of 10 million euro and maturing on March 31, 2022 (principal amount repaid in advance for 500 thousand euro);
- loan with Intesa Sanpaolo, signed in December 2016, with a nominal value of 10 million euro and maturing on December 21, 2022 (principal amount repaid in advance for 2,000 thousand euro);
- loan with Mediobanca, signed in May 2019, with a nominal value of 92.7 million euro and maturing on April 17, 2024 (principal amount repaid in advance for 92,735 thousand euro).

No penalty was paid on the first two loans, while for the one signed with Mediobanca a sum of 325 thousand euro was paid to the lender.

The loan signed by the Company with Banco BPM at the end of 2016 and with a nominal value of 5 million euro, on the other hand, came to maturity, according to the original repayment plan, on December 31, 2021. At the same time, the *Interest Rate Swap* contracts on the first two loans were extinguished.

The following table shows the changes in financial debts in 2021:

(thousands of euro)

Financial debts	
December 31, 2020	100,352
Amortization of fees and interests	1,177
Repayments	(100,365)
Interest payments	(1,164)
New loans	0
December 31, 2021	0

During the year, principal portions of 100,365 thousand euro were repaid and interest accrued was paid for 1,164 thousand euro.

Please note that both the repayments of the principal amount and the interest charged to the Company's income statement (1,177 thousand euro) include the amount of 13 thousand euro deriving from the application of the "amortized cost" criterion on the valuation of financial debts.

For comparative purposes, the following tables show the composition of financial debts based on the contractual maturity date of the debt and the related details:

(thousands of euro)

Financial debts	December 31, 2021	December 31, 2020	Difference
Less than 1 year	0	5,121	(5,121)
Current portion of financial debts	0	5,121	(5,121)
Between 1 and 2 years	0	2,496	(2,496)
Between 2 and 3 years	0	0	0
Between 3 and 4 years	0	92,735	(92,735)
Between 4 and 5 years	0	0	0
Over 5 years	0	0	0
Non current financial debts	0	95,231	(95,231)
Total	0	100,352	(100,352)

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at December 31, 2021 (thousands of euro)	Value as at December 31, 2020 (thousands of euro)
SAES Getters S.p.A. <i>Unicredit loan</i>	EUR	10 (millions of euro)	quarterly with maturity date March 31, 2022	Half-yearly	Three-months Euribor plus 1% spread	0.9%	0	2,496
SAES Getters S.p.A. <i>Intesa Sanpaolo</i>	EUR	10 (millions of euro)	half-yearly (with fixed principal amounts) with maturity date December 21, 2022	Yearly	Six-months Euribor plus 1.20% spread	1.18%	0	3,991
SAES Getters S.p.A. <i>Banco BPM</i>	EUR	5 (millions of euro)	quarterly (with variable principal amounts) with maturity date December 31, 2021	n.a.	Three-months Euribor plus 1% spread	1.11%	0	1,130
SAES Getters S.p.A. <i>Mediobanca-Banca di Credito finanziario</i>	EUR	92.7 (millions of euro)	single solution at the final date (April 17, 2024)	Half-yearly	1.20%	1.20%	0	92,735

Covenants

Following the early repayment of all the loans, as at December 31, 2021 the *covenants* linked to the latter are no longer in place.

For more details on the *covenants on revolving cash credit facilities* opened with the banks Intesa Sanpaolo S.p.A. and Unicredit S.p.A., please refer to the paragraph "Due to banks".

28. FINANCIAL LIABILITIES FOR LEASES

As at December 31, 2021, the item "Financial liabilities for leases" totalling 2,830 thousand euro reflects the obligation to pay the lease payments and corresponds to the current value of future payments.

Debt with a maturity of less than one year is included under current liabilities.

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Financial liabilities for leases - current	723	705	18
Financial liabilities for leases - non current	2,107	2,336	(229)
Total Financial liabilities for leases	2,830	3,041	(211)

The decrease of 211 thousand euro compared to the end of last year is a consequence of the rent payments during the year 2021 for 820 thousand euro (of which 23 thousand euro for interest on financial liabilities), against registration of right of use for a total of 602 thousand euro, summarized as follows: new leases of the Japanese branch and of the branch based in Taiwan for 139 thousand euro and 12 thousand euro respectively and new leases relating to company cars and servers for 451 thousand euro.

It should be noted that during the year there was an early withdrawal from the long-term rental contract for a company car with a residual value of 16 thousand euro.

Please also note that the payments made in 2021, totalling 820 thousand euro, are higher than those made in 2020 (460 thousand euro) for 360 thousand euro. This difference is mainly due to the payments of the lease instalments of the office property located in Milan which took place during 2021 for a total of 250 thousand euro (it should be remembered in this regard that the lease contract was signed on June 22, 2020 and that the same provided for the payment of fees starting from 2021).

The following table shows the changes in the financial debts in 2021.

(thousand of euro)

Financial liabilities for leases	
Saldo al 31 dicembre 2020	3,041
New leasing contract	602
Early termination of leasing contracts	(16)
Interest on financial liabilities	23
Payment of financial liabilities	(797)
Interest on financial liabilities paid	(23)
Saldo al 31 dicembre 2021	2,830

The following table shows the breakdown of financial debts by contractual maturity:

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Less than 1 year	723	705	18
Financial liabilities for leasing - current	723	705	18
Between 1 and 2 years	690	540	150
Between 2 and 3 years	509	552	(43)
Between 3 and 4 years	410	418	(8)
Between 4 and 5 years	340	350	(10)
Over 5 years	158	476	(318)
Financial liabilities for leasing - non current	2,107	2,336	(229)
Financial liabilities for leasing	2,830	3,041	(211)

With reference to the lease contract for the Company's offices in Milan (of the duration of seven years from July 1, 2020, renewable for another six years), it should be noted that the renewal option for a further six years was not considered for accounting purposes because the renewal was not believed to be reasonably certain. The potential future payments not reflected in the *lease liability* were equal to 1,817 thousand euro (discounted value).

	December 31, 2021	
	Potential financial flows for leasing (not discounted)	Potential financial flows for leasing (discounted)
(thousand of euro)		
6-year extension option not included in financial liabilities	2,100	1,817

The average weighted *incremental borrowing rate (IBR)* applied to the financial liabilities recognised as at December 31, 2021 amounted to 1.38%.

29. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Please note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans in accordance with the contractual and legal obligations in place.

The changes and the breakdown of this item during the year were as follows:

(thousands of euro)

Employee severance indemnities and other employee benefits	Employee severance indemnities	Other employee benefits	Total
December 31, 2020	4,208	1,322	5,530
Accrual (release)	14	765	779
Indemnities paid	(244)	(36)	(280)
Other changes	32	(575)	(543)
December 31, 2021	4,010	1,476	5,486

The amounts recognised in the income statement may be broken down as follows:

(thousands of euro)	2021	2020	Difference
Financial expenses	16	37	(21)
Cost of current work performed	948	1,576	(628)
Released to the income statement	(185)	0	(185)
Recognized past service costs (*)	0	(153)	153
Total cost to the income statement	779	1,460	(681)

(*) Curtailment of the non-competition agreement for employees of SAES Getters S.p.A.

The decrease in the item "Cost of current work performed" is mainly due to lower provisions for the three-year monetary incentive plans of the Executive Directors, expiring at the end of 2023 and to the release of the provision for the three-year monetary incentive for a strategic executive who left during the year.

The item "Release to the income statement" refers to the long-term monetary incentive plan of an employee of the Company, whose employment was terminated prior to the expiry of the plan.

The split between the obligations under defined-contribution and defined-benefit plans and the related changes occurred during the year are shown below:

(thousands of euro)

	December 31, 2020	Financial expenses	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Released to the income statement	Other movements	Past service cost (*)	December 31, 2021
Present value of defined benefit obligations	5,530	16	948	(281)	(2)	(185)	(540)	0	5,486
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0	0	0	0
Defined benefit obligations	5,530	16	948	(281)	(2)	(185)	(540)	0	5,486
Defined contribution obligations	0	0	0	0	0	0	0	0	0
Staff leaving indemnities and similar obligations	5,530	16	948	(281)	(2)	(185)	(540)	0	5,486

(*) Curtailment of the non-competition agreement for employees of SAES Getters S.p.A.

"Actuarial profit/loss on the obligation" refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in shareholders' equity under profits carried forward.

The item "Other changes" refers to the portion of the long-term monetary incentive plans that will be paid out in the first half of 2022, the amount of which was therefore reclassified under other short-term amounts due.

The staff leaving indemnity consists of the obligation, estimated according to actuarial techniques, related to the sum to be paid to the employees of the Company when employment is terminated.

Following the entry into force of the 2007 Finance Law and relative implementing decrees, the liability associated with past years' staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid to pension funds is instead considered a defined-contribution plan and therefore it is not discounted.

The obligations under defined-benefit plans are measured annually by independent actuarial consultants according to the *projected unit credit method*, applied separately to each plan.

The main economic-financial assumptions used for the actuarial calculations of defined-benefit plans as at December 31, 2021 and December 31, 2020 respectively are provided below.

	December 31, 2021	December 31, 2020
Average duration of the employees subject to actuarial evaluation	> 10 anni	> 10 anni
Discount rate	0.8%	0.35%
Inflation rate	1.5%	1.00%
Expected annual salary increase rate (*)	3.00%	3.00%

(*) Factor not considered in the actuarial appraisal of the staff leaving indemnity of the Parent Company, company with more than 50 employees.

As regards the choice of the discounting rate, the reference index was the *Eurozone Iboxx Corporate AA*, the duration of which is consistent with the average financial duration of the collective amount under valuation as at December 31, 2021 and of the benefit under valuation.

With reference to the demographic assumptions, RG48 mortality tables, published by the State Accounting Office, and INPS disability/invalidity tables were used.

As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities were used that were consistent with previous valuations, which adopt a time horizon deemed to be representative by the company under valuation. More specifically, an average turnover rate of 2.00% was used, which was constant compared to the previous year.

With regard to staff leaving indemnity advances, we assumed a 3% average annual rate and an average amount equal to 70% of the staff leaving indemnities accumulated by the companies subject to actuarial valuation.

The item "Other employee benefits" includes the provision for long-term cash incentive plans (*Long-Term Incentive Plan - LTIP*), signed by two Executive Directors and by some employees of the Company, identified as particularly important for the achievement of the Group's medium to long term corporate objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group's objectives.

The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long-term period, 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 with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

Such plans fall into the category of defined-benefit obligations and therefore they are discounted.

It should be noted that, as at December 31, 2021, the long-term monetary incentive plans of the Company (signed by both the Executive Directors and the employees) were not discounted, as the yields of Italian government bonds with a maturity aligned with the maturity of the plans were negative (end of 2023 financial year).

The following table shows a breakdown of the actuarial differences relating to 2021.

(thousands of euro)	Staff leaving indemnities	Other defined benefit obligations Italy	Long term incentive plan	Total
<i>Actuarial differences:</i>				
Changes in financial assumptions	(30)	(21)	0	(51)
Changes in other assumptions (demographic assumptions, remuneration assumptions, etc.)	63	(14)	0	49
Other	0	3	0	3
Actuarial (gains) losses	33	(32)	0	1

With regard to defined-benefit plans, the following table shows the effect on the obligation and on the amounts recognised in the income statement in the year of an increase or decrease of half a percentage point of the discounting rate:

(thousands of euro)	Discount rate	
	+0.5%	-0.5%
Effect on the defined benefit obligation	(219)	214

On the other hand, the table below shows the effect on the payable for three-year cash incentive plans of employees of an increase of half a percentage point of the discounting rate.

Effect on the payable for long term cash incentive plans (+0.5%)	(4)
<i>of which LTIP employees</i>	(1)
<i>of which LTIP Directors</i>	(3)

The following table shows the number of employees by category:

Company's employees	December 31, 2021	December 31, 2020	Average 2021	Average 2020
Managers	47	44	46	44
Employees and middle management	200	193	198	190
Workers	185	179	186	187
Total	432	416	430	422

This figure does not include the personnel working for the Company with contract types other than employment agreements equal to 17 units (23 units as at December 31, 2020).

30. PROVISIONS FOR RISKS AND CHARGES

"Provisions for risks and charges" amounted to 4,041 thousand euro as at December 31, 2021, up by 750 thousand euro compared to December 31, 2020.

The following table shows the breakdown of and the changes in these provisions:

(thousands of euro)

Provisions for risks and charges	December 31, 2020	Increase	Utilization	Reclassification	Released to the income statement	December 31, 2021
Bonus	2,076	1,830	(1,943)	0	0	1,963
Phantom shares	770	797	0	0	(38)	1,529
Other provisions	445	385	(240)	0	(41)	549
Total	3,291	3,012	(2,183)	0	(79)	4,041

"Bonus", in the "increases" column, includes the provision for the year for bonuses and related contributions to be paid to the Company's employees. The column "usage" represents the amount of the bonuses paid to employees during the year.

At the end of the 2018 financial period, SAES Getters S.p.A. adopted a bonus plan based on *phantom shares* for Executive Directors and certain key managers. The plan involved the free assignment to the beneficiaries of a certain number of *phantom shares* which, under the terms and conditions of the plan, give the right to receive a money bonus, established in relation to the increase in the stock price of the shares on the date on which certain pre-established events happen, compared to the assignment value (determined as 16,451²⁰ euro for each phantom share assigned). For example, events that could give the right to bonuses include: change of control of the Company; failure to renew the position as director at the end of the term of office; removing the position as director or a substantial change in the powers or the role, without there being just cause; resignation for just cause; dismissal for justified objective reason (only for Key Managers); reaching pension age; permanent invalidity; death; delisting. The maximum number of *phantom shares* that may be assigned is no. 1,760,562²¹. The plan aims to remunerate the beneficiaries in relation to the increased capitalisation of the company, for retention purposes and a greater alignment between performance and the Company shareholders' interests.

The first assignment took place on October 17, 2018 for a total of no. 1,467,135 *phantom shares*. The assignment value of each *phantom share* was set at €16.451.

Note that, on February 13, 2020, the Board of Directors of SAES Getters S.p.A., at the suggestion of the Remuneration and Appointment Committee, assigned 195,618 phantom shares (among those that still could be assigned) to an employee, appointed as Key Manager with effect from January 1, 2020. The assignment value was calculated at 21.14 euro.

²⁰ Equal to the average weighted amount of the official prices of the ordinary shares of the Company recorded on the Italian Stock Market organised and managed by Borsa Italiana S.p.A. on the trading days falling in the 36 (thirty-six) months preceding October 17, 2018, the date of assignment of the phantom shares.

²¹ Of which 880,281 phantom shares reserved for Executive Directors.

The liability relating to the phantom shares plan (1,529 thousand euro as at December 31, 2021, against 770 thousand euro as at December 31, 2020) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, the economic and financial assumptions used as at December 31, 2021 to estimate the fair value of the phantom shares were the following:

- risk vesting period for each beneficiary, with maximum term equal to the assumed pension date;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;
- 15% annual flat probability of occurrence was considered for the events entailing forfeiture of the right to receive the incentive (this possibility was not contemplated for the Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- 3% expected dividend rate for the entire term of the plan;
- the annual volatility of the share's yield was estimated at 5.50% on the basis of the historic volatility.

Note that the release to the income statement (-38 thousand euro) is due to the exit of an employee of the Company, with the simultaneous waiver of any incentive related to the aforementioned plan.

The item "Other provisions" increased by 385 thousand euro mainly due to the following transactions:

- allocation of a further 375 thousand euro to the provision for risks on equity investments, which takes into account the estimated cash flows expected from the indirect subsidiary SAES Getters Korea Corporation. It should be remembered that in 2020 the value of the equity investment recognized in the balance sheet had been fully written down and that, moreover, a related provision for risks on equity investments had been set up for 154 thousand euro;
- creation of a provision for risks of 10 thousand euro recorded following any potential liabilities resulting from a labour law dispute with an employee of the Company who appealed against a disciplinary measure.

The "Uses" column of the item "Other provisions" refers to the following:

- use of 59 thousand euro relating to expenses incurred by the Company in a legal case for an appeal against dismissal for just cause by an employee, which came to an end in 2021. Please note that the Company had set up a specific fund as at December 31, 2020 for 100 thousand euro;
- use of 80 thousand euro of the fund of the same amount allocated as at December 31, 2020 for costs incurred by the Company following the closure of an administrative sanction proceedings initiated by Consob in 2020 for violation of current regulations on public disclosure of inside information ("MAR") with reference to the press release regarding the agreement to sell the gas purification business, finalized in mid-year 2018. It should be noted that, despite the payment of the fine at the beginning of 2021, the Company has decided to appeal against it in court.
- use of 101 thousand euro relating to expenses incurred by the Company relating to the settlement of a labour dispute with a social security institution. It should be noted that the related provision set aside as at December 31, 2020 (101 thousand euro) was not sufficient to cover the total liabilities of 103 thousand euro. The difference of 2 thousand euro was expensed in 2021.

The item "Other provisions" also highlights the release of 41 thousand euro resulting from the closure in 2021 of the legal case for challenge of dismissal for just cause by an employee of the Company against whom a provision for risks had been set up as at December 31, 2020 for 100 thousand euro. As specified above, the related expenses amounted to 59 thousand euro; the Company then proceeded to release the unused portion of the provision equal to 41 thousand euro.

The classification of Provisions between current and non-current liabilities is provided below, compared with last year:

(thousands of euro)

Provisions for risks and charges	Current provisions	Non current provisions	December 31, 2021	Current provisions	Non current provisions	December 31, 2020
Bonus	1,963	0	1,963	2,076	0	2,076
Phantom shares	0	1529	1,529	0	770	770
Other provisions	539	10	549	435	10	445
Total	2,502	1,539	4,041	2,511	780	3,291

CURRENT LIABILITIES

31. TRADE PAYABLES

Trade payables amounted to 9,474 thousand euro as at December 31, 2021, marking an increase of 1,447 thousand euro compared to December 31, 2020. This change is mainly related to higher purchases of raw materials related to higher sales for the *Specialty Chemicals* and *Vacuum System* businesses.

There are no trade payables in the form of debt securities.

Trade payables are all due within twelve months.

All transactions with Group companies were conducted at arm's length.

A breakdown of the figures as at December 31, 2021 by geographical area is shown below:

(thousands of euro)

	Italy	UE & Other Europe	Northern America	Japan	Other Asia	Other	Total Net Value
Payables vs suppliers	6,778	422	1,729	(16)	61	0	8,974
Payables vs Group companies	3	0	362	0	79	0	444
Payables vs joint ventures	56	0		0	0	0	56
Total Payables	6,837	422	2,091	(16)	140	0	9,474

Trade payables are non-interest bearing and are usually settled at 60/90 days.

The table below shows the due dates of trade payables as at December 31, 2021:

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2021	9,474	8,569	763	36	84	0	22
December 31, 2020	8,027	7,682	216	72	15	20	22

32. FINANCIAL DEBTS TO RELATED PARTIES

As at December 31, 2021, financial debts to related parties amounted to 20,417 thousand euro, against 6,941 thousand euro in 2020 and are due to financial debts to Group companies due to the centralisation of the liquidity of subsidiaries through interest-bearing loan agreements and the centralised Group cash management system (cash pooling) at the Company's bank accounts.

The increase of 13,476 thousand euro compared to the previous year is mainly attributable to the debt position towards the subsidiary SAES Getters International Luxembourg S.A. which went from 3,415 thousand euro as at December 31, 2020 to 17,108 thousand euro as at December 31, 2021. This increase is attributable to the channelling of the positive cash flows of the subsidiary SAES Getters International Luxembourg S.A. originating from the dividends collected from the US subsidiaries transferred to the Company to contribute to operational management and reduce the use of bank debt.

It should also be noted that, having completed the liquidation process of the German subsidiary Memry GmbH in July 2021, its debt position towards the Company for 140 thousand euro was closed during the year.

33. OTHER PAYABLES

The item "Other payables" includes amounts that are not classified as trade payables, which at the end of the year amounted to 8,907 thousand euro, marking a decrease of 764 thousand euro compared to 2020, and break down as follows:

(thousands of euro)

Other payables	December 31, 2021	December 31, 2019	Difference
Payables to employees (vacation, wages, staff leaving indemnity, etc.)	3,294	2,865	429
Social security payables	1,582	1,517	65
Tax payables (excluding income taxes)	1,043	875	168
Contract liabilities	210	0	210
Other	2,778	4,414	(1,636)
Total	8,907	9,671	(764)

The item "Payables to employees" is mainly made up of the provisions for holidays accrued but not taken during the period and for the monthly salaries of December 2021. This item also includes the payable related to the three-year monetary incentive plans which expired on December 31 and, therefore, reclassified under the item "Other payables" as they can be liquidated during the first half of the following financial year (541 thousand euro as at December 31, 2021 compared to 603 thousand euro as at December 31, 2020).

The item "Social security payables" mainly includes the payables due to INPS (Italy's social-security agency) for contributions to be paid on wages and also includes the payables to the treasury fund operated by INPS and to the pension funds.

The item "Payables for withholding and other taxes (excluding income tax)" primarily consists of the payables owed by the Company to the Tax Authorities for withholding taxes on the wages of employees and consultants.

The item "Contract liabilities" includes the negative differences deriving from the valuation of long-term contracts in the vacuum systems 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 criterion assessment based on the progress of the costs incurred, compared to the total costs estimated on the contract.

Finally, the item "Other" is made up, for 2,057 thousand euro, of Company's payables for the remuneration, both fixed and variable, of Directors and statutory auditors, for 386 thousand euro of advances received from Company's customers on future sales and for 221 thousand euro from the payable relating to the advance received for a public grant referring to a new research project falling within the EU framework program "Horizon 2020".

Please note that the decrease compared to the previous year (-1,636 thousand euro) is mainly attributable to the higher payables recorded in 2020 relating to the three-year monetary incentive plan signed by the two Executive Directors (2,081 thousand euro), which expired on December 31, 2020 and, therefore, was reclassified under this liability item, only partially offset by higher payables for bonuses pertaining to the year 2021 (which will be paid during the first half of 2022).

These payables are non-interest bearing and all mature within the end of next year.

34. ACCRUED INCOME TAXES

This item, equal to 120 thousand euro as at December 31, 2021, is mainly made up of the payable to the tax authorities for IRAP for the year, which, net of the credits for advances paid, amounts to 81 thousand euro and the residual payable for the substitute tax on the realignment of the tax values of some tangible assets carried out in the previous year, equal to 32 thousand euro. Furthermore, this item includes the 2021 tax consolidation payable to the subsidiary SAES Coated Films S.p.A., for 6.5 thousand euro and the 2021 tax consolidation payable to the subsidiary SAES Innovative Packagings S.r.l., equal to 81 euro.

35. BANK DEBTS

As at December 31, 2021, bank debts amounted to 62,032 thousand euro (compared to 32,513 thousand euro as at December 31, 2020) and consist of short-term credit lines. More precisely, 42,024 thousand euro relate to short-term payables in the form of "hot money" loans, the average interest rate of which, including the spread, was around 0.15% in 2021.

The remaining 20,008 thousand euro represent the balance as at December 31, 2021 of the uses of the revolving credit facilities in place with Unicredit S.p.A. (10,004 thousand euro, whose average interest rate, including spread, is around 0.64%) and with Intesa Sanpaolo S.p.A. (10,004 thousand euro, whose average interest rate, including the spread, is around 0.53%).

Please note that both revolving credit facilities, whose contracts were signed in 2020, provide for a maximum amount of use equal to 30 million euro and a fixed duration of 36 months.

Bank debts increased by 29,519 thousand euro due to the use of bank debt mainly to finance the disbursements determined by acquisition operations, for investments and the payment of dividends to shareholders.

Both the revolving credit facilities provide for compliance with only one financial covenant (positive consolidated net financial position) subject to half-yearly verification. As better shown in the table below, as at December 31, 2021, this covenant had been met in both cases.

		<i>Covenant</i>	<i>RCF Unicredit (*)</i>	<i>RCF Intesa Sanpaolo (**)</i>
			December 31, 2021	December 31, 2021
Net financial position	k euro	> 0	79,797	79,856

(*) Net financial position calculated excluding non current financial assets, receivables (payables) for derivative financial instruments evaluated at fair value and financial liabilities for leasing contracts pursuant to IFRS 16.

(**) Net financial position calculated excluding financial receivables from related parties, receivables (payables) for derivative financial instruments evaluated at fair value, other financial receivables towards third parties and financial liabilities for leasing contracts pursuant to IFRS 16.

36. CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method.

The net balance of cash in 2021 was a positive 2,316 thousand euro.

The Company's operating activities generated a negative cash flow of -5,819 thousand euro, compared to a cash flow of -5,544 thousand euro in the previous year; the main change relates to the negative change in net working capital of -3,431 thousand euro.

The cash flows absorbed by the investment activity amounted to -14,640 thousand euro, in particular due to the outlay for the acquisition of Strumenti Scientifici Cinel S.r.l. These outlays were partially offset by the dividends the Company received from its subsidiaries (10,520 thousand euro, net of withholdings). With reference to investment activities, the capex relating to the renovation works of the buildings of the Lainate site, already begun in 2020, as well as for the purchase of machinery for both the Lainate and Avezzano sites, should be noted.

Cash flows generated during the year in financing activities amounted to 22,776 thousand euro, mainly due to the opening of short-term financial loans, partially offset by the payment of dividends for 7,440 thousand euro.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement.

(thousand of euro)

	2021	2020
Bank accounts	5,090,668	2,778,888
Petty cash	(62,031,874)	(32,513,485)
Cash and cash equivalents from the statement of financial position	(56,941,206)	(29,734,597)
Impairment of other financial assets in application (in application of IFRS 9)	6,000	2,000
Short-term financing	62,032,090	32,513,369
Cash and cash equivalents from cash flow statement	5,096,884	2,780,772

37. POTENTIAL LIABILITIES AND COMMITMENTS

The guarantees that the Company has granted to third parties, as well as the risks and the commitments towards third parties are shown below:

(thousands of euro)

Guarantees	December 31, 2020	December 31, 2020	Difference
Guarantees in favor of subsidiaries	0	0	0
Guarantees	8,792	8,483	309
Total Guarantees	8,792	8,483	309

“Guarantees to third parties” groups the guarantees granted by the Company and used within the scope of the Group, against short, medium and long-term credit facilities granted by the banks to the Company and to some foreign subsidiaries.

The increase of 309 thousand euro was mainly due to the increase of 350 thousand euro of the guarantee already in place in favour of the Customs Agency of Avezzano and by the issue of a new guarantee for the supply to CONSORZIO RFX (SPIDER project) of 225 thousand euro, only partially offset by the expiry during the year of the guarantee to the Tax Authorities for VAT refunds (-203 thousand euro) and the decrease for a total of -98 thousand euro in the debt exposure towards third parties of some Group companies for which the Company provided guarantees.

Please also note that, starting from July 2021, SAES Getters S.p.A. is co-obliged in a guarantee signed by the subsidiary Strumenti Scientifici CINEL S.r.l. of 35 thousand euro to guarantee the lease contract of the property in which the latter carries out its business activity.

The following table shows the maturities of operating lease obligations outstanding as at December 31, 2021.

(thousands of euro)

	Less than 1 year	1-3 years	4-5 years	Over 5 years	Total
Commitments for operating leases	182	226	101	-	509
Car rental	166	189	14	-	369
Rent office	43	82	82	21	228
Total	391	497	197	21	1,106

38. RELATED PARTY TRANSACTIONS

With regard to Related Party transactions, identified on the basis of IAS 24 revised, and Article 2359 of the Italian Civil Code, note that transactions with subsidiaries, associated and joint control companies also continued in 2021. Transactions regarding the Company's ordinary business activities were performed with these counterparties. These transactions were mostly commercial, and regarded purchases and sales of raw

materials, semi-finished goods, finished products, plant, tangible assets and various services; cash pooling agreements are in place with several Group companies as well as loan agreements.

All contracts were concluded at economic and financial conditions considered arm's length. See the notes of the Report on Operations for further details.

39. FINANCIAL RISK MANAGEMENT

Objectives and management policy for financial risks

The main financial instruments used by the Company, other than derivatives, include short-term on demand bank deposits as well as bank credit lines. The Company's policy as regards these instruments entails the short-term investment of cash and cash equivalents and the funding of its operations.

Due to the above, the Company does not trade in financial instruments.

The Company also has financial assets and liabilities, such as trade payables and receivables, resulting from its operations.

In the daily running of its business operations, SAES Getters S.p.A. is exposed to the following financial risks:

- interest-rate risk, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio. This risk is also linked to the strategies implemented by governments and central banks to deal with the growing level of inflation (on this subject, please refer to the section dedicated to strategic risks in the Report on Operations of the Consolidated Financial Statements);
- exchange rate risk: resulting from the volatility of exchange rates, which the Company is exposed to with regard to its transactions in foreign currencies; this exposure is mostly generated by sales in currencies other than the reporting one and by dividends from foreign subsidiaries;
- price variation risk of productive factors: this may affect the Company's product margins if it is not possible to offset this variation in the price agreed with customers;
- credit risk: represented by the risk of the non-fulfilment of commercial and financial obligations undertaken by counterparties;
- liquidity risk: related to the need to cover short-term financial commitments.

These risks are managed by:

- defining guidelines for operational management, at central level;
- identifying the most suitable financial instruments, including derivatives, to meet its objectives;
- monitoring the results achieved;
- excluding any transactions involving speculative derivative instruments.

The paragraphs below illustrate the policies to manage the above-cited financial risks and the sensitivity analyses conducted by SAES Getters S.p.A.

Interest rate risk

As described above (see Note no. 27), during the year 2021 the Company extinguished all existing loans and the related Interest Rate Swap contracts.

Please note that both the Company's short and long-term financial debt was primarily regulated at variable interest rates and was, therefore, exposed to the risks deriving from fluctuations in the same; this risk was managed by way of entering into *Interest Rate Swap* or *Interest Rate Option* agreements, with a view to guaranteeing a level of financial expenditures which are sustainable by the Company's financial structure.

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

With regard to financial assets, the table below provides details of the sensitivity of the Company's pre-tax profit, assuming that all other variables are not sensitive to changes in interest rates:

		(%)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2021	Euro	+/- 1	+/- 55	+/- 41
	Other currencies	+/- 1	+/- 1	+/- 1
2020	Euro	+/- 1	+/- 98	+/- 74
	Other currencies	+/- 1	+/- 1	+/- 1

With regard to financial liabilities, the table below provides details of the sensitivity of the Company's pre-tax profit, assuming that all other variables are not sensitive to changes in interest rates:

		(%)	(thousands of euro)	(thousands of euro)
		Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2021	Euro	+/- 1	+/- 1,423	+/- 1,082
2020	Euro	+/- 1	+/- 1,324	+/- 1,006

No Interest Rate Swap contract, not even of an implicit nature, is in place as at December 31, 2021 and, therefore, no sensitivity analysis is provided regarding them.

Exchange rate risk

The Company is exposed to the exchange rate risk on foreign transactions. This exposure is mostly generated by sales in currencies other than the reporting one. Around 37.2% of the Company's sales and around 16% of its operating costs are reported in a currency other than the euro.

In order to manage the volatility of exchange rates, primarily of the US dollar, the Company has hedges in place on this currency, whose values are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by sales. The maturities of the hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, the Company can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables, also with regard to related parties, denominated in a currency different from the one used in the financial statements.

Finally, the Company constantly monitors exchange rate trends in order to decide whether to enter into further risk hedging contracts linked to exchange rate fluctuations in the foreign currency takings from extraordinary company transactions or for funding needed to purchase in other currencies besides the euro. It should be noted that on March 9, 2021 the Company had entered into forward sale contracts on the dollar for a notional value of 6.7 million US dollars, with an average forward exchange rate of 1.1957, hedging approximately 65% of net dollar flows expected for the period April-December 2021. All these contracts had expired by December 31, 2021.

On November 29, 2021, further forward sales contracts on the US dollar were entered into for a total notional value of 9 million US dollar, with an average forward exchange rate of 1.1369 against the euro, hedging approximately 80% of the net flows in dollars estimated for the Company for the year 2022. These contracts are still in place as at December 31, 2021.

For more details, see Note no. 20 "Derivative financial instruments measured at fair value".

The table below shows the sensitivity to possible changes in the exchange rates of the US dollar and the Japanese yen of the pre-tax profit and the net profit/loss of the Company due to the consequent change in the fair value of current trade receivables and payables outstanding at the end of each year, maintaining all other variables fixed:

	(%)	(thousands of euro)	(thousands of euro)
US Dollar	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2021	+ 5%	(41)	(31)
	- 5%	45	34
2020	+ 5%	(88)	(67)
	- 5%	97	74

	(%)	(thousands of euro)	(thousands of euro)
Japanese YEN	Increase / Decrease	Effect on result before taxes	Effect on net result and net equity
2021	+ 5%	(27)	(21)
	- 5%	30	23
2020	+ 5%	(23)	(17)
	- 5%	25	19

Commodity price risk

The Company's exposure to commodity price risk is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility. The Company monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions in derivative instruments with the aim of neutralising the price volatility of its commodities.

Credit risk

Credit risk represents the Company's exposure to potential losses resulting from the non-fulfilment of obligations undertaken by commercial and financial counterparties. The Company deals mainly with well-known, reliable customers. The Sales and Marketing Department assesses new customers' solvency and periodically checks to ensure that credit limit conditions are met.

The balance of receivables 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, is not significant due to the nature of the counterparties: the Company places such assets exclusively in bank deposits held with leading Italian banks.

Even with reference to the securities portfolio, investments are made with leading operators in the industry, mainly with the aim of maintaining capital in view of potential future loans.

In addition, the Administration Finance and Control Division carefully and constantly monitors investments and the value of resources invested, periodically reporting on these monitoring activities to the Board of Directors.

Liquidity risk

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

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

- constantly monitors financial requirements in order to obtain the credit lines needed to meet its requirements;
- optimises the liquidity management through a system for the centralised management of available liquidity (cash pooling);
- manages the correct balance between short-term financing and medium/long-term financing depending on the expected generation of operating cash flows.

For comparison purposes, the table below illustrates the time profile of the Company's financial liabilities as at December 31, 2021 based on non-discounted contractual payments:

(thousands of euro)

	December 31, 2021	December 31, 2020	Difference
Less than 1 year	0	5,121	(5,121)
1-2 years	0	2,496	(2,496)
2-3 years	0	0	0
3-4 years	0	92,735	(92,735)
4-5 years	0	0	0
Over 5 years 0	0	0	0
Totale	-	100,352	(100,352)

With regard to financial risks, the Board of Directors periodically reviews and defines policies for the management of these risks.

40. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-*duodecies* "Disclosure of fees" of the Issuers' Regulations, introduced by CONSOB with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for the assignments of auditing and for the provision of other services, indicated by type or category, are summarised in the table below:

(thousands of euro)

Business services	Supplier	Customer	Fees
Audit	Parent Company auditor	SAES Getters S.p.A.	212
Other auditing services (*)	Parent Company auditor	SAES Getters S.p.A.	15

(*) Certification of the tax credit recognized on investments in research and development (Law no.160 of December 29, 2019, article 1, paragraphs from 198 to 209).

41. SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

For details, please refer to the paragraph entitled "Subsequent events" in the Report on Operations.

Lainate (MI), March 14, 2022

on behalf of the Board of Directors
Massimo della Porta
Chairman

SUMMARY SCHEDULE OF THE KEY FIGURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

2021 STATEMENT OF FINANCIAL POSITION

	<i>SAES Getters/U.S.A., Inc.</i>	<i>SAES Getters Korea Corporation</i>	<i>SAES Getters International Luxembourg S.A.</i>	<i>SAES Investments S.A.</i>	<i>SAES Getters (Nanjing) Co., Ltd.</i>
	<i>(US Dollar)</i>	<i>(Thousand of Won)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Chinese Renminbi)</i>
Property, plant and equipment, net	3,159,235	1,201	0	0	63,072
Intangible assets, net	23,524,008	0	0	0	0
Other non current assets	20,324,078	262,694	32,806	71,894	109,853
Current assets	13,148,789	593,047	17,223	65,326	108,129,605
Total Assets	60,156,110	856,942	50,028	137,220	108,302,530
Shareholders' equity	39,929,184	202,377	49,956	35,180	103,100,790
Non current liabilities	11,838,634	82,433	24	53,160	0
Current liabilities	8,388,292	572,132	49	48,880	5,201,740
Total Liabilities and Shareholders' Equity	60,156,110	856,942	50,028	137,220	108,302,530

2021 INCOME STATEMENT

	<i>SAES Getters/U.S.A., Inc.</i>	<i>SAES Getters Korea Corporation</i>	<i>SAES Getters International Luxembourg S.A.</i>	<i>SAES Investments S.A.</i>	<i>SAES Getters (Nanjing) Co., Ltd.</i>
	<i>(US Dollar)</i>	<i>(Thousand of Won)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Chinese Renminbi)</i>
Total net sales	25,650,077	2,084,670	0	0	21,196,008
Cost of sales	(13,573,512)	(1,542,364)	0	0	(14,937,075)
Gross Profit	12,076,566	542,306	0	0	6,258,933
Research & development expenses	(97,162)	0	0	0	0
Selling expenses	(2,873,983)	(197,408)	0	0	(2,291,637)
General & administrative expenses	(1,251,478)	(594,635)	(98)	(88)	(1,897,994)
Total operating expenses	(4,222,623)	(792,043)	(98)	(88)	(4,189,631)
Other income (expenses), net	(643,864)	(14,878)	0	0	(359,699)
Operating Income (loss)	7,210,079	(264,615)	(98)	(88)	1,709,603
Interest and other financial income (expenses), net	1,911,112	(1,342)	14,427	3,365	1,692,049
Foreign exchange gain (loss), net	(49,642)	(21,836)	(2)	0	(61,220)
Income before taxes	9,071,549	(287,793)	14,327	3,276	3,340,432
Income taxes	(2,142,364)	(47)	(828)	(915)	(848,321)
Net income (loss) from continuing operations	6,929,185	(287,840)	13,499	2,361	2,492,111
Net income (loss) from discounting operations	0	0	0	0	0
Net income (loss)	6,929,185	(287,840)	13,499	2,361	2,492,111

2021 STATEMENT OF FINANCIAL POSITION

	<i>SAES Getters Export, Corp.</i>	<i>SAES Innovative Packaging S.r.l.</i>	<i>SAES Nitinol S.r.l.</i>	<i>SAES Coated Films S.p.A.</i>	<i>Strumenti Scientifici Cinel S.r.l.</i>
	<i>(Dollari USA)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>
Property, plant and equipment, net	0	0	0	5,181	148
Intangible assets, net	0	0	0	186	5
Other non current assets	0	0	500	557	848
Current assets	2,669,789	2,745	471	4,039	5,943
Total Assets	2,669,789	2,745	971	9,963	6,945
Shareholders' equity	207,201	2,728	425	3,001	2,722
Non current liabilities	0	0	0	1,168	1,636
Current liabilities	2,462,589	17	546	5,794	2,587
Total Liabilities and Shareholders' Equity	2,669,789	2,745	971	9,963	6,945

2021 INCOME STATEMENT

	<i>SAES Getters Export, Corp.</i>	<i>SAES Innovative Packaging S.r.l.</i>	<i>SAES Nitinol S.r.l.</i>	<i>SAES Coated Films S.p.A.</i>	<i>Strumenti Scientifici Cinel S.r.l. (*)</i>
	<i>(Dollari USA)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>	<i>(Thousand of euro)</i>
Total net sales	0	0	0	5,864	1,895
Cost of sales	0	0	0	(5,590)	(1,356)
Gross Profit	0	0	0	274	539
Research & development expenses	0	0	0	(266)	(45)
Selling expenses	2,524,478	0	0	(1,169)	(206)
General & administrative expenses	0	(22)	(26)	(526)	(293)
Total operating expenses	2,524,478	(22)	(26)	(1,961)	(544)
Other income (expenses), net	718,566	(8)	(9)	(614)	(191)
Operating Income (loss)	3,243,044	(30)	(35)	(2,300)	(195)
Interest and other financial income (expenses), net	(5,242)	2	300	(60)	(12)
Foreign exchange gain (loss), net	0	0	0	(0)	16
Income before taxes	3,237,802	(28)	266	(2,361)	(192)
Income taxes	0	0	(39)	1	10
Net income (loss) from continuing operations	3,237,802	(28)	226	(2,359)	(182)
Net income (loss) from discounting operations	0	0	0	0	0
Net income (loss)	3,237,802	(28)	226	(2,359)	(182)

(*) Economic values referring to the period between the date of acquisition of Strumenti Scientifici Cinel S.r.l. and December 31, 2021

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS OF SAES GETTERS S.p.A.

pursuant to article 81-ter of the CONSOB Issuers' Regulations 11971 of May 14, 1999 as amended

1. The undersigned Giulio Canale, as Vice President, Managing Director and Manager in charge of preparing the company's accounting documents, of SAES Getters S.p.A., hereby certifies, also in compliance with the provisions of article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures for the preparation of annual financial statements, in the period January 1 - December 31, 2021.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 20, 2012, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the "Law on Savings") implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market.
- The Control Model, with reference to the organization chart of the SAES Group:
 - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of preparing the company's accounting documents (hereinafter the "Manager in Charge");
 - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
 - with specific reference to the latter aspect, envisages the integration of the Group Accounting Principles and the IAS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
 - defines procedures and the frequency of the administrative-accounting risk assessment process, to identify the most relevant processes for the purposes of accounting and financial disclosures.

2.2. Administrative-accounting control matrices in SAES Getters S.p.A.

- On December 20, 2012, the administrative-accounting control matrices were issued, relating to the most significant processes of SAES Getters S.p.A., selected following the risk assessment conducted on the basis of the 2011 financial statements;
- The controls described in the above-mentioned matrices were discussed with the managers – according to the organization chart – of processes that are controlled, and a process of continuous verification and alignment of the matrices to the actual operations was set in place, requiring each manager to check the application of the controls and to confirm the adequacy and effectiveness, or to report nonoperational or inadequate controls, or those rendered obsolete due to changes in the internal organization. This process, implemented in 2017, with reference to the auditing activities

for the 2016 annual financial statements and the 2016 consolidated financial statements continued over the course of subsequent years, including the one to which this document refers, involving the periodic and timely updating of controls in order to reflect the provisions of operations.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process managers have signed and sent the Manager in Charge their “internal letters of certification”, in which they confirm that they have checked the activities/processes subject to control within their scope of responsibility and that they consider them to be suitable and operationally effective to guarantee the reliability of the corresponding information flows and the processing of the relative data in accordance with the administrative-accounting procedures adopted by SAES Getters S.p.A.;
- as at today’s date, the Manager in Charge, with the assistance of the Head of the Administrative Office of SAES Getters S.p.A., has received all 24 letters of certification required of the process managers of SAES Getters S.p.A.;
- The result of the process was positive, no significant irregularities were identified.

2.4. Results of audits conducted by the Internal Audit Function relating to SAES Getters S.p.A.

- The Manager in Charge requested the assistance of the Internal Audit Function for a further check of part of the controls included in the administrative-accounting matrices by an independent function with respect to the offices responsible for said controls.
- Regarding such verification, the Internal Audit Function checked several of the administrative accounting processes during the year and verified the correct implementation of the controls to oversee the processes in question with the relative managers, collecting supporting documents where necessary. The activity had a positive outcome, as shown in the report drawn up by the head of the Internal Audit Function.

3. The following is also confirmed:

3.1. The annual financial statements as at December 31, 2021:

- a. have been prepared in compliance with the applicable international accounting standards recognized by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council;
- b. correspond to the accounting books and records;
- c. are suitable to represent the equity, economic and financial situation of the issue in a truthful and correct manner.

3.2. The Report on Operations contains a reliable analysis of performance and of the profit/loss of operations, as well as the issuer’s situation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2022

The Deputy Chairman and Managing Director and
Manager in charge of preparing the company's accounting documents
Giulio Canale

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SAES Getters S.p.A.

Viale Italia, 77 - 20045 Lainate (MI), Italia - Tel. + 39 02 931 78 1 - Fax + 39 02 931 78 250

www.saesgetters.com