

INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS

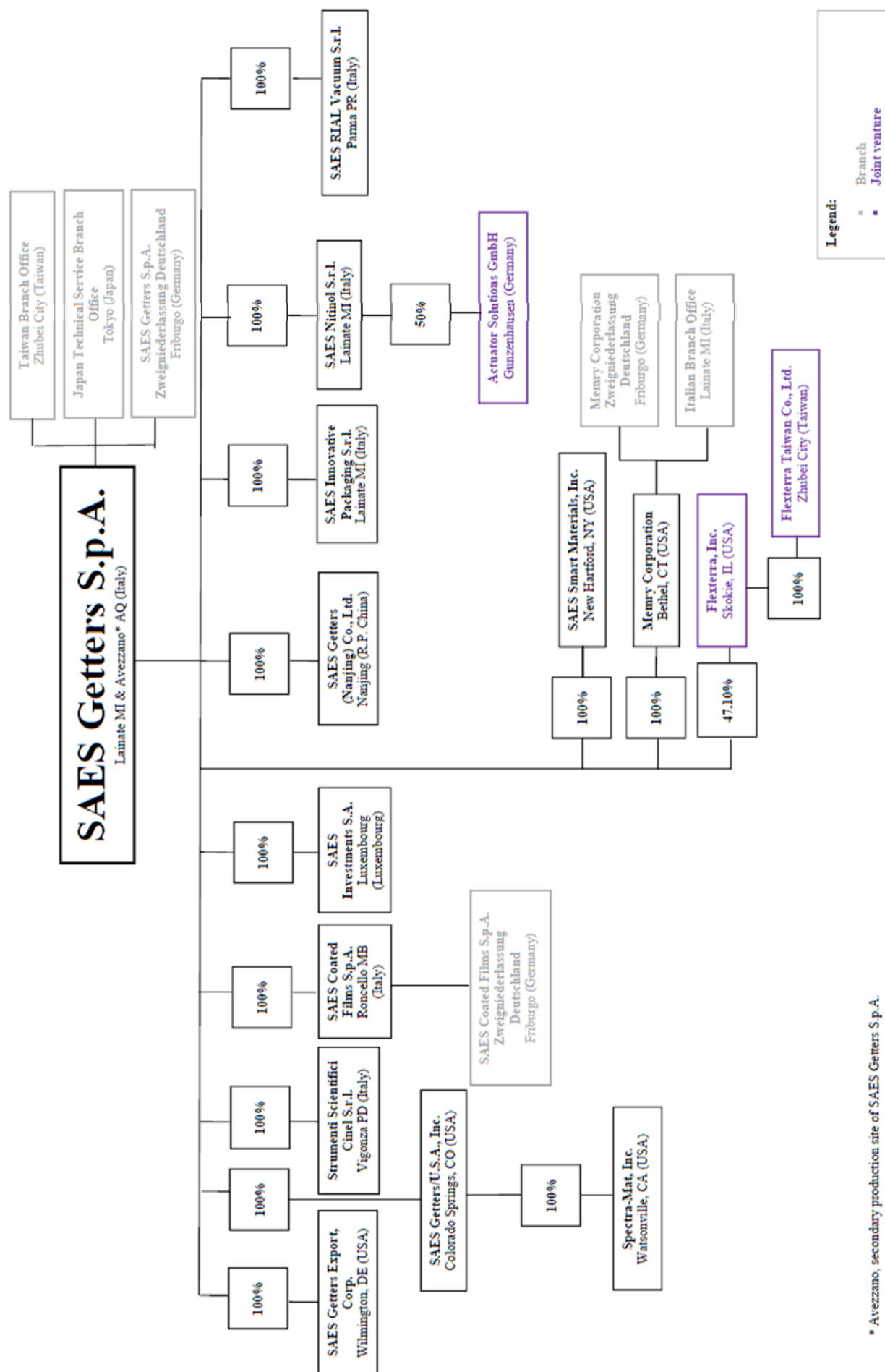
SAES Getters S.p.A.

2023



making
innovation
happen,
together

saes



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



Interim Report to the Condensed Consolidated Financial Statements at June 30, 2023

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

SAES Getters S.p.A.

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

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

Registered with the Milan Court Companies Register No.
00774910152

Company bodies at June 30, 2023

Board of Directors

<i>Chairman</i>	Massimo della Porta
<i>Deputy Chairman and Managing Director</i>	Giulio Canale
<i>Directors</i>	Francesca Corberi (1) Alessandra della Porta (1) (4) Luigi Lorenzo della Porta (1) Andrea Dogliotti (1) Adriano De Maio (1) (3) Gaudiana Giusti (1) (2) (4) (5) (6) (7) (8) Stefano Proverbio (1) (2) (4) (5) (6) (8) Maria Pia Maspes (2) (5) (6) (8) (9)

Board of Statutory Auditors

<i>Chairman</i>	Vincenzo Donnamaria
<i>Statutory Auditors</i>	Maurizio Civardi Sara Anita Speranza (8)
<i>Alternate Statutory Auditors</i>	Massimo Gabelli Silvia Olivotto (12)

Independent Auditors

KPMG S.p.A. (10)

Representative of holders of savings shares

Dario Trevisan (11)
(e-mail: trevisan@trevisanlaw.it)

-
- (1) Non-Executive Director.
 - (2) Independent Director, pursuant to the criteria of the Borsa Italiana Corporate Governance Code and pursuant to Article 147-ter, paragraph 4, and Article 148, paragraph 3, of Italian Legislative Decree 58/1998.
 - (3) Independent Director, pursuant to the combined provisions of Article 147-ter, paragraph 4, and Article 148, paragraph 3, of Italian Legislative Decree 58/1998.
 - (4) Member of the Remuneration and Appointments Committee.
 - (5) Member of the Audit and Risk and Sustainability Committee.
 - (6) Member of the Committee for Transactions with Related Parties.
 - (7) *Lead Independent Director*.
 - (8) Member of the Supervisory Body.
 - (9) Independent Director appointed by the Shareholders' Meeting held on April 28, 2023 following the resignation of Luciana Sara Rovelli on March 6, 2023. The term of office of Mariapia Maspes will come to an end together with the terms of the Directors appointed by the Shareholders' Meeting held on April 20, 2021, i.e. with the approval of the financial statements as at and for the year ending December 31, 2023.
 - (10) Appointed for the years 2022-2030 by the Shareholders' Meeting held on April 21, 2022.
 - (11) Appointed for the years 2023-2025 by the Special Meeting of Holders of Savings Shares on April 28, 2023.
 - (12) Alternate Statutory Auditor appointed by the Shareholders' Meeting held on April 28, 2023 following the resignation of Mara Luisa Sartori on June 1, 2022. The term of office of Silvia Olivotto will come to an end together with the terms of the Statutory Auditors appointed by the Shareholders' Meeting held on April 20, 2021, i.e. with the approval of the financial statements as at and for the year ending December 31, 2023.
-

The mandate of the Board of Directors and the Board of Statutory Auditors, elected on April 20, 2021, will expire on the same date as the Shareholders' Meeting called to approve the financial statements as at and for the year ending December 31, 2023.

Powers of the company bodies

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

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

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

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INTERIM REPORT ON OPERATIONS OF THE SAES GROUP

Interim Group Financial Highlights

Statement of profit or loss figures (Thousands of euros)	1H 2023	1H 2022 (1)	Difference	Difference %
REVENUE				
- SAES Industrial	37,287	35,680	1,607	4.5%
- SAES High Vacuum	13,859	13,209	650	4.9%
- SAES Medical Nitinol	63,350	56,522	6,828	12.1%
- SAES Chemicals	4,912	7,447	(2,535)	-34.0%
- SAES Packaging	2,907	7,366	(4,459)	-60.5%
- Not Allocated (2)	17	8	9	112.5%
Total	122,332	120,232	2,100	1.7%
GROSS PROFIT				
- SAES Industrial	18,177	18,232	(55)	-0.3%
- SAES High Vacuum	6,365	6,241	124	2.0%
- SAES Medical Nitinol	28,249	25,705	2,544	9.9%
- SAES Chemicals	776	1,823	(1,047)	-57.4%
- SAES Packaging	57	1,326	(1,269)	-95.7%
- Not Allocated (3)	(108)	(92)	(16)	17.4%
Total	53,516	53,235	281	0.5%
<i>% of revenue</i>	<i>43.7%</i>	<i>44.3%</i>		
EBITDA (GROSS OPERATING PROFIT)	20,091	27,378	(7,287)	-26.6%
<i>% of revenue</i>	<i>16.4%</i>	<i>22.8%</i>		
OPERATING PROFIT	12,373	20,246	(7,873)	-38.9%
<i>% of revenue</i>	<i>10.1%</i>	<i>16.8%</i>		
PRE-TAX PROFIT	11,163	6,678	4,485	67.2%
<i>% of revenue</i>	<i>9.1%</i>	<i>5.6%</i>		
PROFIT (LOSS) FOR THE PERIOD	3,432	(55)	3,487	-6,340.0%
<i>% of revenue</i>	<i>2.8%</i>	<i>0.0%</i>		
Statement of financial position figures (Thousands of euros)	June 30, 2023	December 31, 2022	Difference	Difference %
Property, plant and equipment	90,753	92,697	(1,944)	-2.1%
Equity attributable to the owners of the parent	251,377	264,053	(12,676)	-4.8%
Net financial position	50,876	64,291	(13,415)	-20.9%
Other information	1H 2023	1H 2022 (1)	Difference	Difference %
(Thousands of euros)				
Cash flows from operating activities	7,686	10,699	(3,013)	-28.2%
Research and development expenses	6,732	6,183	549	8.9%
Personnel expense	52,197	48,001	4,196	8.7%
Acquisition of property, plant and equipment	(4,235)	(6,147)	1,912	-31.1%
(Number)				
Employees as at June 30 (4)	1,275	1,251	24	1.9%

(1) Some comparative amounts do not correspond with what is reported in the 2022 Interim Financial Report because:

- they have been restated in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of SAES RIAL Vacuum S.r.l. These adjustments are detailed in Note no. 1, section "Restatement of figures at June 30, 2022", of the Condensed Interim Consolidated Financial Statements at June 30, 2023;
- they reflect some reclassifications made to improve the understanding of cash flows.

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

(3) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Business Units, but which refer to the Group as a whole, as well as those costs aimed at the development and market launch of new, highly innovative products.

(4) The item at June 30, 2023 includes:

- 1,203 employees (1,165 units at June 30, 2022);
- 72 persons employed in the Group's companies with contract types other than employment agreements (86 units at June 30, 2022).

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 21 at June 30, 2023 (22 units at the end of the first half of the previous year, again according to the percentage of ownership held by the Group).

Alternative performance indicators

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

Gross profit and gross profit margin

(Thousands of euros)

	1H 2023	1H 2022
Revenue	122,332	120,232
Raw materials and change in raw materials	(19,492)	(19,709)
Direct labour	(19,582)	(18,366)
Manufacturing overheads	(31,847)	(29,798)
Change in work in progress and finished goods	2,105	876
Cost of sales	(68,816)	(66,997)
Gross profit	53,516	53,235
Gross profit margin	43.7%	44.3%

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

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

EBITDA

(Thousands of euros)

	1H 2023	1H 2022
Revenue	122,332	120,232
Profit for the year	3,432	(55)
Income taxes	(7,731)	(6,733)
Net exchange losses	(1,999)	(507)
Share of profit (loss) of equity-accounted investees	0	167
Impairment losses on loan assets and other financial assets	(793)	(275)
Net financial income (expense)	1,582	(12,953)
Operating profit	12,373	20,246
Depreciation of property, plant and equipment and amortisation of intangible assets	(6,422)	(5,632)
Depreciation of right-of-use assets	(1,285)	(1,272)
Impairment losses on property, plant and equipment and intangible assets	(11)	(228)
EBITDA	20,091	27,378
<i>Percentage EBITDA</i>	<i>16.4%</i>	<i>22.8%</i>

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

Percentage EBITDA is the ratio between EBITDA and sales.

Net Financial Position (NFP)

The Net Financial Position is shown in the following table.

(Thousands of euros)

	June 30, 2023	March 31, 2023	December 31, 2022
Cash	9	9	10
Cash equivalents	86,531	41,706	42,129
Cash and cash equivalents	86,540	41,715	42,139
Securities	18,006	147,310	145,484
Derivative financial instruments	0	294	259
Other financial assets	77,449	0	0
Current financial assets	95,455	147,604	145,743
Bank loans and borrowings	(71,463)	(67,663)	(65,302)
Current portion of non-current financial liabilities	(52,001)	(52,000)	(52,094)
Derivative financial instruments	(1,732)	0	0
Other financial liabilities	0	(29)	(30)
Lease liabilities	(2,397)	(2,142)	(2,545)
Current financial indebtedness	(127,593)	(121,834)	(119,971)
Current net financial position	54,402	67,485	67,911
Non-current financial assets	0	0	0
Financial liabilities	0	0	(119)
Lease liabilities	(3,059)	(3,022)	(3,039)
Other financial liabilities	(467)	(465)	(462)
Non-current financial indebtedness	(3,526)	(3,487)	(3,620)
Non current net financial indebtedness	(3,526)	(3,487)	(3,620)
Net financial position	50,876	63,998	64,291

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

(Thousands of euros)

	June 30, 2023	March 31, 2023	December 31, 2022
A. Cash	66,864	21,275	21,512
B. Cash equivalents	19,676	20,440	20,627
C. Other current financial assets	95,455	147,604	145,743
D. Liquidity (A + B + C)	181,995	189,319	187,882
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt).	(73,195)	(67,692)	(65,332)
F. Current portion of non-current financial debt (*)	(54,398)	(54,142)	(54,639)
G. Current financial indebtedness (E + F)	(127,593)	(121,834)	(119,971)
H. Net current financial position (G + D)	54,402	67,485	67,911
I. Non-current financial debt (excluding current portion and debt instruments) (**)	(3,526)	(3,487)	(3,620)
J. Debt instruments	0	0	0
K. Trade payables and other non-current liabilities	0	0	0
L. Non-current financial indebtedness (I + J + K)	(3,526)	(3,487)	(3,620)
M. Total financial position (H + L)	50,876	63,998	64,291

(*) Of which 2,397 thousand euros relating to current lease liabilities.

(**) Of which 3,059 thousand euros relating to non-current lease liabilities.

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(Thousands of euros)

	June 30, 2023	March 31, 2023	December 31, 2022
Inventories	46,202	46,038	44,436
Trade receivables	39,501	37,051	34,539
Trade payables	(20,192)	(14,575)	(17,005)
Net Working Capital	65,511	68,514	61,970

Exchange rate effect and organic change

The **exchange rate effect** reported in the comments on the various items of the statement of profit or loss is in no way linked to the currency risk and the management of contracts to hedge this risk, but is a consequence of the effect of the fluctuations in exchange rates (in particular, of the US dollar) on the translation of foreign currency revenue and costs incurred by Group companies.

In particular, to obtain the **organic change**, the costs and revenue in currencies¹ of the current period, net of the difference attributable to **changes in the consolidation scope**, are reconverted into euros at the progressive average exchange rate of the compared period and subsequently compared with those in euros of the previous period. The **exchange rate effect**, on the other hand, is calculated as the difference between the overall change (net of the effects attributable to changes in the consolidation scope) and the organic change.

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

Information on the SAES Group

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

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

More recently, SAES has expanded its offer by developing a technological platform, which integrates getter materials in a polymeric matrix. These products, which were initially developed for OLED displays, are now used in new application sectors, including optoelectronics, advanced photonics, telecommunications (5G) and especially telephony.

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

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

A total production capacity distributed in eleven manufacturing plants, a worldwide commercial and technical assistance network and more than 1,200 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.

SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.², with its registered office in Milan, via Santa Maria Fulcorina, 2, which does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code. Indeed, as described in more detail in the Report on Corporate Governance and Ownership Structure for 2022, S.G.G. Holding S.p.A., despite having the absolute majority of the voting rights of SAES Getters S.p.A., does not exercise management and coordination activities in respect of the latter in view of the fact that S.G.G. Holding S.p.A., in

²At June 30, 2023, S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holding S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

Following the joint partial voluntary public purchase offer concerning 1,364,721 savings shares and the subsequent mandatory conversion of the savings shares not acquired into ordinary shares finalised on July 31, 2023, as of today's date S.G.G. Holding S.p.A. holds 30.11% of the total shares of SAES Getters S.p.A. and 46.19% of the voting rights.

management, operational and industrial terms, does not play any role in the definition of the annual budget and long-term strategic plans and investment choices, does not approve certain significant transactions of the Company and its subsidiaries (e.g., acquisitions, disposals, investments), nor does it coordinate business initiatives and actions in the sectors in which the Group operates. S.G.G. Holding S.p.A. does not give instructions nor provide technical, administrative, financial and coordination services to the Company or its subsidiaries. SAES Getters S.p.A. is fully independent from an organisational and decision-making point of view, and has independent negotiating capacity in dealings with customers and suppliers. The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

As described in more detail in Note no. 29 to the Condensed Interim Consolidated Financial Statements at June 30, 2023, on that date SAES Getters S.p.A. held 3,900,000 ordinary treasury shares (number unchanged compared to December 31, 2022), equal to 26.6% of the total ordinary shares and 17.7% of the total shares making up the share capital.

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

Structure of the SAES Group

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

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

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

There were no changes in the organisational structure by Divisions compared to the previous year.

Significant events in the first half of 2023

The first six months of 2023 saw a slight increase in **revenue** (+1.7%), favoured above all by the double-digit organic growth of the **Medical Nitinol Division**, together with the increase in **SMA Materials** sales in the mobile sector (**Industrial Division**). The **acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l.**, fully consolidated starting from May 25, 2022, also contributed to the growth of +2% during the half year.

Finally, it should be noted that the **second quarter of 2023** recorded an improvement in the revenue trend compared to the first quarter (+3.4%), thanks to the recovery of the **Chemicals Division** and higher sales of the **High Vacuum Division**, which are joined by the positive performance of the **Medical Nitinol Division**.

The **gross profit** of the first half of 2023 also recorded a slight increase, thanks to the stability of the margin, while the **operating profit** and **EBITDA** were penalised by significant non-recurring items (above all, consultancy costs linked to the possible sale of the medical business, severance costs and governance costs).

Finally, despite the negative impact of non-recurring items on the current six-month period, the **profit for the period** improved significantly as the previous year was heavily penalised by the reduction in the value of the securities portfolio due to the conflict in Ukraine and the resulting international tensions.

The main events that occurred in the first half of 2023 are set out below.

Starting from January 1, 2023 **SAES RIAL Vacuum S.r.l.** has been **included in the scope of the national tax consolidation**, together with the Group's other Italian companies that are already part of it.

At the beginning of January 2023, the Parent saw its **investment in Flexterra, Inc. increase from 46.84% to 47.10%**, following the repurchase by the joint venture of the shares previously owned by a small individual shareholder for the symbolic value of 1 dollar.

On January 9, 2023, the SAES Group signed a **binding agreement with the US company Resonetics for the sale to the latter of the Nitinol business** and, in particular, of the **US subsidiaries Memry Corporation and SAES Smart Materials, Inc.** At the end of March 2023, SAES received, together with Resonetics, a **request for additional information from the Federal Trade Commission (FTC)**. The procedure, known as a **"Second Request"** pursuant to the Hart Scott-Rodino Antitrust Improvements Act, extends the period available to the FTC to evaluate the merits of the transaction and, therefore, the waiting period before the parties may be able to close the transaction, up to 30 days from when SAES Getters and Resonetics (and some of their associated) will have complied with all requests for additional information made by the FTC.

SAES Getters and Resonetics are actively cooperating with the US Antitrust Authority in providing all the requested information.

For more details, see the dedicated section entitled **"Binding agreement for the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc."** of this Interim Report on Operations of the SAES Group.

In mid-January 2023, **SAES Coated Films S.p.A. launched a thirteen-week ordinary wage supplementation program (CIGO)** which involved almost all employees. After this period, the program has not been renewed any further.

With regard to the **investment completed in the EUREKA! venture capital fund**, on January 16, 2023 a **payment of 138 thousand euros was made**, including both the portion of the costs of the fund and the portion of the continuation of the investment in the companies Caracol S.r.l. and INTA Systems S.r.l.,

innovative start-ups that operate in the fields of additive manufacturing and the production of lab-on-chips for rapid fluid analysis, respectively. On March 27, 2023, a further **payment of 177 thousand euros** was made, including both the portion of the costs of the fund and the portion of the continuation of the investment in the company Fleep Technologies S.r.l. (an innovative start-up that operates in the printed electronics sector), as well as new investments in the companies Planckian and I-Tes (operating, respectively, in the quantum technology and energy storage sectors).

At the end of January 2023, SAES Getters S.p.A. **provided to Flexterra the first tranche** of 250 thousand dollars **of the additional convertible loan** granted on December 7, 2022. The **second tranche**, in an equal amount, was disbursed on June 1, 2023 after SAES positively assessed an updated joint venture business plan. The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current period, as a provision for risks and charges had already been recognised as at December 31, 2022 against the SAES Group's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the second tranche instead generated a financial expense in the statement of profit or loss for the six months ended June 30, 2023.

At the beginning of February 2023, Memry Corporation **repaid in advance the loan granted by the State of Connecticut** (liability of 212 thousand euros at December 31, 2022).

On February 1, 2023, following the resignation presented by Director Adriano De Maio as a member of the **Remuneration and Appointments Committee**, the Board of Directors appointed **Alessandra della Porta** as a member of the aforementioned Committee to replace Director De Maio.

In order to preserve the collection in dollars envisaged by the potential sale of the Nitinol business, on February 15, 2023 SAES Getters S.p.A. signed a **contingent derivative** contract with a notional value of 415 million dollars with a maximum €/£ forward exchange rate of 1.1037 against the euro. The last possible date of exercise of the derivative is expected to be January 8, 2024 (Long Stop Date). The exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. The derivative is subject to the favourable opinion issued by the Federal Trade Commission and if it expresses a negative opinion on the completion of the sale of the Nitinol business by the Long Stop Date, the derivative will lapse without producing any financial effect.

On February 22, 2023, SAES Getters S.p.A. obtained the **extension to December 31, 2023 of the revolving cash credit line** for a value of 30 million euros taken out from Unicredit S.p.A. on March 6, 2020 and with an original maturity date of March 6, 2023.

On March 1, 2023, SAES Getters S.p.A., as Sole Quotaholder, approved the total **waiver of the right to its financial assets** at the end of 2022 **due from SAES Nitinol S.r.l.**, in the amount of 233 thousand euros. At the same time, the Parent approved a **capital payment** of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of quotaholder payment to cover losses, with the aim of replenishing the Quota Capital eroded by the losses for the year 2022. Finally, SAES Getters S.p.A. approved **the disbursement³ of an additional amount**, equal to 900 thousand euros, **to be allocated within the item "available reserves" of the equity** of SAES Nitinol S.r.l., in order to provide the subsidiary with the necessary funding to guarantee its business continuity.

On March 6, 2023, the Independent Director **Luciana Sara Rovelli resigned** due to significant differences in strategic vision. Therefore, as of March 6, 2023, Luciana Rovelli ceased to hold all the offices assigned to her and in particular: Chairperson of the Remuneration and Appointments Committee; Member of the

³ Actual disbursement made in April 2023.

Control, Risk and Sustainability Committee; Chairperson of the Supervisory Body, as well as Member of the Committee for Transactions with Related Parties.

On March 7, 2023, the Board of Directors appointed, to replace Luciana Rovelli, the Independent Director Stefano Proverbio, as a member of the Remuneration and Appointments Committee, assigning him the role of Chairperson and the office of Chairperson of the Supervisory Body, of which he was already a member. The Ordinary Shareholders' Meeting of April 28, 2023 confirmed the appointment of **Ms Maria Pia Maspes** as **Independent Director**, who became a member of the Board of Directors on March 29, 2023 by co-opting, pursuant to Article 2386 of the Italian Civil Code. On March 29, 2023 the Board also appointed Independent Director Maria Pia Maspes as a Member of the **Control, Risk and Sustainability Committee**, the **Committee for Translations with Related Parties** and the **Supervisory Body**.

On March 17, 2023, **the liquidation process of the Korean subsidiary SAES Getters Korea Corporation was completed** with the return of the residual cash to the Parent.

On March 29, 2023, subject to authorisation by the Board of Directors of SAES Getters S.p.A., SAES Nitinol S.r.l. approved a **waiver of the residual portion of interest accrued up to December 31, 2022 on the loans granted to the joint venture Actuator Solutions GmbH**, equal to 1.6 million euros⁴, to ensure business continuity and accelerate the replenishment of equity. The above waiver, finalised in April, has no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired at December 31, 2022, as it was deemed difficult to recover. The same Board of Directors also approved maintaining the current interest rate on the same loan, equal to 2%.

In mid-April 2023, the **RedZone® project**, an **"on-call" acceleration program** dedicated to Italian and foreign start-ups operating in the field of advanced materials, started its actual operations with the entry of the first start-up into the program. This is **Mimotype Technologies**, a German company which, inspired by luminous jellyfish, is developing a light emission technology that uses biodegradable and biocompatible materials for OLED applications. As of May 2023, SAES has made its facilities, laboratories and know-how available to Mimotype, to enable it to accelerate its application development program. In June 2023, a second company was added to the acceleration program, **Vortex S.r.l. – Benefit Corporation**, an Italian start-up that manufactures cosmetic products from food scraps.

Following the success of the first call, the **second RedZone call** was opened on June 12, 2023, again aimed at innovative start-ups operating in the field of advanced sustainable materials. The selected start-ups will have access to the Parent's laboratories in Lainate, support for marketing activities, as well as access to the SAES network, and will benefit from a financial grant. For SAES, there is also the possibility of becoming a shareholder of the start-ups, acquiring an investment of up to 15% of the share capital. SAES's goal, through RedZone, is to develop and grow innovation in advanced functional materials, supporting start-ups in the role of industrial partner.

On April 26, 2023, the Board of Directors of SAES Getters S.p.A. approved the guidelines of a single transaction including a voluntary partial public tender offer on savings shares (**VTO**) and the mandatory conversion of the savings shares into ordinary shares (**Mandatory Conversion**).

In particular, with reference to the **VTO**, the transaction calls for the purchase by SAES of no. 1,364,721 savings shares (equal to about 6.2% of the share capital and to about 18.5% of the savings shares) for a cash consideration of 29.31 euros for each savings share (ex-dividend 2022), for a total value of 40 million euros. If the number of savings shares as part of the VTO exceeds the no. 1,364,721 shares subject to the offer, the allotment mechanism will be applied according to the *"pro-rata"* method; if, on the other hand, the number of savings shares as part of the VTO is lower than the number of savings shares subject to the

⁴ This was in addition to the portion of interest, equal to 0.8 million euros, which SAES Nitinol S.r.l. had already waived in prior years.

Public Tender, the public tender is considered ineffective. It should be noted that SAES already has the necessary financial resources to finalise the Public Tender.

With reference to the **Mandatory Conversion**, the conversion ratio is equal to no. 1 ordinary share for every no. 1 savings share. The Mandatory Conversion is expected to be carried out through the use of the ordinary treasury shares of the Company up to a total of no. 3,900,000 ordinary shares currently in the portfolio, and, for the difference, through the issue, with no increase in the share capital, of a maximum of no. 2,113,898 new ordinary shares by the Company.

The VTO and the use of the ordinary treasury shares for the conversion were approved by the SAES Getters Shareholders' Meeting held on May 31, 2023. On the same date, the Extraordinary Shareholders' Meeting approved the cancellation of the savings shares subject to the VTO and the mandatory conversion of the savings shares still outstanding into ordinary shares, through the use of ordinary treasury shares in the portfolio and, for the difference, through the issue of new ordinary shares, and also approved authorising the Board of Directors to sell the treasury shares purchased as a result of the exercise of the right of withdrawal. Also on the same date, the Special Meeting of savings shareholders approved, within the scope of its responsibilities, the resolutions passed by the Extraordinary Shareholders' Meeting concerning the mandatory conversion of savings shares into ordinary shares and the associated amendments of the Articles of Association.

With regard to the right to **withdrawal**, the subscription period ended on June 23, 2023. This right was exercised by one shareholder, in respect of one savings share, to be purchased by the Company for an equivalent value of 21.46 euros on conclusion of the VTO and, after conversion, will be subject to sale, for a consideration no lower than the market price when the transaction is carried out, reduced by up to 10%. The entire transaction is aimed at improving and simplifying the structure of the share capital of SAES Getters S.p.A., rationalising the financial instruments issued by the Company, increasing liquidity and the free float of ordinary shares, as well as standardising the rights of all shareholders.

The Offer Document was approved by Consob on July 6, 2023, while the Public Tender subscription period is from July 11, 2023 to July 31, 2023 (inclusive), with payment date on August 4, 2023 (fourth trading day following the end of the subscription period).

The Ordinary Shareholders' Meeting held on April 28, 2023 approved the appointment of Ms **Silvia Olivotto** as **Alternate Statutory Auditor** (name suggested by the majority shareholder S.G.G. Holding S.p.A.) of the Board of Statutory Auditors after the resignation of Alternate Statutory Auditor Ms Mara Luisa Sartori as of June 1, 2022.

On the same date, the Special Meeting of Holders of Savings Shares appointed Mr **Dario Trevisan** (name suggested by shareholder Andreas Lechner) as **Common Representative of Holders of Savings Shares** for the 2023-2025 three-year period, as the term of office of the previous representative, Mr Massimiliano Perletti, in office for the 2020-2022 three-year period, had come to an end.

On April 28, 2023, the Board of Directors of SAES Getters S.p.A. approved signing a **second amendment to the convertible loan granted to the German company Rapitag GmbH** (Munich). In particular, the contractual amendment provided for the payment of two additional tranches of financing, of which the first (equal to 200 thousand euros) not subject to any milestones, disbursed on May 3, 2023; the second (equal to 100 thousand euros) subject to the achievement of specific commercial and/or financing objectives, not disbursed following the failure to meet these targets. The loan assets corresponding to the first tranche of 200 thousand euros were impaired because they were deemed unlikely to be recoverable. Lastly, it should be noted that the maturity of the loan has been extended by one year (i.e. until December 31, 2026) and that the period established for the conversion by SAES of the loan into Rapitag shares has been simultaneously extended to April 13, 2025 (instead of July 1, 2024).

A further and **third amendment** to the convertible loan granted to Rapitag GmbH was signed on June 30, 2023. The new agreement calls for the disbursement of 200 thousand euros, in order to guarantee the continuation of the German start-up's development activities, pending the materialisation of several significant business opportunities. The loan was disbursed on July 4, 2023, but already at June 30 the

Group's irrevocable commitment was accounted for as an onerous contract, by recording a current risk provision, with a financial expense as a balancing entry.

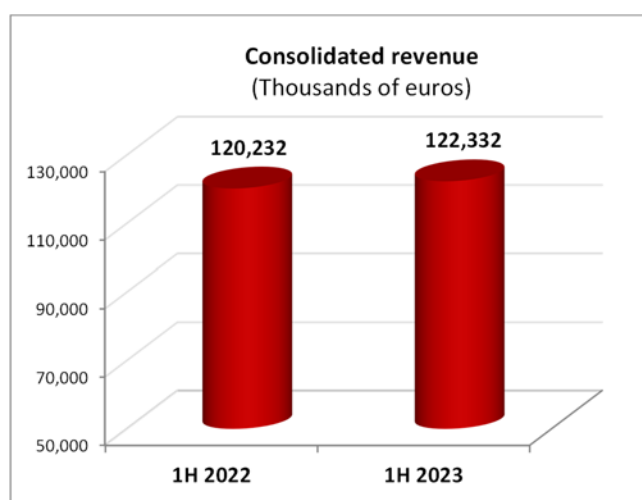
Following the maturity of the **revolving credit line for 30 million euros signed with Intesa Sanpaolo S.p.A.** in April 2020, on May 29, 2023 an analogous credit line was opened in the same amount, maturing on July 31, 2024. The contract provides for the payment of interest indexed at the one/three-month Euribor rate, plus a spread of 1.20%, and a financial covenant (consolidated net financial position/EBITDA ratio of less than 1) reviewed every six months.

On May 31, 2023, the Board of Directors approved a **donation of 30 thousand euros to support the Emilia Romagna region**, affected by the flood.

The tax return for the 2018 tax year of **SAES Getters S.p.A.** was subject to an **assessment by the Italian Revenue Agency**, following which, on June 9, 2023, the Company received a **Report on Findings** indicating a higher taxable amount for IRES of 21.8 million euros, as well as a higher taxable amount for IRAP amounting to 13.2 million euros. The Company is waiting for the issue of the Notice of Assessment by the competent tax authority.

In order to reduce the Group's exposure to financial market volatility, **all securities were sold** during the first half of the year, **with the exception of the two Credit Link Certificates (CLC)** maturing respectively at the beginning of 2024 and June 2026 and a residual part of Class III of the Cardif Policy (residual value at June 30, 2023 equal to 3,712 thousand euros), liquidated in the first half of July 2023.

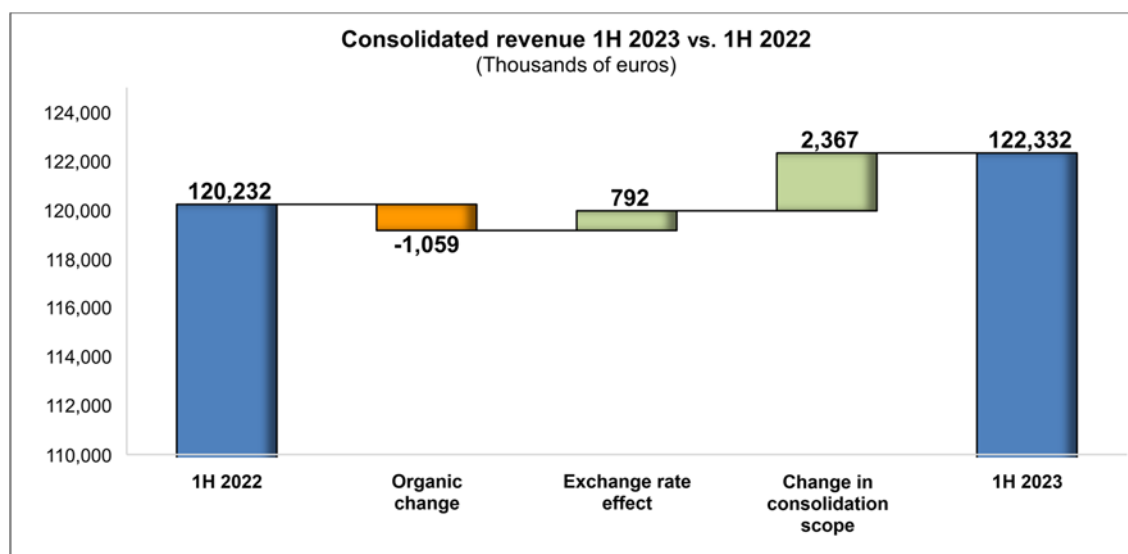
Revenue and results for the first half of 2023



In the first half of 2023, the SAES Group achieved **consolidated revenue** of 122,332 thousand euros, up by 1.7% compared to 120,232 thousand euros in the corresponding period of 2022. Excluding the **positive exchange effect** (+0.7%, equal to 792 thousand euros), exclusively due to the revaluation of the US dollar against the euro during the half-year, the change was positive (+1%, equal to +1,308 thousand euros): the organic growth of the **Medical Nitinol Division** (+10.8%), together with that of the **Industrial Division** (+4.2%, mainly driven by **SMA Materials** sales in the mobile sector) more than offset the natural decline in the **Chemicals** (-34%) and **Packaging** (-60.5%) Divisions. In the **High Vacuum Division**, the effect attributable to the **change in consolidation scope**⁵ (+17.9%, equal to 2,367 thousand euros) more than offset the natural decline (-12.8%), caused by the postponement of several projects and the deferral of certain deliveries to July.

⁵ Sales relating to the January - May 2023 period of SAES RIAL Vacuum S.r.l.

The following chart shows the consolidated revenue of the first half of 2023, compared with the corresponding period of 2022, highlighting the **effect of exchange rates**, the growth related to the **change in consolidation scope** and the difference due to the changes in sale prices and sales volumes (**organic change**).



Also including the share of revenue of the joint ventures⁶, **total revenue** amounted to 122,991 thousand euros, basically unchanged compared to 123,036 thousand euros in the first six months of 2022: the higher revenue related to the full consolidation of SAES RIAL Vacuum S.r.l. in the first half of 2023 (instead of 49% as in the January – May 2022 period) offset the decline in revenue of the joint venture Actuator Solutions GmbH; however, the latter figure is purely figurative, since the two half-years are not comparable, due to the sale of the last production line of actuators for automotive seat comfort completed at the end of 2022 (for further details, see the section below “Performance of the joint ventures in the first half of 2023”).

(Thousands of euros)

	1H 2023	1H 2022	Total difference	Total difference %
Consolidated Revenue	122,332	120,232	2,100	1.7%
50% revenue of the joint venture Actuator Solutions GmbH	767	1,549	(782)	-50.5%
49% revenue of the joint venture SAES RIAL Vacuum S.r.l. (*)	0	1,429	(1,429)	-100.0%
Revenue of the joint venture Flexterra (**)	0	0	0	n.a.
Intragroup eliminations (*)	(111)	(164)	53	-32.3%
Other adjustments	3	(10)	13	-130.0%
Total revenue of the Group	122,991	123,036	(45)	0.0%

(*) SAES RIAL Vacuum S.r.l.'s revenue and intragroup eliminations are referred to the period January 1 - May 25, 2022, starting from that date the company was fully consolidated.

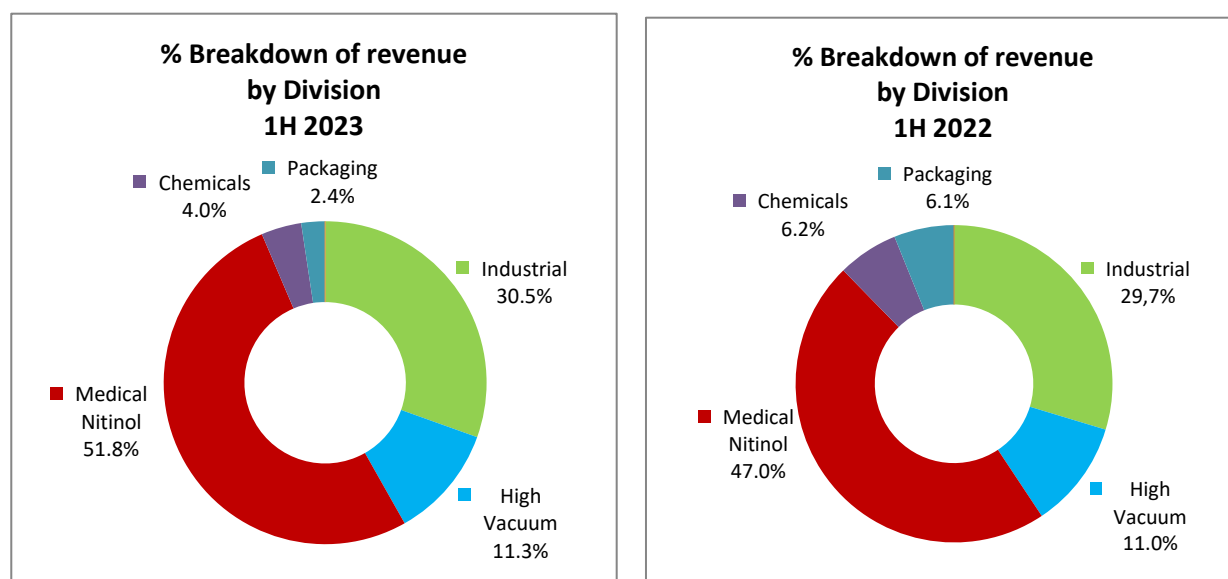
(**) The investment of SAES Getters S.p.A. increased from 46.84% to 47.10% starting from January 2023.

The graphs below show the **percentage weight of the revenue for each Division** for the first half of 2023 and for the corresponding period of 2022.

The growth in the percentage incidence of consolidated revenue of the **Medical Nitinol Division** and, to a lesser extent, the **Industrial Division**, both characterised in the first half of 2023 by an increase in sales in absolute value, should be noted. Conversely, revenue and the percentage weight of the **Packaging** and

⁶ Actuator Solutions GmbH (50%) and Flexterra (47.10%) in the first half of 2023, which were joined in the January – May 2022 period by SAES RIAL Vacuum S.r.l. (49%), fully consolidated as of May 25, 2022.

Chemicals Divisions are down, while the **High Vacuum Division** remains stable, thanks to the fully consolidation of the investment in SAES RIAL Vacuum S.r.l.



The following table provides a **breakdown of consolidated revenue** in the first half of 2023 and in 2022 **for each division**, with the relative **percentage difference**, at **current and comparable exchange rates** and with evidence of the **effect deriving from the change in consolidation scope**.

(Thousands of euros)

Divisions and Businesses	1H 2023	1H 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	22,871	23,292	(421)	-1.8%	-0.1%	-1.7%	0.0%
Sintered Materials	4,460	5,590	(1,130)	-20.2%	0.9%	-21.1%	0.0%
SMA Materials	9,956	6,798	3,158	46.5%	1.0%	45.5%	0.0%
SAES Industrial	37,287	35,680	1,607	4.5%	0.3%	4.2%	0.0%
High Vacuum Solutions	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
SAES High Vacuum	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
Medical Nitinol	63,350	56,522	6,828	12.1%	1.3%	10.8%	0.0%
SAES Medical Nitinol	63,350	56,522	6,828	12.1%	1.3%	10.8%	0.0%
Functional Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
SAES Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
Packaging Solutions	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
SAES Packaging	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
Not Allocated	17	8	9	112.5%	0.0%	112.5%	0.0%
Consolidated Revenue	122,332	120,232	2,100	1.7%	0.7%	-1.0%	2.0%

The consolidated revenue of the **Industrial Division** in the first half of 2023 amounted to 37,287 thousand euros, up by 4.5% compared to 35,680 thousand euros in the corresponding half-year period of 2022. The performance of the euro against the major foreign currencies led to a positive exchange rate effect equal to +0.3%, net of which revenue organically grew by 4.2%.

The organic increase is concentrated in the **SMA Materials** segment (+45.5%, equal to 3,090 thousand euros, mainly thanks to the mobile sector and, to a lesser extent, to automotive applications). With regard to the **Getters & Dispensers** business, the defence business recorded excellent performance, while there was a decline in sales of getters for medical diagnostics and a natural downturn in the more traditional sectors, especially lamps. The **Sintered Materials** segment was down, penalised by lower orders for thermal dissipation components for high-power laser applications.

The consolidated revenue of the **High Vacuum Division** in the first half of 2023 amounted to 13,859 thousand euros, up by 4.9% compared to 13,209 thousand euros in the corresponding half-year period of 2022. The exchange rate effect is practically negligible (-0.2%), while the increase related to the full consolidation of SAES RIAL Vacuum S.r.l. (+17.9%, equal to 2,367 thousand euros) more than offset the organic reduction (-12.8%, equal to -1,689 thousand euros) caused by lower revenue from vacuum pumps for the order with the RFX Consortium of Padua, which is involved in experimental nuclear fusion. Finally, it should be noted that revenue for the first half of 2023 was penalised by the postponement of several projects and the deferral of some monochromator deliveries to after June 30.

The consolidated revenue of the **Nitinol Medical Division** in the first half of 2023 amounted to 63,350 thousand euros, up by 12.1% compared to 56,522 thousand euros in the corresponding period of 2022. Net of the positive exchange rate effect (+1.3%), sales increased organically by 10.8% (+6,097 thousand euros), with a second quarter further strengthening compared to the first, thanks to the favourable trend in US medical market relating to applications dedicated to minimally invasive surgery.

The consolidated revenue of the **Chemicals Division** in the first half of 2023 amounted to 4,912 thousand euros, compared to 7,447 thousand euros in the corresponding period of 2022. The exchange rate effect was nil, as the sales were denominated exclusively in euros.

The decline is substantially attributable to the slowdown in the consumer electronics market, the main outlet market for the products of this Division, as it was in the latter part of 2022. Some deliveries were also postponed to after June 30, 2023.

The consolidated revenue of the **Packaging Division** in the first half of 2023 amounted to 2,907 thousand euros compared to 7,366 thousand euros in the corresponding period of 2022. Sales are exclusively denominated in euro.

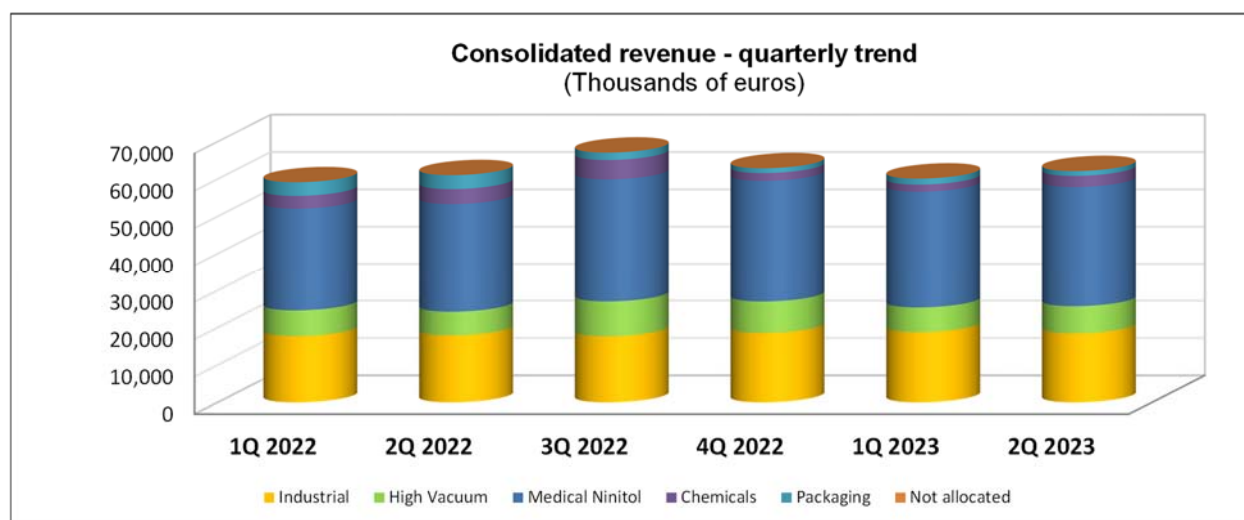
The decline is essentially due to three main factors:

- contraction in consumption due to the inflation crisis, with negative repercussions on the converting segment and on the entire packaging supply chain;
- mitigation of the shortage of certain plastic materials, alternative to the SAES offer;
- increased competitive pressure on more traditional products with aluminium oxide barrier technology.

However, there was an increase in sales of innovative products related to recyclable plastic mono-material structures, in accordance with the EU Packaging Waste Directive, which, if approved, is expected favour the success of SAES Coated Films S.p.A.'s coating technology.

Not-allocated consolidated revenue amounted to 17 thousand euros in the first half of 2023 (8 thousand euros at June 30, 2022) and refer exclusively to initial sales related to the B!POD project, developed by the SAES Design House, for which new product launches are expected in the course of the current year.

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



(Thousands of euros)

Divisions and Businesses	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Getters & Dispensers	11,408	11,463	12,299	10,987	11,554	11,738
Sintered Materials	2,182	2,278	2,326	2,718	3,030	2,560
SMA Materials	4,886	5,070	3,949	3,987	3,357	3,441
SAES Industrial	18,476	18,811	18,574	17,692	17,941	17,739
High Vacuum Solutions	7,265	6,594	8,430	9,328	6,322	6,887
SAES High Vacuum	7,265	6,594	8,430	9,328	6,322	6,887
Medical Nitinol	32,139	31,211	32,525	32,918	29,053	27,469
SAES Medical Nitinol	32,139	31,211	32,525	32,918	29,053	27,469
Functional Chemicals	2,989	1,923	2,084	5,183	4,024	3,423
SAES Chemicals	2,989	1,923	2,084	5,183	4,024	3,423
Packaging Solutions	1,299	1,608	1,302	1,973	3,728	3,638
SAES Packaging	1,299	1,608	1,302	1,973	3,728	3,638
Not Allocated	6	11	14	10	8	0
Consolidated revenue	62,174	60,158	62,929	67,104	61,076	59,156

In 2023, after a **first quarter** decline compared to the previous quarter (fourth quarter 2022) mainly due to the negative exchange effect and the non-linear trend of sales in the High Vacuum Division, the **second quarter** once again recorded growth and stands at the previous levels of average quarterly revenue, mainly driven by the Medical Nitinol Division and the Chemicals Division, marking a sharp recovery compared to the previous two periods.

The following table shows details of the **consolidated revenue in the first two quarters of the current year** for the various business sectors, along with information on the percentage change at current exchange rates and at comparable exchange rates.

(Thousands of euros)

Divisions and Businesses	2Q 2023	1Q 2023	Total difference	Total difference %	Exchange rate effect %	Organic change %
Getters & Dispensers	11,408	11,463	(55)	-0.5%	-1.3%	0.8%
Sintered Materials	2,182	2,278	(96)	-4.2%	-1.4%	-2.8%
SMA Materials	4,886	5,070	(184)	-3.6%	-0.9%	-2.7%
SAES Industrial	18,476	18,811	(335)	-1.8%	-1.2%	-0.6%
High Vacuum Solutions	7,265	6,594	671	10.2%	-0.9%	11.1%
SAES High Vacuum	7,265	6,594	671	10.2%	-0.9%	11.1%
Medical Nitinol	32,139	31,211	928	3.0%	-1.5%	4.5%
SAES Medical Nitinol	32,139	31,211	928	3.0%	-1.5%	4.5%
Functional Chemicals	2,989	1,923	1,066	55.4%	0.0%	55.4%
SAES Chemicals	2,989	1,923	1,066	55.4%	0.0%	55.4%
Packaging Solutions	1,299	1,608	(309)	-19.2%	0.0%	-19.2%
SAES Packaging	1,299	1,608	(309)	-19.2%	0.0%	-19.2%
Not Allocated	6	11	(5)	-45.5%	0.0%	-45.5%
Consolidated revenue	62,174	60,158	2,016	3.4%	-1.3%	4.7%

Comparing the first two quarters of the current year, revenue grew by 3.4%. Net of the penalising **exchange rate effect** (-1.3%, equal to -757 thousand euros), the **organic change** was +4.7% (+2,773 thousand euros), mainly driven by:

- **Medical Nitinol Division**, favoured by the positive trend in the US of the medical market relating to applications dedicated to minimally invasive surgery;
- **Chemicals Division**, favoured by restocking phenomena in the second half of the half year;
- **High Vacuum Division**, thanks to higher sales of pumps for industrial applications and vacuum chambers for particle accelerators.

On the other hand, the **Packaging Division** reported an organic decline, essentially attributable to the reduction in sale prices resulting from the general reduction in the cost of raw materials; volumes sold remaining the same.

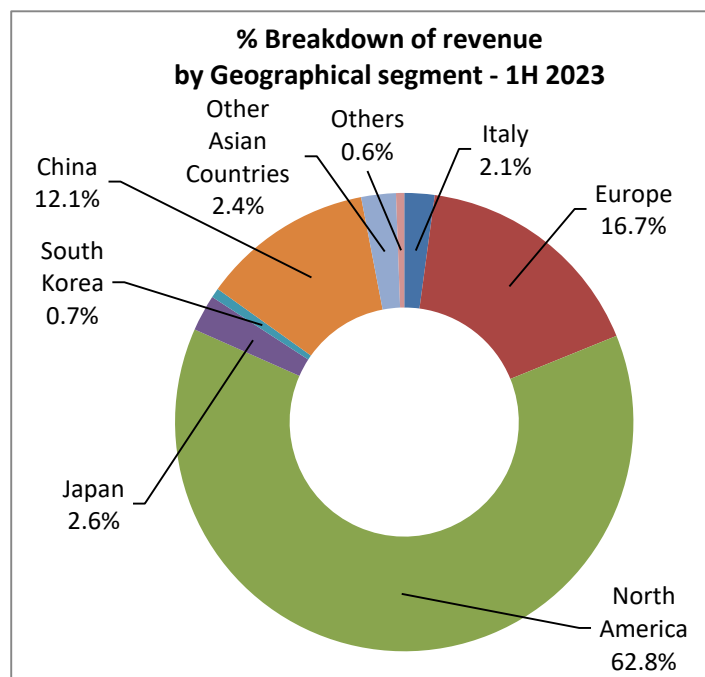
Lastly, the **Industrial Division** was stable, where the increase in the *defence* business was offset by the general decline across all other segments.

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

(Thousands of euros)

Geographical segment	1H 2023		1H 2022		Total difference		Change in consolidation scope
		%		%		%	
Italy	2,603	2.1%	3,592	3.0%	(989)	-27.5%	296
Europe	20,466	16.7%	23,864	19.8%	(3,398)	-14.2%	761
North America	76,776	62.8%	70,428	58.6%	6,348	9.0%	1,288
Japan	3,151	2.6%	3,298	2.7%	(147)	-4.5%	0
South Korea	818	0.7%	1,115	0.9%	(297)	-26.6%	0
China	14,826	12.1%	12,836	10.7%	1,990	15.5%	22
Other Asian countries	2,984	2.4%	2,956	2.5%	28	0.9%	0
Others	708	0.6%	2,143	1.8%	(1,435)	-67.0%	0
Consolidated revenue	122,332	100.0%	120,232	100.0%	2,100	1.7%	2,367

of which:



With regard to the geographical distribution of consolidated revenue, in the first half of 2023 there was a significant increase in sales in **North America**, mainly driven by the Medical Nitinol Division and, to a lesser extent, by the vacuum pump business due to the full consolidation of SAES RIAL Vacuum S.r.l., and in the **Chinese market**, thanks above all to SMA Materials products for the mobile segment, despite the decline in the Chemicals Division.

On the other hand, revenue in **Europe**, including **Italy**, was down due to the slowdown in the packaging business, which also caused the decrease in the **rest of the world** (particularly in South Africa).

The **consolidated gross profit** was equal to 53,516 thousand euros in the first half of 2023, up slightly (+0.5%) compared to 53,235 thousand euros in the corresponding half of 2022: the growth in the **Medical Nitinol Division** is offset by the decline in the **Chemicals** and **Packaging Divisions**, penalised by the drop in sales. All **other Divisions** are substantially aligned.

The exchange rate effect was positive and equal to +260 thousand euros, while the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022 contributed to the increase in gross profit in the first half of 2023 (High Vacuum Division) for 645 thousand euros. Lastly, there was a **non-recurring cost** of 275 thousand euros, due to the departure of an employee of the Parent.

The **consolidated gross profit margin** is substantially aligned, going from 44.3% in the first half of 2022 to 43.7% in the current half-year, penalised above all by the dilutive effect of the full consolidation of SAES RIAL Vacuum S.r.l., which has lower margins than the historical margins of the High Vacuum Division.

The following table shows the **consolidated gross profit** and **gross profit margin** in the first half of 2023 by Division, compared with the corresponding period of the previous year.

(Thousands of euros)

of which:

Divisions	1H 2023	1H 2022	Total difference	Difference %	Change in consolidation scope
SAES Industrial	(*) 18,177	18,232	(55)	-0.3%	0
% of the Division revenue	48.7%	51.1%			n.a.
SAES High Vacuum	6,365	6,241	124	2.0%	645
% of the Division revenue	45.9%	47.2%			27.2%
SAES Medical Nitinol	28,249	25,705	2,544	9.9%	0
% of the Division revenue	44.6%	45.5%			n.a.
SAES Chemicals	776	1,823	(1,047)	-57.4%	0
% of the Division revenue	15.8%	24.5%			n.a.
SAES Packaging	57	1,326	(1,269)	-95.7%	0
% of the Division revenue	2.0%	18.0%			n.a.
Not Allocated	(108)	(92)	(16)	17.4%	0
% of the Division revenue	n.a.	n.a.			n.a.
Gross profit	53,516	53,235	281	0.5%	645
<i>Gross profit margin</i>	<i>43.7%</i>	<i>44.3%</i>			<i>27.2%</i>

(*) Including non-recurring severance costs equal to -275 thousand euros.

In the **Industrial Division**, gross profit amounted to 18,177 thousand euros, substantially unchanged compared to the first half of 2022 (18,232 thousand euros). However, it should be noted that the amount for the current six-month period is penalised by a severance cost of 275 thousand euros, net of which the gross profit would have been up by 1.2%. The Division's overall gross profit margin decreased slightly from 51.1% to 48.7%. Both in absolute value and in terms of margins, the increase in the **SMA Materials** segment, driven by sales in the mobile area, was offset by the decline in the **Getters & Dispensers** and **Sintered Materials** businesses, penalised by lower revenue and lower economies of scale.

In the **High Vacuum Division**, gross profit amounted to 6,365 thousand euros in the first half of 2023, up by 2% compared to 6,241 thousand euros in the corresponding period of 2022: this growth is attributable exclusively to the change in the consolidation scope (purchase of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022), the effect of which was equal to +645 thousand euros. However, this change in scope had a negative impact on the gross profit margin (from 47.2% to 45.9%) penalised by the fact that SAES RIAL Vacuum S.r.l. has lower profit margins than those historically recorded by the High Vacuum Division; excluding the scope effect, the gross profit margin would have come to 49.8%.

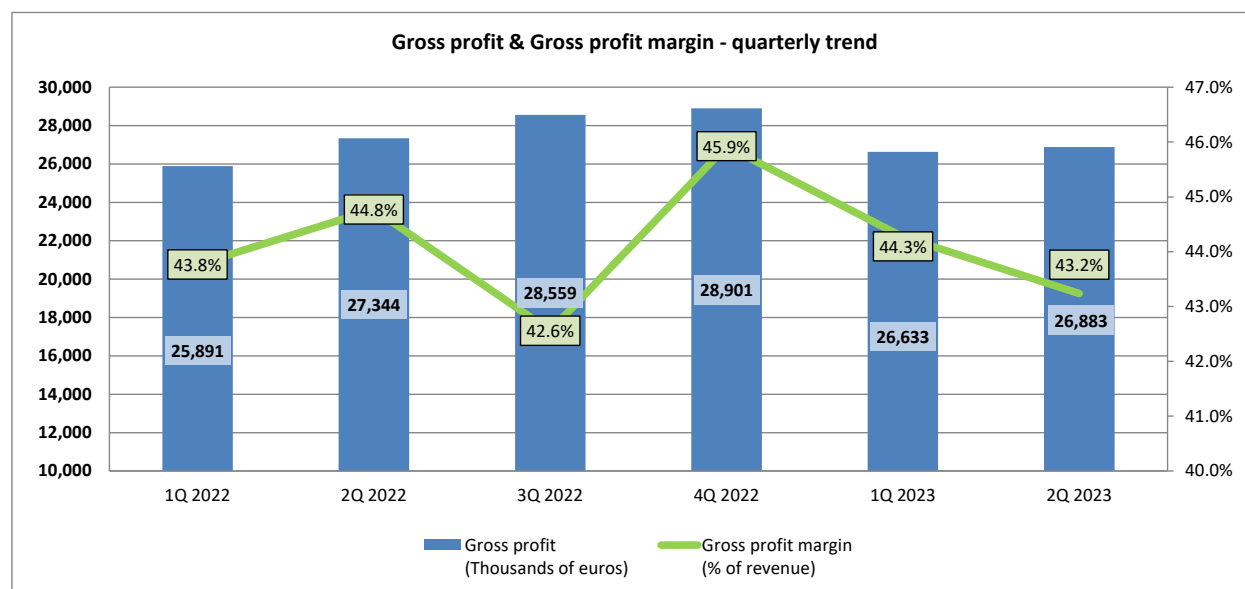
In the **Medical Nitinol Division**, the gross profit amounted to 28,249 thousand euros, up by 9.9% compared to 25,705 thousand euros in the first half of 2022, while the gross profit margin was down slightly (from 45.5% to 44.6%), despite the growth in sales, as it was negatively affected by a different product mix, with a greater absorption of raw materials.

The **Chemicals Division** closed the first half of 2023 with a gross profit of 776 thousand euros, compared to 1,823 thousand euros in the first half of 2022, while the gross profit margin fell from 24.5% to 15.8%: both indicators were penalised by lower sales volumes, as well as the fact that production was not at full capacity in the early months of the current year.

The **Packaging Division** closed the first half of 2023 at the break-even point (+57 thousand euros), compared to 1,326 thousand euros, while the gross profit margin went from 18% to 2%: both indicators were penalised by the drastic decline in sales, attributable in particular to the crisis being experienced by the entire packaging supply chain, as a result of inflation and ensuing lower consumption, as well as the attenuation of the shortage of some plastic materials alternative to the SAES offer, and the greater competitive pressure on more traditional products with aluminium oxide barriers.

The **gross loss (not allocated)** of -108 thousand euros in the first half of 2023 (-92 thousand euros in the same period of 2022), refers exclusively to the new B!POD project developed by the SAES Design House, for which the first commercial launch took place at the end of April 2022 and new product launches are planned by the end of this year.

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



In the first half of 2023, there was substantial stability in the industrial indicators. In particular, in the second quarter, against the slight increase in the **gross profit**, favoured by an increase in sales especially in the Medical Nitinol, High Vacuum and Chemicals Divisions, there was a slight decline in **profit margins**, mainly attributable to the more traditional businesses of the Industrial Division.

The **consolidated operating profit** for the half-year was equal to 12,373 thousand euros (10.1% of consolidated revenue), compared to 20,246 thousand euros in the same period of the previous year (16.8% of consolidated revenue). Excluding both the positive exchange rate effect (+173 thousand euros) and the change in consolidation scope⁷ (+101 thousand euros), the operating profit declined by -8,147 thousand euros, mainly due to the increase in general and administrative expenses, also penalised by significant non-recurring items (4,862 thousand euros in net consultancy costs⁸ for the potential sale of the medical business, 1,128 thousand euros in severance costs and 786 thousand euros in governance costs).

For details on operating costs, please refer to the specific comment paragraph.

The following table shows the **consolidated operating profit** for the first half of 2023 **by Division**, compared with the corresponding period of the previous year.

⁷ Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.

⁸ Consulting costs equal to -7,163 thousand euros, net of legal costs for the Second Request charged back to Resonetics (+2,301 thousand euros) as per contractual agreements.

(Thousands of euros)

of which:

Divisions	1H 2023	1H 2022	Total difference	Difference %	Change in consolidation scope
SAES Industrial	(*) 10,929	11,061	(132)	-1.2%	0
SAES High Vacuum	2,379	2,861	(482)	-16.8%	101
SAES Medical Nitinol	(**) 18,271	20,968	(2,697)	-12.9%	0
SAES Chemicals	(374)	853	(1,227)	-143.8%	0
SAES Packaging	(1,552)	(409)	(1,143)	279.5%	0
Not Allocated	(***) (17,280)	(15,088)	(2,192)	14.5%	0
Operating profit	12,373	20,246	(7,873)	-38.9%	101
<i>Operating profit margin</i>	<i>10.1%</i>	<i>16.8%</i>			<i>4.3%</i>

(*) Including non-recurring severance costs equal to -553 thousand euros.

(**) Including non-recurring consulting costs for the potential sale of the Medical Nitinol business equal to -4,862 thousand euros.

(***) Including non-recurring severance costs equal to -850 thousand euros and governance costs equal to -786 thousand euros.

Consolidated operating costs amounted to 40,986 thousand euros (33.5% of consolidated revenue), compared to 32,838 thousand euros (27.3% of consolidated revenue) in the same half of 2022. Excluding both the exchange rate effect (which increased operating costs by +90 thousand euros) and the effect linked to the change in consolidation scope⁹ (+517 thousand euros), as well as non-recurring costs which penalised the year 2023 (in particular, net consulting costs for the potential sale of the medical business, totalling -4,862 thousand euros, and severance costs of -1,128 thousand euro, as well as costs linked to governance of -786 thousand euros, all classified under general and administrative expenses), operating costs rose by 765 thousand euros. The increase was primarily concentrated in **Research and development expenses** (higher personnel expense due to a higher headcount, especially of the Parent, as well as regular wage increases, in addition to costs correlated with the RedZone incubator, and its promotion, and for contributions to selected start-ups) and, to a lesser extent, **general and administrative expenses** (higher provision for the phantom shares plan of Executive Directors correlated with appreciation in the SAES share value). **Selling expenses**, again net of the exchange rate and scope effects, were instead basically unchanged (higher bonuses linked to improved performance of the US companies and higher commissions on SMA wire sales, as well as higher travel costs due to the resumption of the business and inflation were offset by lower marketing and consulting costs for the *B!POD* project, after its launch in the first half of 2022, and lower transport costs due to the lower volumes in the Packaging Division).

(Thousands of euros)

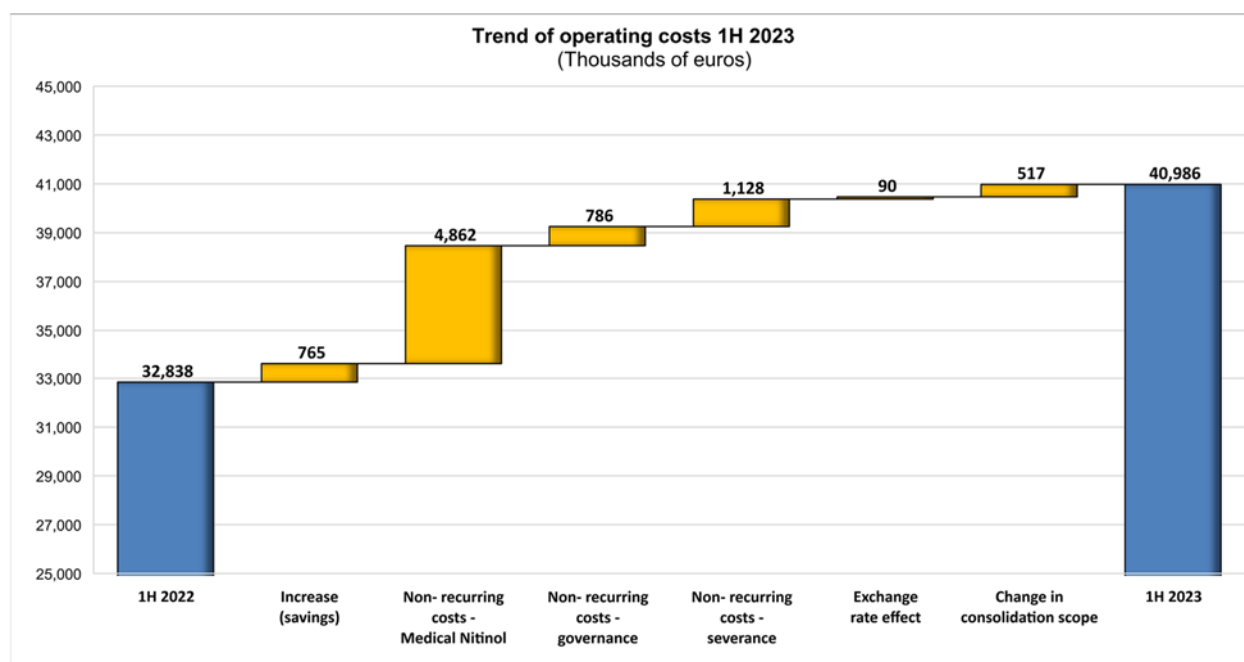
of which:

	1H 2023	1H 2022	Total difference	Difference %	Change in consolidation scope
Research & development expenses	(6,732)	(6,183)	(549)	8.9%	(55)
Selling expenses	(9,345)	(8,880)	(465)	5.2%	(238)
General & administrative expenses	(*) (24,932)	(17,575)	(7,357)	41.9%	(224)
Impairment losses on trade receivables	23	(200)	223	-111.5%	0
Total operating costs	(40,986)	(32,838)	(8,148)	24.8%	(517)
<i>% of revenue</i>	<i>33.5%</i>	<i>27.3%</i>			<i>21.8%</i>

(*) Including non-recurring net consulting costs for the potential sale of the Medical Nitinol business, amounting to -4,862 thousand euros; severance costs equal to -1,128 thousand euros and governance costs equal to -786 thousand euros (total of non-recurring costs equal to -6,776 thousand euros).

The chart below shows the **trend of consolidated operating costs** in the first half of 2023, highlighting the effect attributable to exchange rates, the organic change and the impact of non-recurring costs, as well as the change related to the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

⁹ Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.



Overall, **personnel expense** amounted to 52,197 thousand euros, compared to 48,001 thousand euros in the same period of the previous year: excluding the exchange rate effect (+295 thousand euros) and the scope effect¹⁰ (+719 thousand euros) as well as non-recurring costs due to the departure of personnel (1,403 thousand euros), the organic increase (+1,779 thousand euros) is attributable primarily to the increase in the average number of employees at all US manufacturing affiliates (in particular, strengthening of manufacturing staff of the affiliates Memry Corporation, SAES Smart Materials, Inc. and Spectra-Mat, Inc.) and at the Parent (slight increase across all operating segments), in addition to salary increases correlated with inflation. Finally, there was an increase in the use of temporary workers at Memry Corporation, offset by a lower use of temporary workers at the Avezzano plant of the Parent, as a result of the decline in volumes of the Chemicals Division and the high levels of inventories at December 31, 2022.

The profit for the half-year takes into account the **depreciation/amortisation** of both **property, plant and equipment** and **intangible assets**, and **right-of-use assets** equal to 7,707 thousand euros, compared with 6,904 thousand euros in the same period of the previous year: the increase is mainly attributable, not only to the exchange rate effect (+34 thousand euros) and the scope effect¹¹ (+346 thousand euros), but also to the higher amortisation/depreciation of the Parent (mainly due to the renovation of laboratories last year, as well as depreciation for the purchase of new R&D instrumentation), SAES Smart Materials, Inc. (in particular, amortisation of the investment for the building expansion midway through last year) and Spectra-Mat, Inc. (depreciation relating to new process instrumentation).

Consolidated EBITDA was equal to 20,091 thousand euros (16.4% of consolidated revenue) in the first half of 2023, compared to 27,378 thousand euros (22.8% of consolidated revenue) in the same period of 2022. Excluding the positive exchange rate effect (+207 thousand euros) and the effect of the change in consolidation scope¹² (+447 thousand euros), as well as non-recurring costs for the half-year (severance costs equal to 1,403 thousand euros and net consultancy costs relating to the possible sale of the medical

¹⁰ Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.

¹¹ Acquisition of entire quota capital of SAES RIAL Vacuum S.r.l. in late May 2022, including the higher depreciation of property, plant and equipment and amortisation of intangible assets identified in relation to the business combination of the company, in accordance with the provisions of IFRS 3.

¹² Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.

business amounting to 4,862 thousand euros, as well as costs related to governance of 786 thousand euros), the decline in EBITDA is reduced to -890 thousand euros, in line with that of the operating profit (organic change net of non-recurring costs) and mainly attributable to the decline in the Chemicals and Packaging Divisions.

The following table shows the **reconciliation between EBITDA and operating profit** in the first half of 2023, compared with the corresponding period of the previous year.

(Thousands of euros)

	1H 2023	1H 2022	Total difference	Difference %	of which: Change in consolidation scope
Operating profit	(*) 12,373	20,246	(7,873)	-38.9%	101
Depreciation of property, plant and equipment and amortisation of intangible assets	(6,422)	(5,632)	(790)	14.0%	(318)
Depreciation of right-of-use assets	(1,285)	(1,272)	(13)	1.0%	(28)
Impairment losses on property, plant and equipment and intangible assets	(11)	(228)	217	-95.2%	0
EBITDA	(*) 20,091	27,378	(7,287)	-26.6%	447
<i>% of revenue</i>	<i>16.4%</i>	<i>22.8%</i>			<i>18.9%</i>

(*) Including non-recurring net consulting costs for the potential sale of the Medical Nitinol business equal to -4,862 thousand euros; severance costs equal to -1,403 thousand euros; governance costs equal to -786 thousand euros (total of non-recurring costs equal to -7,051 thousand euros).

Net other expense came to -157 thousand euros in the first half of 2023, aligned with the corresponding period of the previous year (-151 thousand euros).

The amount for the current period includes income of 127 thousand euros relating to an adjustment on the sale price of the subsidiary SAES Pure Gas, Inc. (disposal completed in 2018), as a result of a tax refund relating to the period prior to the sale, as well as the cost of 30 thousand euros for donations to support Emilia-Romagna. In the previous period, however, there was a cost of 100 thousand euros for donations to support Ukraine.

Net financial income amounted to +1,582 thousand euros, compared to an expense of -12,953 thousand euros in the corresponding period of 2022. This improvement was mainly attributable to the profit from securities management (profit of +2,696 thousand euros in the current half-year, compared to a loss of -13,113 thousand euros in the corresponding period of the previous year, caused by international tensions in the financial markets, also as a result of the crisis in Ukraine), as well as the interest income accrued on time deposits in which the Group's liquidity was invested, after the disposal of almost all securities.

This positive change was partially offset by higher interest expense, mainly attributable to the increase in interest rates, as well as by the cost of accounting for the onerous contract relating to the Group's irrevocable commitment to provide an additional convertible loan of 200 thousand euros to the start-up Rapitag GmbH. Furthermore, the first half of 2022 benefited from income of 339 thousand euros deriving from the fair value remeasurement of the investment in SAES RIAL Vacuum S.r.l. prior to the purchase of the entire quota capital and the full consolidation of the company.

The **impairment losses on loan assets and other financial assets** amounted to -793 thousand euros, compared to -275 thousand euros in the corresponding period of 2022. The increase can primarily be attributed to the impairment loss on the additional convertible loan granted to the joint venture Flexterra, Inc. on June 1, 2023 (-234 thousand euros) as well as that on the convertible loan disbursed to Rapitag GmbH in early May 2023 (-200 thousand euros).

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

The **share of profit (loss) of equity-accounted investees** was zero in the first half of 2023, compared to a profit +167 thousand euros in the corresponding period of 2022, attributable exclusively to the joint venture SAES RIAL Vacuum S.r.l. and referring to the January 1– May 25, 2022 period (the latter date being the closing date of the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l. by the SAES Group). The share of the profit (loss) of the joint ventures Actuator Solutions GmbH and Flexterra was not recognised in the Group: in the first case, despite the profit realised, because the equity of the joint venture is still negative by around 1.3 million euros (pro-rata amount of 50%); in the second case because, despite the loss for the period, SAES's investment in Flexterra has already been fully impaired. For further details, please refer to the paragraph “Performance of the joint ventures in the first half of 2023” and to Notes no. 7 and no. 16 of the Condensed Interim Consolidated Financial Statements at June 30, 2023.

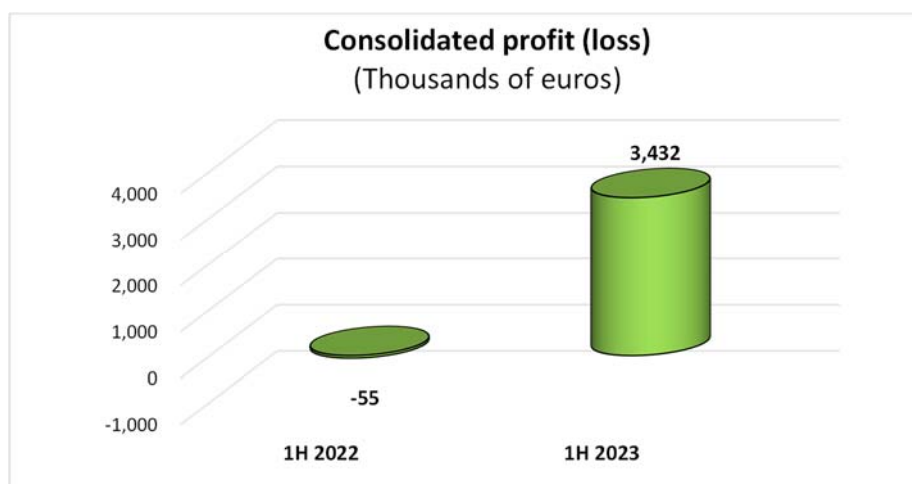
Net exchange losses amounted to -1,999 thousand euros in the first six months of 2023, compared to a loss of -507 thousand euros in the first half of 2022. This higher loss can be attributed to the fair value of the contingent derivative contract (notional amount of 415 million dollars and fair value at June 30, 2023 of -1,894 thousand euros) entered into in February 2023 in order to protect the collection in dollars established for the possible disposal of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. The last possible date for the exercise of the derivative is January 8, 2024 (Long Stop Date). The spot forward exchange rate within the reference contractual range will be determined on the basis of the actual date of approval, if any, by the US Antitrust Authority and, if by the Long Stop Date it expresses a negative opinion on the finalisation of the sale transaction, the entire derivative contract would lapse without producing any effect on the Group's financial statements. Lastly, in the first half of 2023, income of 87 thousand euros was recognised correlated with the release to the statement of profit or loss of the SAES Getters Korea Corporation currency translation reserve following the liquidation of the Korean subsidiary.

The amount recorded in the first half of 2022 was mainly due to the losses on forward contracts entered into to hedge commercial transactions in dollars in 2022 (both realised losses and deriving from the fair value measurement of these contracts).

The **consolidated pre-tax profit** amounted to 11,163 thousand euros, up by 67.2% compared to a pre-tax profit of 6,678 thousand euros in the first half of 2022: despite the decline in the operating profit, penalised by non-recurring operating costs (in total -7,051 thousand euros) and the negative fair value of the contingent derivative contract entered into in relation to the possible sale of the medical business (-1,894 thousand euros), the improvement in the pre-tax profit was due to the fact that last year's profit was negatively influenced by the reduction in the value of securities due to international tensions and uncertainties.

Income taxes in the half-year amounted to 7,731 thousand euros, compared to 6,733 thousand euros in the corresponding period of 2022, and are mainly composed of taxes of US manufacturing companies. The increase resulted from the change in scope due to the full consolidation of SAES RIAL Vacuum S.r.l. starting from late May 2022 as well as the higher taxable income realised by SAES Investments S.A., which had closed the first half of 2022 with a significant tax loss caused by the negative performance of the securities portfolio held by the company as a result of the crisis in Ukraine and the associated international tensions. Lastly, taxes for the current year include a cost of 341 thousand euros correlated with the derecognition of the Parent's tax credits for withholdings abroad, which have expired as the relative time periods have come to an end.

The Group's effective **tax rate** went from 100.8% to 69.3%: also in this case, the improvement can be attributed to SAES Investments S.A., which closed the current half-year with a tax gain, against the tax loss of 2022, already noted previously, with respect to which for reasons of prudence, no deferred tax assets were recognised.



The **profit for the period** amounted to 3,432 thousand euros (2.8% of consolidated revenue), compared to a loss (-55 thousand euros) in the first half of 2022. Also in this case, the profit for the first half-year was penalised by the aforementioned non-recurring operating costs, for a total of -7,051 thousand euros, and by the negative fair value of the contingent derivative contract entered into in relation to the possible sale of the medical business (-1,894 thousand euros); the profit for the previous period was instead penalised by the loss on securities mentioned above.

Financial position – Investments – Other information

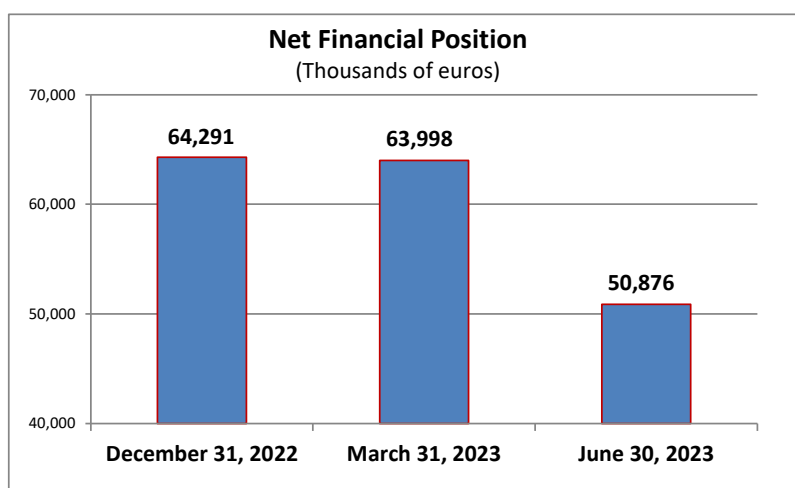
A breakdown of the items making up the consolidated net financial position is provided below.

(Thousands of euros)

	June 30, 2023	March 31, 2023	December 31, 2022
Cash	9	9	10
Cash equivalents	86,531	41,706	42,129
Cash and cash equivalents	86,540	41,715	42,139
Securities	18,006	147,310	145,484
Derivative financial instruments	0	294	259
Other financial assets	77,449	0	0
Current financial assets	95,455	147,604	145,743
Bank loans and borrowings	(71,463)	(67,663)	(65,302)
Current portion of non-current financial liabilities	(52,001)	(52,000)	(52,094)
Derivative financial instruments	(1,732)	0	0
Other financial liabilities	0	(29)	(30)
Lease liabilities	(2,397)	(2,142)	(2,545)
Current financial indebtedness	(127,593)	(121,834)	(119,971)
Current net financial position	54,402	67,485	67,911
Non-current financial assets	0	0	0
Financial liabilities	0	0	(119)
Lease liabilities	(3,059)	(3,022)	(3,039)
Other financial liabilities	(467)	(465)	(462)
Non-current financial indebtedness	(3,526)	(3,487)	(3,620)
Non current net financial indebtedness	(3,526)	(3,487)	(3,620)
Net financial position	50,876	63,998	64,291

For the Total Net Financial Position (Indebtedness), prepared in accordance with the indications contained in paragraphs 175 and following of the ESMA Guidelines of March 4, 2021, please refer to the section “Alternative performance indicators – Net Financial Position (NFP)” of this Report.

The **consolidated net financial position** at June 30, 2023 was 50,876 thousand euros (cash and cash equivalents of 86,540 thousand euros and securities of 18,006 thousand euros, against net financial liabilities of -53,670 thousand euros) and compares with financial position of 64,291 thousand euros at December 31, 2022 (cash and cash equivalents of 42,139 thousand euros and securities of 145,484 thousand euros, against net financial liabilities for -123,332 thousand euros).



Compared to December 31, 2022, the decrease in the net financial position (-13,415 thousand euros), despite the excellent operating profit (+7,686 thousand euros), although penalised by the increase in net working capital, is mainly attributable to the **cash outflows for dividends** for 2022, paid in May 2023 (-11,543 thousand euros), as well as **net investments in property, plant and equipment and intangible assets** (-4,403 thousand euros).

With regard to **operating activities** (net cash inflows of 7,686 thousand euros), the self-financing for the half-year was partially absorbed by the increase in net working capital, in particular the increase in **trade receivables** (due to higher sales in the second quarter of 2023, compared to the final months of 2022, especially in the medical business, as well as in that of advanced materials for telecom applications) and **inventories** (in particular in the medical business, which at December 31, 2022 had particularly low semi-finished product inventories due to some supply chain delays, as well as in the high vacuum sector, penalised at June 30, 2023 by the deferral of several deliveries; there was also a slight increase in the Parent's inventories for the new B!POD project).

Lastly, there were cash outflows for **taxes** amounting to -6,169 thousand euros.

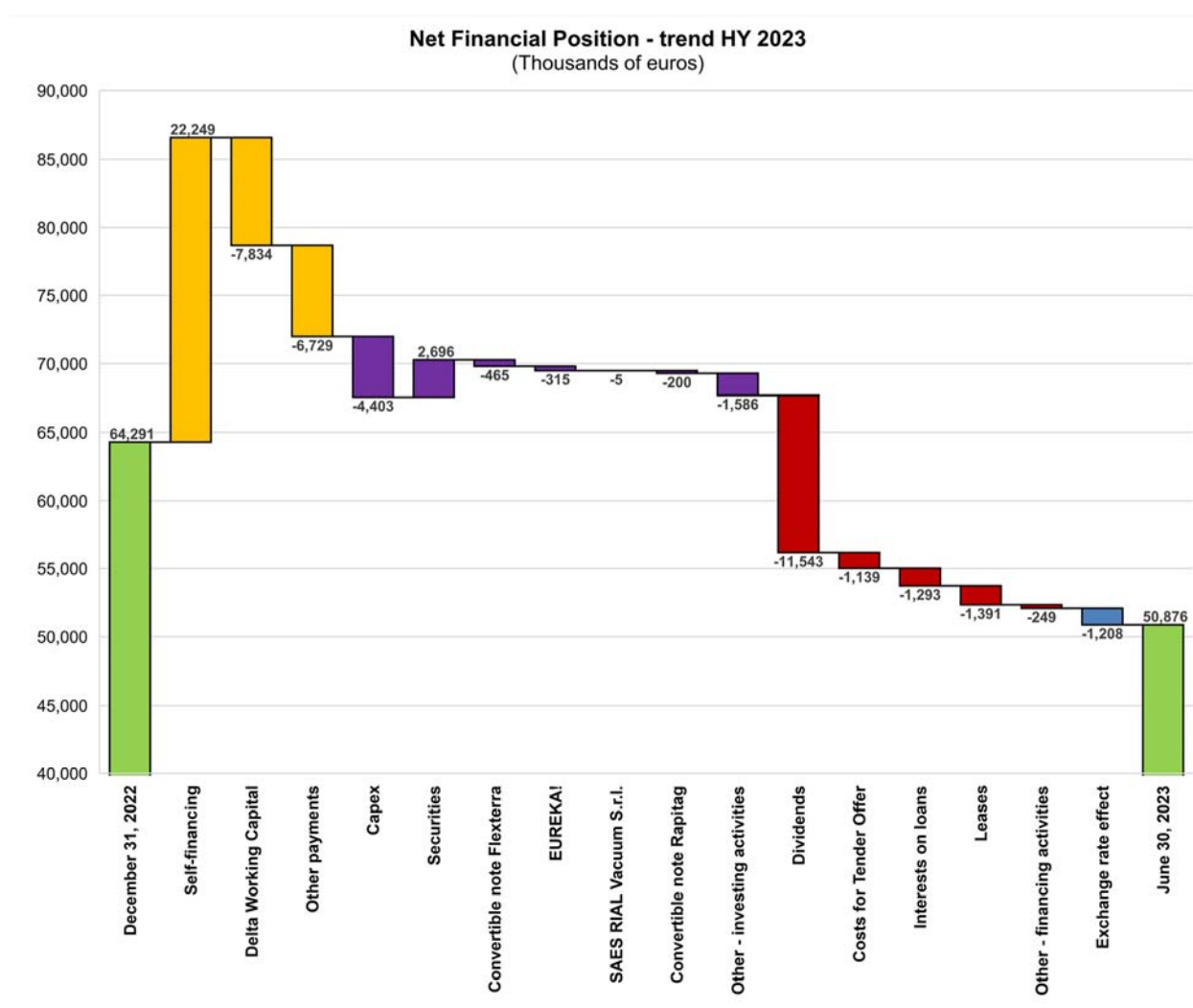
As regards **investing activities**, in addition to the *capex* already highlighted above, the following are of note:

- positive securities performance of +2,696 thousand euros;
- investments of 315 thousand euros in the EUREKA! venture capital fund;
- the impairment loss on the convertible loans granted to the start-up Rapitag (-200 thousand euros) and the joint venture Flexterra (-465 thousand euros);
- higher liabilities due to the change in the fair value of derivatives (in particular, the negative value of -1,894 thousand euros relating to the contingent derivative entered into in relation to the possible sale of the medical business);
- interest and other financial income received, equal to +405 thousand euros.

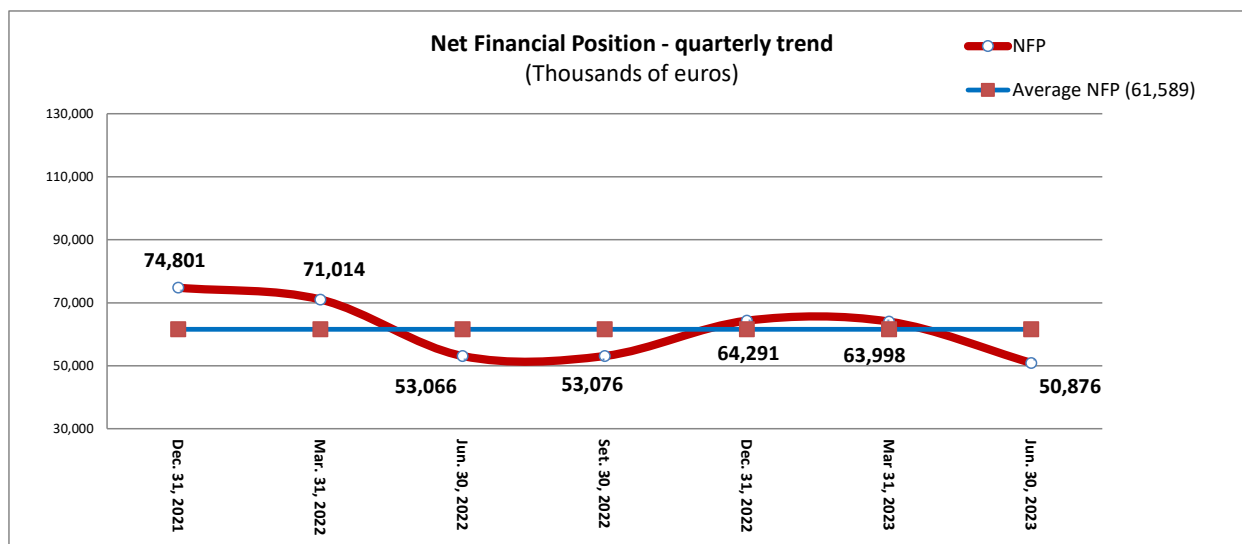
Finally, within **financing activities**, the following are also highlighted:

- financial liabilities for new lease contracts or for renewed contracts during the half-year (including interest accrued during the period and the financial effect of the early termination of some contracts) totalling -1,391 thousand euros;
- net interest accrued on loans, equal to -1,293 thousand euros;
- the costs incurred in relation to the partial public tender offer on savings shares (-1,139 thousand euros);
- interest and other financial expense paid, equal to -218 thousand euros.

The **exchange rate effect** was negative (-1,208 thousand euros), mainly due to the impact of the lower value of both the renminbi and the dollar at June 30, 2023, compared to the end of 2022, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the US subsidiaries.

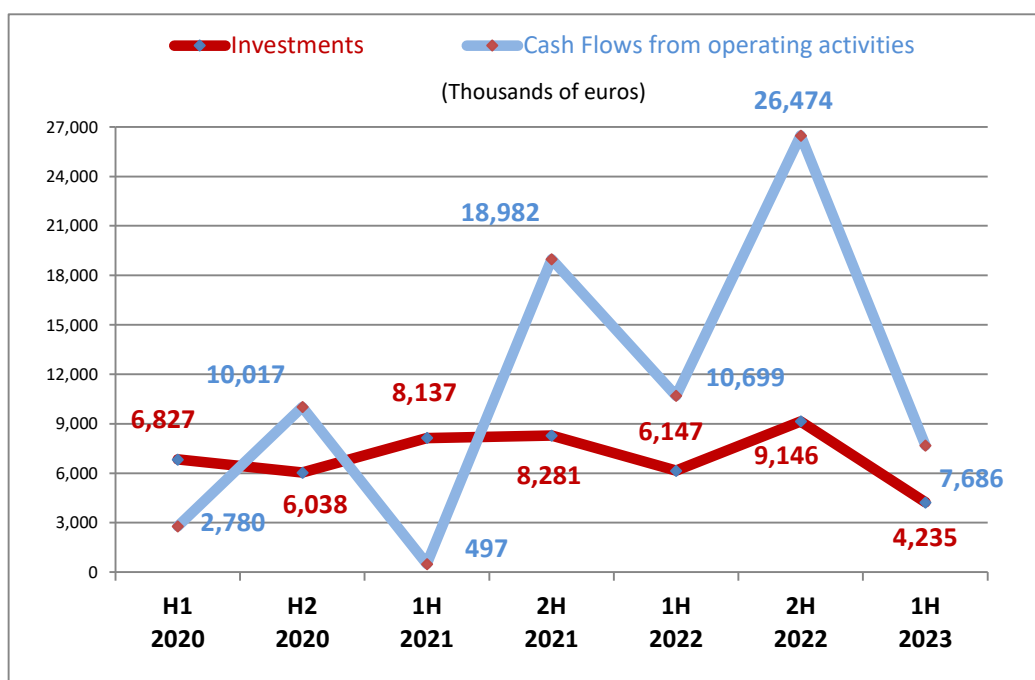


The chart below shows the **quarterly trend of the net financial position** during the last two years.



In the **first quarter of 2023**, the net financial position remained aligned with that at December 31, 2022: cash inflows from operations came to +1,990 thousand euros, self-financing (+13,042 thousand euros) was absorbed by the increase in net working capital, while in investment management, capex (-2,408 thousand euros) was offset by the positive performance of securities (+2,106 thousand euros). In the **second quarter of 2023**, the deterioration was mainly due to the payment of dividends (-11,543 thousand euros), as well as the costs incurred to launch the partial public purchase offer on savings shares (-1,139 thousand euros) and capex for the period (-1,995 thousand euros).

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



The **cash flows generated by operations** came to +7,686 thousand euros in the first half of 2023 compared to +10,699 thousand euros in the first half of 2022: the decrease in **self-financing**, in line with that recorded in the consolidated EBITDA, was partially offset by the lower increase in **net working capital** (in particular, more limited increase in **inventories**, which in the first half of 2022 grew significantly due to the generalised recovery in demand after the pandemic).

With regard to the **net working capital**, the following is noted in the first half of 2023:

- the **increase in trade receivables** due to higher sales in the second quarter of 2023 compared to the final months of 2022, especially in the medical business (Medical Nitinol Division) and in that of advanced materials for telecom applications (Chemicals Division);
- the **increase in inventories**, concentrated specifically in the medical business (Medical Nitinol Division), which at December 31, 2022 had particularly low semi-finished product inventories due to some supply chain delays, as well as the high vacuum business (High Vacuum Division), which was penalised at June 30, 2023 by the postponement of several deliveries. There was also a slight increase in the Parent's inventories for the new BIPOD project.

On the other hand, the increase in working capital was partially offset by the **growth in trade payables**, mainly due to non-recurring legal and advisory costs in view of the possible sale of US affiliates Memry Corporation and SAES Smart Materials, Inc., as well as the different timing of the acquisition of raw materials in the medical area.

In the first half of 2023, cash outflows for **investments for the purchase of property, plant and equipment** were equal to 4,235 thousand euros (6,147 thousand euros in the corresponding period of 2022); on the other hand, **investments in intangible assets** were not significant (180 thousand euros compared to 248 thousand euros at June 30, 2022).

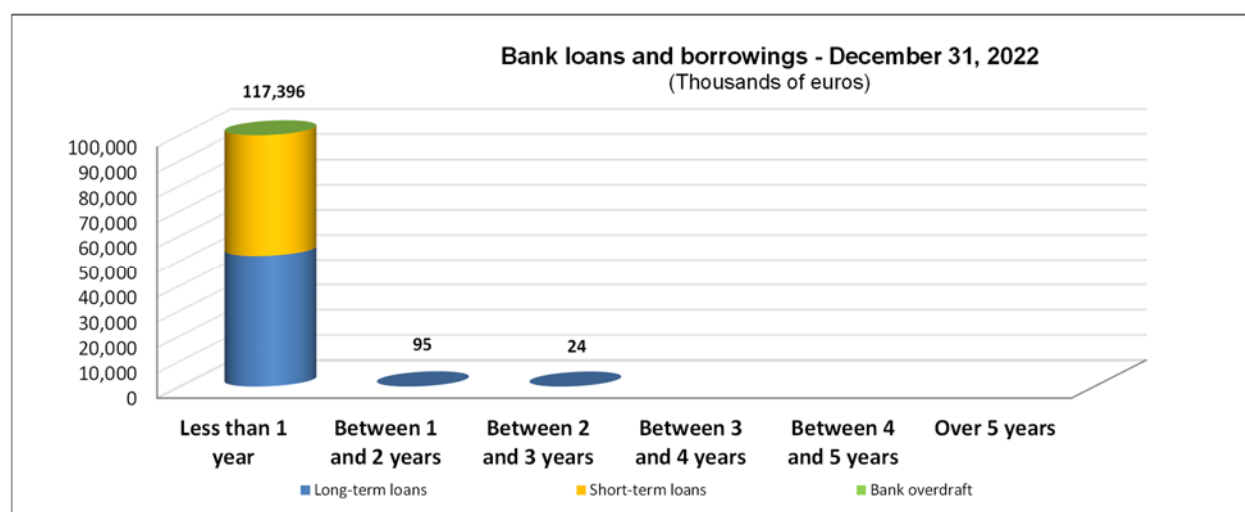
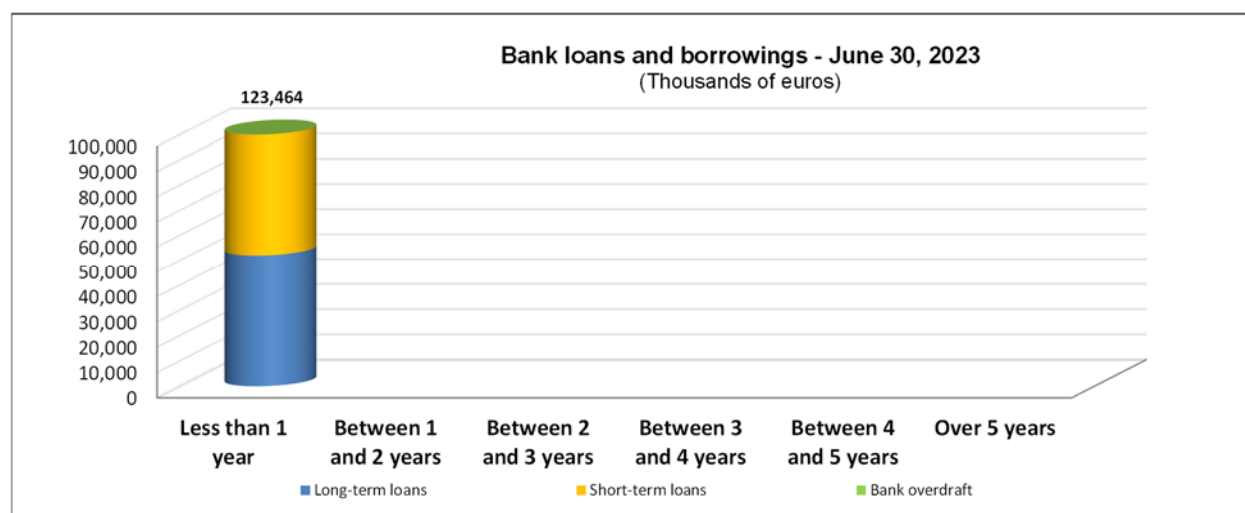
Capex in the first half of 2023 includes investments aimed at expanding production capacity in the medical business, the high vacuum sector and the sintered materials sector (Industrial Division). Furthermore, the Parent acquired process instruments for R&D laboratories and made investments to replace traditional lighting systems with smart lighting systems that use less energy, at the Lainate facility, and also acquired plants for the Avezzano facility.

Increases in intangible assets during the period were mainly correlated with IT projects of the affiliates Strumenti Scientifici Cinel S.r.l. and Memry Corporation.

For further details on the *capex*, please refer to Notes no. 12 and no. 13 of the Condensed Interim Consolidated Financial Statements at June 30, 2023.

With regard to **disposals of non-current assets**, the collections for the disposal of assets were of an immaterial amount in both the current half-year (+12 thousand euros) and in the first half of 2022 (+4 thousand euros).

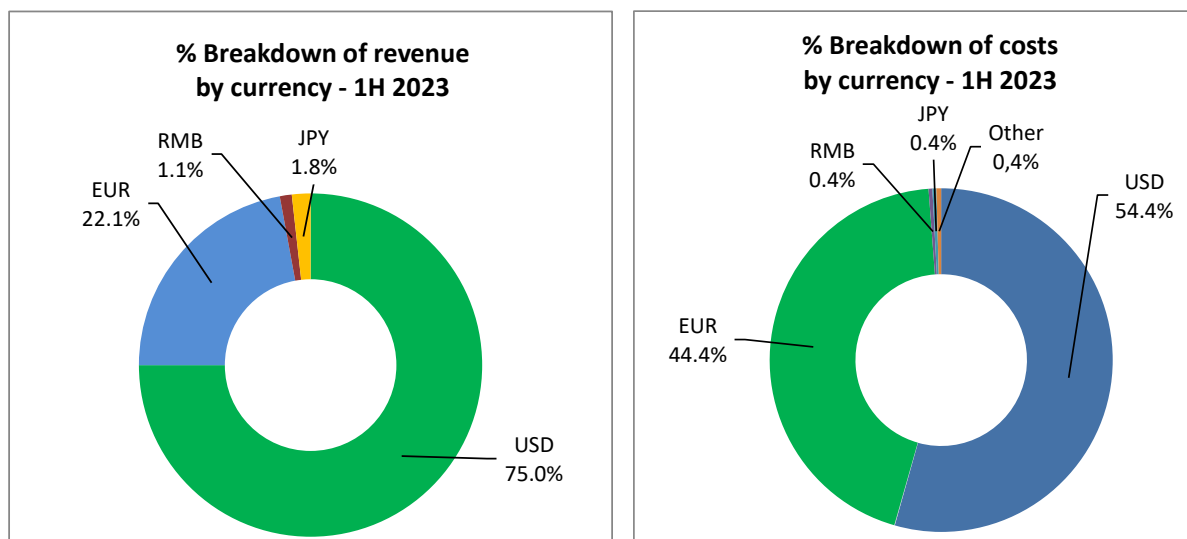
The following chart shows the **maturity profile** at June 30, 2023 of the **consolidated bank debt** compared with December 31, 2022.



During the first half of 2023, the maturity of the revolving credit line with Unicredit S.p.A. (30 million euros), originally scheduled for March 6, 2023 and extended to December 31 of the current year, was renegotiated. The credit line with Intesa Sanpaolo S.p.A. (30 million euros), which matured on April 30, was replaced with a similar RCF line maturing on July 31, 2024.

Revenue and costs by currency

The **breakdown of revenue** and **costs** (cost of sales and operating costs) in the first half of 2023 **by currency** is provided below:



Performance of the Parent and its subsidiaries in the first half of 2023

SAES GETTERS S.p.A. – Lainate, MI & Avezzano¹³, AQ (Italy)

In the first half of 2023 the Parent earned revenue of 35,501 thousand euros, compared to 36,906 thousand euros in the corresponding period of the previous year, penalised by the decline in the Chemicals Division (substantially attributable to the slowdown in the consumer electronics market, in continuity with the final part of 2022) and the High Vacuum Division (caused by lower revenue for vacuum pumps for the order with the RFX Consortium of Padua, active in experimental nuclear fusion, as well as by the postponement of some projects), despite the excellent performance of SMA Materials products for the mobile sector (Industrial Division).

The drop in revenue was offset by a more unfavourable sales mix (the gross profit margin increased from 42.8% to 44.5%), but non-recurring costs (4,676 thousand euros of net consultancy costs¹⁴ for the potential sale of the medical business, 1,125 thousand euros of severance costs and 786 thousand euros of costs related to governance), as well as the fair value of the contingent derivative contract (-1,894 thousand euros) signed in February 2023 to preserve the expected collection in dollars following the possible sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., meant that the current half-year closed with a loss of -12,231 thousand euros, compared to a more limited loss of -2,723 thousand euros¹⁵ for the first half of 2022.

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

In the first half of 2023, the company reported consolidated revenue of 18,523 thousand dollars (17,140 thousand euros at the average exchange rate of the first half of 2023), compared to 19,495 thousand dollars (17,830 thousand euros at the average exchange rate in the first half of 2022) in the corresponding period of the previous year, and consolidated profit of 3,420 thousand dollars (3,164 thousand euros), compared to consolidated profit of 4,009 thousand dollars (3,667 thousand euros) in the first half of 2022.

Further notes are provided below.

¹³ Production branch of SAES Getters S.p.A.

¹⁴ Consulting costs net of legal costs for the Second Request charged back to Resonetics as per contractual agreements.

¹⁵ To ensure a uniform comparison with the first half of 2023, the profit for the first half of 2022 was restated to take into account the effects of the merger into SAES Getters S.p.A. of the 100% subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.), finalised on December 22, 2022 and with tax and accounting effects applied retroactively at January 1, 2022.

The US parent **SAES Getters/U.S.A., Inc.**, Colorado Springs, CO (USA), which operates primarily in the Industrial Division, particularly in security and defence, recorded revenue of 13,702 thousand dollars (12,679 thousand euros) compared to 13,384 thousand dollars (12,241 thousand euros) in the first half of the previous year: this slight increase (+2.4%) is mainly due to the excellent performance of the defence business, which continues to be supported by public investments in the US.

The company closed the current half-year with a profit of 3,420 thousand dollars (equal to 3,164 thousand euros), compared to a profit of 4,009 thousand dollars (equal to 3,667 thousand euros) in the first half of the previous year: despite the excellent operating performance (increase in operating income of +27.9%), the decline can be attributed to the lower income deriving from the equity valuation of the investment in Spectra-Mat, Inc.

The subsidiary **Spectra-Mat, Inc.**, Watsonville, CA (USA), operating in the Sintered Materials Business (Industrial Division), recorded revenue of 4,821 thousand dollars (4,461 thousand euros) in the first half of 2023, down compared to 6,111 thousand dollars (equal to 5,589 thousand euros), penalised by lower orders of thermal dissipation components for high-power laser applications.

The company ended the current half year with a loss of -572 thousand dollars (-529 thousand euros) compared to a profit of 848 thousand dollars (775 thousand euros) for the first half of 2022, mainly due to lower revenue and lower economies of scale. Furthermore, there was an increase in personnel expense due to the strengthening of the production workforce and the departure of a manager (severance costs of 300 thousand dollars, corresponding to 278 thousand euros), as well as greater depreciation for new process instrumentation and a general increase in all cost items due to inflation.

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

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

In the first half of 2023, it recorded a profit of 2,608 thousand dollars (2,413 thousand euros), a slight decrease (-4.8%) compared to the corresponding period of 2022 (2,739 thousand dollars, equal to 2,505 thousand euros) due to lower export commissions received by all US companies, with the exception of the affiliate Memry Corporation.

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

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

SAES Getters (Nanjing) Co., Ltd. closed the first half of 2023 with revenue of 12,739 thousand renminbi (1,701 thousand euros), up 43.1% compared to 8,903 thousand renminbi (1,257 thousand euros) as of June 30, 2022, driven by the security and defence business, as well as by SMA Materials products for the mobile sector (Industrial Division).

The company closed the current half-year with a profit of 1,660 thousand renminbi (222 thousand euros), compared to 739 thousand renminbi (104 thousand euros) for the first half of 2022: the increase in revenue and a more favourable sales mix, despite the increase in operating costs (in particular, increase in labour costs due to salary increases triggered by inflation; travel expenses as a result of increased commercial activities after the pandemic; transport costs), made it possible to close the half-year with a higher profit.

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

The company has as its business object the design, production and sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH (for

further details on the joint venture, please refer to the next section and Notes no. 7 and no. 16 of the Condensed Interim Consolidated Financial Statements at June 30, 2023).

SAES Nitinol S.r.l. closed the first half of 2023 essentially breaking even (loss for the period of -29 thousand euros, aligned with that of the first half of 2022, equal to -34 thousand euros, and mainly consisting in both periods of consultancy costs relating to accounting and tax obligations).

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

Finally, SAES Nitinol S.r.l. waived, at the end of March 2023, the residual interest accrued until December 31, 2022 on loans granted to the joint venture Actuator Solutions GmbH for a total amount of 1,621 thousand euros. This waiver, in addition to those amounting to 800 thousand euros in prior years, had no effect on the results of the company, as the financial asset related to the interest-bearing loans (both principal and interest) had already been fully impaired at December 31, 2022, as it was judged difficult to recover. For further details on the loans granted by SAES Nitinol S.r.l. to the joint venture, please refer to Note no. 20 of the Condensed Interim Consolidated Financial Statements at June 30, 2023.

Lastly, in early March, 2023, the Parent, as Sole Quotaholder, approved the total waiver of its financial assets at the end of 2022 due from SAES Nitinol S.r.l., in the amount of 233 thousand euros. At the same time, SAES Getters S.p.A. approved a capital payment of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of quotaholder payment to cover losses, with the aim of replenishing the Quota Capital eroded by the losses for the year 2022, and the disbursement of a further amount, equal to 900 thousand euros, to be allocated to the item "available reserves" of the equity of SAES Nitinol S.r.l., in order to guarantee the latter the funding necessary for its business continuity.

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

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

The company, which is currently not operational, closed the first half of 2023 with a profit of +18 thousand euros, compared to a loss of -16 thousand euros in the corresponding period of the previous financial year: the improvement is attributable to the higher intragroup interest income on the cash pooling activated with SAES Getters S.p.A. (mainly attributable to the increase in interest rates), as well as lower consultancy costs relating to accounting and tax obligations.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate¹⁶, MI (Italy)

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

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

In mid-January 2023, SAES Coated Films S.p.A. launched a thirteen-week ordinary wage supplementation program (CIGO) which involved almost all employees. After this period, the program has not been renewed any further.

In the first half of 2023, SAES Coated Films S.p.A. recorded revenue of 2,907 thousand euros, a sharp decline compared to 7,367 thousand euros in the corresponding period of 2022, penalised both by the difficulties that the converting sector is experiencing as a result of the contraction of consumption

¹⁶ Local unit in Lainate, at the headquarters of the Parent.

due to the inflationary crisis, and from overstock phenomena from the previous year, in anticipation of an increase in raw material and energy costs.

The drastic drop in sales and the resulting lower economies of scale (in particular, lower saturation of the second lacquering line), as well as the increased intragroup interest accrued on the financing received from the Parent (due to both the increase in financial resources received on loan and the general increase in interest rates) meant that the current half-year closed with a loss of -1,253 thousand euros, compared to a much more limited loss of -18 thousand euros for the first half of 2022.

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 acquisition of which was completed by the Parent in mid-2021, with the aim of strengthening the competitive positioning of SAES in the vacuum sector, by expanding the offer of products for particle accelerators and synchrotrons, entirely Italian and at the cutting edge globally. Strumenti Scientifici Cinel S.r.l. earned revenue of 1,483 thousand euros at June 30, 2023, down from 2,915 thousand euros due to the postponement of several projects and the deferral of some deliveries of monochromators to after June 30, 2023.

Lower sales meant that compared to last year's profit of +173 thousand euros, this year there was a loss of -474 thousand euros.

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

SAES RIAL Vacuum S.r.l. is specialised in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, jointly controlled by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%). On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. Starting from that date SAES RIAL Vacuum S.r.l. is wholly owned by the SAES Group and fully consolidated, rather than using the previous equity method.

In the first half of 2023 SAES RIAL Vacuum S.r.l. earned revenue of 3,508 thousand euros. The current period closed with a gross profit margin of 27.9% and a profit of 335 thousand euros. As already highlighted previously, in the last financial year the company was fully consolidated only starting from May 25, 2022, and from that date to June 30, 2022 the revenue of SAES RIAL Vacuum S.r.l. came to 571 thousand euros, with a profit of 49 thousand euros.

Lastly, at the start of 2023, SAES RIAL Vacuum S.r.l. has been included in the scope of the national tax consolidation, together with the Group's other Italian companies.

SAES INVESTMENTS S.A. – Luxembourg (Luxembourg)

SAES Investments S.A., with registered office in Luxembourg, has as its object the management of the Group cash from the sale of the purification business finalised in 2018 with the goal of maintaining the capital in view of potential future commitments.

In order to reduce the Group's exposure to financial market volatility, the company sold all securities it had in the portfolio during the first half of the year, with the exception of a residual part of Class III of the Cardif Policy (residual value at June 30, 2023 equal to 3,712 thousand euros), liquidated in the first half of July 2023. The financial resources deriving from the sale were used in part for the partial repayment of the intragroup loan paid by SAES Getters S.p.A. (the resources transferred to the Parent

came to 40 million euros in view of the completion of the voluntary partial public tender offer on savings shares approved by the Board of Directors in April 2023) and partly invested in time deposits. The company closed the first half of 2023 with a profit of +992 thousand euros, compared to a loss of -10,038 thousand euros in the corresponding period of 2022: this positive change is exclusively attributable to the profit from securities management (in particular, during the first half of 2023 the increase in the fair value of securities, partially offset by net expense deriving from the above-mentioned almost total disinvestment of the portfolio; during the corresponding period of 2022, reduction in the fair value of the securities, due to the conflict in Ukraine and the ensuing tensions in international financial markets).

MEMRY CORPORATION – Bethel, CT (USA)

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

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

In the first half of 2023, the company's revenue came to 60,896 thousand dollars (56,349 thousand euros), up 4.5% compared to 58,261 thousand dollars (53,285 thousand euros) in the corresponding period of the previous year, thanks to the favourable trend of the US medical market relating to applications dedicated to minimally invasive surgery.

The increase in revenue made it possible to close the current half-year with a profit of 14,009 thousand dollars (12,963 thousand euros), up 8.9% compared to 12,862 thousand dollars (11,764 thousand euros) in the first half of 2022, despite increased operating costs (higher provisions for bonuses, increased travel expenses, and higher export commissions paid to the affiliate SAES Getters Export, Corp., as well as consultancy costs related to the potential sale of both Memry Corporation and the subsidiary SAES Smart Materials, Inc., both active in the medical business).

Lastly, at the beginning of February 2023, Memry Corporation repaid in advance the loan granted by the State of Connecticut (liability of 212 thousand euros at December 31, 2022).

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

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

During the half, the company's revenue came to 13,789 thousand dollars (12,759 thousand euros), up 30.3% compared to 10,586 thousand dollars (9,682 thousand euros) in the corresponding period of the previous year, thanks to the favourable trend of the US medical market relating to minimally invasive surgery. The increase in revenue, with substantial stability in gross profit margins and operating costs, made it possible to close the current half-year with a profit of 2,419 thousand dollars (2,238 thousand euros), up 22.5% compared to 1,974 thousand dollars (1,805 thousand euros) in the first half of 2022.

SAES GETTERS KOREA CORPORATION in liquidation – Seoul (South Korea) – company liquidated in March 2023

SAES Getters Korea Corporation, which has operated as a distributor in the Korean territory of products made by the other Group companies, was liquidated in March 2023 and its business operations were assigned to local Korean agents and distributors.

In the January 1 - March 17, 2023 (liquidation date) period, the company recorded a loss of -69 million won (-49 thousand euros) due to some residual costs, in preparation for the conclusion of the liquidation process.

Performance of the joint ventures in the first half of 2023

ACTUATOR SOLUTIONS GmbH – Gunzenhausen (Germany)

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and is jointly controlled 50% by SAES Nitinol S.r.l. and SMA Holding (former Alfmeier Präzision Group). The joint venture is focused on the development, production and marketing of actuators that use shape memory alloys to replace the motor.

Actuator Solutions recognised **revenue** equal to 1,534 thousand euros in the first half of 2023, compared to 3,097 thousand euros in the corresponding period of 2022. The two half-year periods are incomparable because at the end of 2022 Actuator Solutions sold the last production line of actuators for the automotive seat comfort business, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realised if the production activity had continued. Generally speaking, without considering the outsourcing of production, there was a decline in automotive sales, which were penalised by uncertainties in the supply chain. With regard to the fees generated by application developments in the actuator sector, it is worth noting that the decline in sales destined for the “smart” mattresses sector and the elimination of revenue from Covid-19 rapid diagnostic test devices were offset by sales to the SAES Group of components for the BIPOD project and higher revenue for medical and life sciences application developments for third parties.

Despite the decline in sales, both the **gross profit** (from 800 thousand euros in the first half of 2022 to 835 thousand euros in the current half-year) and the **operating loss** (from -592 thousand euros in the first half of 2022 to -504 thousand euros in the current half-year) are aligned thanks to the better margins of the new development business compared to the more traditional automotive manufacturing business.

The first half of 2023 closed with a **profit for the period** of +1,114 thousand euros, compared to a loss of -384 thousand euros in the same period of the previous year: this improvement can be exclusively attributed to the non-recurring income of 1,720 thousand euros generated by the waiver of residual interest on the loans granted to Actuator Solutions GmbH by the SAES Group (income of 1,621 thousand euros) and the shareholder SMA Holding (99 thousand euros). The same waiver was granted in the prior year only by the SAES Group and only for an amount equal to 300 thousand euros.

(Thousands of euros)

Actuator Solutions GmbH	1H 2023	1H 2022
	100%	100%
Revenue	1,534	3,097
Cost of sales	(699)	(2,297)
Gross profit	835	800
% of revenue	54.4%	25.8%
Total operating costs	(1,338)	(1,393)
Net other income (expense)	(1)	1
Operating loss	(504)	(592)
% of revenue	-32.9%	-19.1%
Net financial income	1,611	201
Net exchange gains	2	2
Income taxes	5	5
Profit (loss) for the period	1,114	(384)

The SAES Group’s share of the joint venture’s profit for the first half of 2023 was +557 thousand euros (the loss in the first half of 2022 was -192 thousand euros), but was not recorded by the Group as the

equity of Actuator Solutions GmbH is still negative for around 1.3 million euro¹⁷, against a SAES investment in the joint venture that has already been fully impaired.

In the first half of 2023 the financial asset related to the interest accrued in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 79 thousand euros, was impaired as it was considered difficult to recover (a similar impairment loss, also of 79 thousand euros, was made in the first half of 2022).

Finally, the above-mentioned waiver to residual interest at December 31, 2022, equal to 1,621 thousand euros, had no effect on the consolidated financial statements, as the financial asset related to the loan (both principal and interest) had already been fully impaired at the end of the previous year.

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. In the beginning of 2023, SAES saw its investment in Flexterra, Inc. increase from 46.84% to 47.10%, following the company's repurchase for a symbolic value of the shares previously owned by a small individual shareholder.

The first half of 2023 closed with an **operating loss** of -1,329 thousand euros, in line with -1,382 thousand euros in the corresponding period of the previous year. However, thanks to lower exchange rate losses¹⁸, the current period closed with a **profit for the period** equal to -1,639 thousand euros, an improvement compared to -1,969 thousand euros in the corresponding period of the previous year (mainly costs for employees engaged in research and general and administrative consultation activities, legal and consultancy expense, costs related to the management of patents and the amortization of intangible assets, including intellectual property). Finally, a slight increase in financial expense, as a result of the new tranches of convertible loans granted to Flexterra, Inc. was recorded.

(Thousands of euros)		
Flexterra	1H 2023	1H 2022
	100%	100%
Revenue	0	0
Cost of sales	0	0
Gross profit	0	0
<i>% of revenue</i>	<i>n.a.</i>	<i>n.a.</i>
Total operating costs	(1,329)	(1,382)
Net other income (expense)	0	0
Operating loss	(1,329)	(1,382)
<i>% of revenue</i>	<i>n.a.</i>	<i>n.a.</i>
Net financial expense	(240)	(196)
Net exchange losses	(88)	(409)
Income taxes	18	18
Loss for the period	(1,639)	(1,969)

The share pertaining to the SAES Group in the loss of the first half of 2023 of the joint venture amounted to -772 thousand euros (-922 thousand euros in the first half of 2022); however, similar to last year, as the SAES equity investment in Flexterra has already been impaired in full and as there are to date no legal

¹⁷ 50% pro rata amount.

¹⁸ Exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

or implicit obligations for recapitalisation by the Group, SAES' share of the loss for the first half of 2023 was not recognised as a liability.

At the end of January 2023, SAES Getters S.p.A. provided to Flexterra the first tranche of 250 thousand dollars of the additional convertible loan granted on December 7, 2022. The second tranche, in an equal amount, was disbursed on June 1, 2023 after SAES positively assessed an updated joint venture business plan. The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current period, as a provision for risks and charges had already been recognised as at December 31, 2022 against the SAES Group's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the *second tranche* instead generated a financial expense in the statement of profit or loss as for the first half of 2023 of 234 thousand euros.

Lastly, the financial asset related to interest accrued in the first half of 2023 on all of the various tranches of the convertible loans granted to the joint venture, amounting to 195 thousand euros, was impaired because it was deemed unlikely to be recoverable (a similar impairment loss in the previous year had amounted to 194 thousand euros).

The following table shows the **total profit or loss of the Group**, obtained by **incorporating the Group's joint ventures with the proportional method instead of the equity method**¹⁹.

June 30, 2023						
(Thousands of euros)	Statement of profit or loss	50% Actuator Solutions GmbH	Intragroup eliminations & other adjustments	47.10% Flexterra	Intragroup eliminations & other adjustments	Total Statement of profit or (loss) of the Group
Revenue	122,332	767	(108)	0		122,991
Cost of sales	(68,816)	(350)	108	0		(69,058)
Gross profit (loss)	53,516	417	0	0		53,933
% of revenue	43.7%					43.9%
Total operating costs	(40,986)	(669)	0	(626)	38	(42,243)
Net other income (expense)	(157)	(1)		0		(158)
Operating profit (loss)	12,373	(253)	0	(626)	38	11,532
% of revenue	10.1%					9.4%
Net financial income (expense)	789	806	(771)	(113)	202	913
Share of profit of equity-accounted investees	0				0	0
Net exchange gains (losses)	(1,999)	1		(41)		(2,039)
Pre-tax profit (loss)	11,163	554	(771)	(780)	240	10,406
Income taxes	(7,731)	3		8		(7,720)
Profit (loss) from continued operations	3,432	557	(771)	(772)	240	2,686
Profit (loss) from discontinued operations	0	0		0		0
Profit (loss) for the period	3,432	557	(771)	(772)	240	2,686
attributable to:						
- the owners of the parent	3,432					2,686
- non-controlling interests	0					0

Research, Development and Innovation

Research and development expenses in the first half of 2023 amounted to a total of 6,732 thousand euros (5.5% of consolidated revenue) and, as a percentage of revenue, was basically in line with that of the same period of 2022 (6,183 thousand euros, equal to 5.1% of consolidated revenue).

¹⁹ Actuator Solutions GmbH (50%) and Flexterra (47.10%).

In the first six months of 2023, the **Group Research Labs** pursued the creation of value by carrying out *Research and Development* projects on innovative materials, according to three levels of activity: **Basic Research**, **Applied Research** and **Experimental Development**.

Basic Research projects are mainly oriented towards the development of approaches to environmental sustainability, carried out in collaboration with academic groups. In particular, a project has been activated on the study of zeolites in mixed matrix membranes, for the integration of new functions for environmental applications. On this activity, SAES is co-financing a research doctorate according to the methods established by Italian Ministerial Decree no. 352/2022 for the National Recovery and Resilience Plan (NRRP). Two projects related to joint doctorates are also underway for the study of green strategies in the development of innovative additives capable of guaranteeing the control of active functions and their integration in thin coatings. With regard to SAES's commitment to approaches of green chemistry and of support for the circular economy, development activities continue as part of the European project "Ecoefishent" (www.cordis.europa.eu/project/id/101036428) funded by the European Commission Horizon 2020 program in the area of "Climate Action, Environment, Resource Efficiency and Raw Materials". The main objective of this project is to enable the sustainable and efficient exploitation of fish processing side-streams in order to obtain bioactive elements, to create value-added systems, in particular biodegradable and compostable barrier layers for food packaging.

As far as radical development activities are concerned, the **Applied Research** and **Experimental Development** projects have focused on the technology platforms **Specialty Zeolites**, **Beads & Capsules**, **Packaging Solutions** and **Innovative Alloys**.

The **Special Zeolite** platform is in a continuous development phase, demonstrating broad versatility in the definition of functions for different applications. The available versions have been expanded for the ZeoAid® system, zeolites with bactericidal and virucidal properties, using materials with different porosity and modulating the surface properties through a different level of functionalisation. These characteristics allow for the integration of active zeolites in different product configurations (fabrics, films, coatings, 3D elements). An analysis campaign is underway to verify the functional properties with respect to different bacterial cultures.

Another line of development for zeolites is represented by optically active markers. In this case, the zeolite's structure enables a greater stability of optically active molecules and makes them compatible with an industrial application. The systems obtained can be integrated into different polymeric formulations, both thermoplastic and thermosetting, to allow for their tracking by means of fluorescence measurements. In recent months, characterisation tests have been completed on prototypes in compostable formulations, to allow for the extension of the patent applications filed in 2022 and one of which is in co-ownership with an important producer of compostable formulations.

In the meantime, qualifications of special zeolites continue as structuring additives for cosmetic formulations, an application where the modularity of the zeolite platform is providing various opportunities for further study.

With regard to the development of organic spheres, **Beads and Capsules** with core-shell structures, the optimisation of the membrane-assisted nano-precipitation process was completed, which is capable of guaranteeing the development of functional additives with a spherical shape, sub-micrometric size and with properties that can be determined through the combination of different materials in core-shell structures. In the last period, tests were carried out in order to create organic spheres using natural polymers, such as chitosan, for the encapsulation of active functions. Interactions are underway with two different partners to evaluate the use of such systems as functional additives with barrier properties in different formulations and coatings.

In the **Packaging Solutions** area, given the growing number of innovation activities for flexible packaging in collaboration with SAES Coated Films S.p.A., a new laboratory was created to focus on the development

of water-based active lacquers for integration into thin coatings with barrier or absorption functions. In particular, in the last period the preparation of some prototypes based on the integration of a coating capable of absorbing ethylene was completed, and validation tests are currently underway with an external partner.

The development of active functions has also involved the study of new systems for the absorption of oxygen capable of reducing degradation phenomena affecting oxidation processes. As regards the development of oxygen barrier coatings, the greatest efforts have been dedicated to the implementation of cross-linking systems capable of stabilising the coating matrix in conditions of high humidity, thus making the final system suitable for pasteurisation and sterilisation processes. Precisely in relation to this application, a joint development agreement was signed with an important converter active in the production of flexible packaging for a range of applications. Finally, the development of primers capable of guaranteeing an effective application of barrier coatings on a number of polymeric substrates, such as bi-oriented polypropylene, mono-oriented polyethylene and compostable substrates, continues.

As regards the activities carried out directly by **SAES Coated Films S.p.A.**, the aluminium oxide deposition process has been implemented on several product lines in order to ensure high barrier properties for water vapour and at the same time preserve high transparency. This approach, combined with a continuous optimisation of the coating lacquering processes with oxygen barrier properties, makes it possible to broaden the range of use of the Coathink® technology to new application sectors. In the first half of 2023, various actions were initiated to support the qualification of this technology in specific application sectors such as the packaging of chocolate, coffee beans or ground coffee and in pods/capsules, nutraceutical products and processed meat.

In the field of **Innovative Alloys**, research activities concerned the study of atomisation processes for Nitinol powders to be used in the field of additive manufacturing. This approach would expand the possibilities of using Nitinol in new production processes.

In parallel, a new development project of a high equilibrium pressure getter alloy for hydrogen is underway, to be used in NEG pumps in the field of nuclear fusion research. This characteristic would make it possible to reduce regeneration temperatures and process times with significant energy savings.

With regard to SMA development activities, consolidation and improvement activities continued on the melting process to reduce micro-inclusions, to reduce the production of high fatigue performance SMA alloy wires for industrial applications. In recent months, new micro-cleanliness controls have been carried out, in order to obtain a reduction both in the content of some specific elements (carbon and oxygen), and in the size of the inclusions below the typical values of standard alloys. At the same time, a process for fine-tuning the melting system of ternary alloys with clean melt properties was activated, and a new high-frequency evaluation system for the dynamic characterisation of proportional control actuators is being finalised. The new “New Generation Test Rig” system can be used to test thin wires (30-100um) in typical mobile/consumer market conditions and supports the development of annealing and training processes of SmartFlex® wires with increased performance.

As regards the **Dispensable Getter Solutions**, in the first half of 2023 development activities focused on the characterisation of new reversible getters and on encouraging the adoption of the dispensable getter, with reversible absorption properties for water, by two prospect leaders in the sector of optoelectronic devices for telecommunications. Furthermore, an irreversible dispensable getter formulation with greater stability has been developed, which facilitates the logistics associated with the product, as well as its management in production processes, as it does not require harsh storage conditions.

The activities of the **Flexterra joint venture** focused on active systems for flexible electronics and, in particular, on semiconductive and dielectric organic materials. In the first period of 2023, a formulation based on a proprietary dielectric material with high thermal stability was optimised to support its qualification activities in thin film transistors (TFTs) at the GEN 3.5 scale. Furthermore, a joint

development agreement is being finalised with a Korean company for the production of integrated circuits (IC packaging) which would require the production scale-up of a new polymer. Finally, as part of a new project for the manufacture of an 8-bit microprocessor based on organic thin-film transistors developed by Flexterra, circuit building block (cell library) validation activities are underway.

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

The **Design House** as part of the **B!POD project** is finalising the creation of an innovative compostable flexible packaging. Sales are expected to begin in early 2024.

B!POD is seeing success in Italy and is also commercially expanding in other European countries, such as France, Germany and Northern European countries. The launch of B!POD in London, a very strategic development for the brand, is expected by the end of 2023. The new B2C product development project, launched in the latter part of 2022, continues in the exploration phase of a number of concepts.

The **Nebula** concept won the *RedDot Award* for innovative concept, a global award that will be presented to the team during the awards ceremony to be held in Singapore in September 2023.

RedZone, the start-up interaction program in which SAES acts as both technological and industrial partner, selected two start-ups in the first call, for which the topics were cosmetics, packaging, bio-materials, sensors and functional additives.

The first is **Mimotype Technologies**, a start-up developing light-emitting materials for biodegradable, biocompatible and bioinspired OLEDs. Mimotype has already completed the first phase of the program (POC development).

The second start-up is **Vortex S.r.l.** which, with the Naste Beauty brand, is developing cosmetics based on natural ingredients, with a view to the circular economy and upcycling. Vortex will begin activities in the RedZone Open Lab in the second half of 2023.

Finally, the second RedZone call was launched in mid-June 2023, with the topics of smart packaging, cosmetic solutions, carbon capture materials, sensing & functional materials and advanced membranes.

With regard to the **search for new strategic and technological directions**, an ambitious project dedicated to the cosmetics market has been initiated, which, during 2024, aims to launch new products developed specifically for needs identified by the market.

Finally, **systematic analysis of social and technological mega-trends and new emerging trends** continues, to identify and select future SAES innovation trajectories, so that they are as consistent as possible with the expected evolution at a global level. In particular, the systematic analysis of further opportunities for the Chemicals Division continues, in addition to the one already identified for cosmetics. Some promising opportunities are being investigated, which see the convergence of several fields experiencing strong growth (energy/H2 economy, climate change/carbon capture & sequestration/aging society/medtech) towards a technology very similar to that of the composite polymeric membranes of SAES.

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

Impact of the conflict in Ukraine

The Group's **direct exposure** in Russia, Ukraine and Belarus continued to be marginal in the first half of 2023 as well. Revenue in the current half year in these countries was immaterial, also following the decision made by SAES to suspend all commercial activities as a precautionary measure.

During the first half of 2023, the **indirect effects** of the conflict (increase in energy and raw material prices) eased and costs returned to standard levels.

In the current half-year, SAES also deemed it appropriate to proceed with the nearly complete disposal of the **securities portfolio** (which in the previous year had undergone strong negative fluctuations caused by uncertainties linked to the conflict) with the aim of reducing the Group's exposure to financial market volatility.

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

Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the priority mitigation actions to overcome these risks and uncertainties please refer to the in the 2022 Annual Financial Report.

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

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

For further details on the financial risks to which the SAES Group is exposed and for the mitigation actions undertaken to address these risks, please refer to Note no. 42 of the Condensed Interim Consolidated Financial Statements at June 30, 2023.

Binding agreement for the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

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

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

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

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

The conclusion of the transaction is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned. In particular, at the end of March 2023, SAES received, together with Resonetics, a **request for additional information from the Federal Trade Commission (FTC)**. The procedure, known as a **"Second Request"** pursuant to the Hart Scott-Rodino Antitrust Improvements Act, extends the period available to the FTC to evaluate the merits of the transaction and, therefore, the waiting period before the parties may be able to close the transaction, up to 30 days from when SAES Getters and Resonetics (and some of their associated) will have complied with all requests for additional information made by the FTC. SAES Getters and Resonetics have continued to actively cooperate with the US Antitrust Authority in providing all the requested information.

Today, the Company received a favourable opinion from the FTC regarding the sale transaction. Consistent with the assessments carried out at December 31, 2022, obtaining this authorisation is considered a decisive element for the purpose of applying IFRS 5 to the Nitinol business and, therefore, having received this authorisation today, the Nitinol business will now be considered a "disposal group held for sale" pursuant to paragraph 12 of IFRS 5.

The transaction will allow SAES to have a significant injection of liquidity, which will allow the Group to develop a business plan for organic and inorganic growth, consistent with the technical-scientific skills of the Group, with a particular focus in the areas of advanced packaging and new functional materials (chemicals), without however giving up any opportunities that may arise in the Group's more traditional business segments. Finally, part of the liquidity may be used to guarantee a return to stakeholders.

The business in question recorded revenue of 64.3 million euros in the first half of 2023, EBITDA of 20.7 million euros (32.2% in percentage terms of revenue) and a profit of 11 million euros. The total workforce was 549 people at June 30, 2023 (502 employees at Memry Corporation and 47 employees at SAES Smart Materials, Inc., excluding temporary workers). The net assets amounted to approximately 117.2 million euros at June 30, 2023.

The breakdown of the consolidated revenue for each business segment and the pro-forma consolidated statement of profit or loss for the first half of 2023 are provided below, with an indication of the profit or loss relating to the net assets sold on a single line called "Profit (loss) from discontinued operations".

(Thousands of euros)

Divisions and Businesses	1H 2023	1H 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	22,871	23,292	(421)	-1.8%	-0.1%	-1.7%	0.0%
Sintered Materials	4,460	5,590	(1,130)	-20.2%	0.9%	-21.1%	0.0%
SMA Materials	9,032	5,875	3,157	53.7%	1.0%	52.7%	0.0%
SAES Industrial	36,363	34,757	1,606	4.6%	0.2%	4.4%	0.0%
High Vacuum Solutions	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
SAES High Vacuum	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
SAES Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
Functional Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
SAES Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
Packaging Solutions	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
SAES Packaging	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
Not Allocated	17	8	9	112.5%	0.0%	112.5%	0.0%
Consolidated Revenue	58,058	62,787	(4,729)	-7.5%	0.1%	-11.4%	3.8%

(Thousands of euros)

Statement or profit or loss	SAES Industrial			SAES High Vacuum	SAES Medical Nitinol			SEAS Chemicals	SAES Packaging	Not Allocated	Total		
	1H 2023	Reclas. for disposal	1H 2023 pro-forma	1H 2023	1H 2023	Reclas. for disposal	1H 2023 pro-forma	1H 2023	1H 2023	1H 2023	1H 2023	Reclas. for disposal	1H 2023 pro-forma
Revenue	37,287	(924)	36,363	13,859	63,350	(63,350)	0	4,912	2,907	17	122,332	(64,274)	58,058
Cost of sales	(19,110)	949	(18,161)	(7,494)	(35,101)	35,101	0	(4,136)	(2,850)	(125)	(68,816)	36,050	(32,766)
Gross profit	18,177	25	18,202	6,365	28,249	(28,249)	0	776	57	(108)	53,516	(28,224)	25,292
% of revenue	48.7%	-2.7%	50.1%	45.9%	44.6%	44.6%	n.a.	15.8%	2.0%	n.a.	43.7%	43.9%	43.6%
Total operating costs	(7,228)	171	(7,057)	(3,940)	(10,040)	10,040	0	(1,129)	(1,608)	(17,041)	(40,986)	10,211	(30,775)
Net other income (expense)	(20)	0	(20)	(46)	62	(62)	0	(21)	(1)	(131)	(157)	(62)	(219)
Operating profit (loss)	10,929	196	11,125	2,379	18,271	(18,271)	0	(374)	(1,552)	(17,280)	12,373	(18,075)	(5,702)
% of revenue	29.3%	-21.2%	30.6%	17.2%	28.8%	28.8%	n.a.	-7.6%	-53.4%	n.a.	10.1%	28.1%	-9.8%
Financial income											6,630	0	6,630
Financial expense											(5,048)	116	(4,932)
Impairment losses on loan assets and other financial assets											(793)	0	(793)
Share of profit (loss) of equity-accounted investees											0	0	0
Net exchange losses											(1,999)	1,890	(109)
Pre-tax profit (loss)											11,163	(16,069)	(4,906)
Income taxes											(7,731)	5,089	(2,642)
Profit (loss) from continuing operations											3,432	(10,980)	(7,548)
Profit (loss) from discontinued operations											0	10,980	10,980
Profit for the period											3,432	0	3,432

In order to preserve the collection in dollars deriving from any sale transaction, on February 15, 2023 SAES Getters S.p.A. signed a contingent derivative contract with a notional value of 415 million dollars with a maximum €//\$ forward exchange rate of 1.1037 against the euro. The last possible date of exercise of the derivative is expected to be January 8, 2024 (Long Stop Date²⁰). The exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. The derivative is subordinate to the favourable opinion issued by the Federal Trade Commission, its negative fair value at June 30, 2023 is -1,894 thousand euros and this amount contributes to the formation of the profit for the first half of 2023.

Subsequent events

For events occurring after the end of the half-year, please refer to Note no. 48 of the Condensed Interim Consolidated Financial Statements at June 30, 2023, "Events after the reporting period".

Business outlook

²⁰ Should the expiry of the Nitinol business sale agreement be extended, the contingent derivative's long stop date could be extended if the Company deemed this appropriate, in order to align it with the new sale agreement expiry. As a result, the new forward exchange rate would need to be updated on the basis of currency market conditions at the amendment date.

The Group's performance is expected to be basically stable in the coming months and it is confirmed that, following the authorisation received today from the Federal Trade Commission, the sale of the medical business is expected to close by the end of the year.

Going concern

The condensed interim condensed consolidated financial statements are prepared on the **going concern** assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in the first half of 2023 and forecasts for future years, there are no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) regarding the going concern assumption. In addition, the positive net financial position and the availability of unused credit lines, constitute a further guarantee of going concern.

Related party transactions

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

Complete disclosure on related party transactions incurred during the half year is provided in Note no. 44 of the Condensed Interim Consolidated Financial Statements at June 30, 2023.

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 Issuers' Regulation, 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.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2023

Statement of profit or loss

(Thousands of euros)	Notes	1H 2023	1H 2022 (*)
Revenue	3	122,332	120,232
Cost of sales	4	(68,816)	(66,997)
Gross profit		53,516	53,235
Research & development expenses	4	(6,732)	(6,183)
Selling expenses	4	(9,345)	(8,880)
General & administrative expenses	4	(24,932)	(17,575)
Impairment losses on trade receivables	4	23	(200)
Total operating costs		(40,986)	(32,838)
Other income	5	307	218
Other expense	5	(464)	(369)
Operating profit		12,373	20,246
Financial income	6	6,630	1,712
Financial expense	6	(5,048)	(14,665)
Impairment losses on loan assets and other financial assets	6	(793)	(275)
Share of profit (loss) of equity-accounted investees	7	0	167
Exchange gains	8	782	527
Exchange losses	8	(2,781)	(1,034)
Pre-tax profit		11,163	6,678
Income taxes	9	(7,731)	(6,733)
Profit (loss) from continuing operations		3,432	(55)
Profit (loss) from discontinued operations		0	0
Profit (loss) for the period		3,432	(55)
<i>attributable to:</i>			
- the owners of the parent		3,432	(55)
- non-controlling interests		0	0
Basic/diluted earnings per ordinary share	10	0.18233	(0.00303)
Basic/diluted earnings per saving share	10	0.19896	(0.00303)

(*) Some comparative amounts shown in the column have been restated with respect to the amounts of the condensed interim consolidated financial statements at June 30, 2022, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of SAES RIAL Vacuum S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of June 30, 2022 figures".

Statement of comprehensive income

(Thousands of euros)	Notes	1H 2023	1H 2022
Profit (loss) for the period		3,432	(55)
Exchange differences from translation of financial statements in foreign currencies	29	(3,535)	11,166
Other comprehensive income (expense) which may be subsequently reclassified to profit or loss		(3,535)	11,166
Net fair value gains (losses) on investments in other companies	29	109	(58)
Income taxes	29	0	0
Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss		109	(58)
Other comprehensive income (expense), net of taxes		(3,426)	11,108
Profit (loss) for the period and other comprehensive income (expense)		6	11,053
<i>attributable to:</i>			
- the owners of the parent		6	11,053
- non-controlling interests		0	0

Statement of financial position

(Thousands of euros)	Notes	June 30, 2023	December 31, 2022 (*)
ASSETS			
Non-current assets			
Property, plant and equipment	12	90,753	92,697
Intangible assets	13	13,175	14,187
Goodwill	14	52,240	52,929
Right-of-use assets	15	5,401	5,481
Equity-accounted investees	16	0	0
Investments in other companies	17	1,973	1,549
Securities	18	0	0
Deferred tax assets	19	8,685	9,029
Financial receivables with related parties	20	0	0
Other non-current assets	21	261	376
Other financial assets with third parties	22	0	0
Total non-current assets		172,488	176,248
Current assets			
Inventories	23	46,202	44,436
Trade receivables	24	39,501	34,539
Sundry and other current assets	25	7,402	5,249
Current tax assets	26	1,795	2,889
Derivative financial instruments	38	0	259
Financial assets with related parties	20	0	0
Securities	18	18,006	145,484
Other financial assets	27	77,449	0
Cash and cash equivalents	28	86,540	42,139
Total current assets		276,895	274,995
Total Assets		449,383	451,243
EQUITY AND LIABILITIES			
Share capital		12,220	12,220
Share premium reserve		25,724	25,724
Treasury shares		(94,521)	(93,382)
Legal reserve		2,444	2,444
Other items of equity		302,078	304,697
Profit (loss) for the period		3,432	12,350
Equity attributable to the owners of the parent	29	251,377	264,053
Share capital and reserves attributable to non-controlling interests		0	0
Equity attributable to non-current interests	29	0	0
Total equity		251,377	264,053
Non-current liabilities			
Financial liabilities	30	0	119
Lease liabilities	31	3,059	3,039
Deferred tax liabilities	19	11,337	11,386
Post-employment and other employee benefits	32	12,145	10,717
Provisions for risks and charges	33	109	143
Other financial liabilities	34	467	462
Total non-current liabilities		27,117	25,866
Current liabilities			
Trade payables	35	20,192	17,005
Sundry liabilities	36	17,147	19,206
Current tax liabilities	37	375	424
Provisions for risks and charges	33	277	304
Derivative financial instruments	38	1,732	0
Current portion of non-current loans and borrowings	30	52,001	52,094
Lease liabilities	31	2,397	2,545
Other financial liabilities	34	0	30
Bank loans and borrowings	39	71,463	65,302
Other current liabilities	40	5,305	4,414
Total current liabilities		170,889	161,324
Total equity and liabilities		449,383	451,243

(*) Some comparative amounts shown in the column have been reclassified with respect to the amounts of the consolidated financial statements at December 31, 2022, in order to improve the presentation of the statement of financial position figures.

Statement of cash flows

(Thousands of euros)

	Note	1H 2023	1H 2022 (*)
Cash flows from operating activities			
Profit (loss) for the period		3,432	(55)
Income taxes	9	7,731	6,733
Depreciation of right-of-use assets	15	1,285	1,272
(Reversal of impairment losses) impairment losses on right-of-use assets	15	0	0
Depreciation of property, plant and equipment	12	5,253	4,802
(Reversal of impairment losses) impairment losses on property, plant and equipment	12	0	228
Amortisation of intangible assets	13	1,169	830
(Reversal of impairment losses) impairment losses on intangible assets	13	11	0
Gains (losses) on the disposal of property, plant and equipment and intangible assets		78	0
Net financial (income) expense		(789)	13,061
Impairment losses on trade receivables	24	(23)	200
Other non-monetary expense (income)		1,996	363
Other non-monetary change in post-employment and other benefits	32	2,130	1,719
Accrual (utilisation) of provisions for risks and charges	33	(24)	(215)
		22,249	28,938
Change in operating assets and liabilities			
<i>Cash increase (decrease)</i>			
Trade receivables and other current assets	24	(8,005)	(7,859)
Inventories	23	(2,210)	(4,897)
Trade payables	35	3,582	2,778
Sundry and other current liabilities	36/40	(1,201)	(1,599)
		(7,834)	(11,577)
Payments of post-employment and other benefits	32	(560)	(83)
Taxes paid		(6,169)	(6,579)
Cash flows generated by operating activities		7,686	10,699
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(4,235)	(6,147)
Acquisition of intangible assets	13	(180)	(248)
Proceeds from the disposal of property, plant and equipment and intangible assets	12/13	12	4
Purchase of securities		(1,890)	(12,787)
Disinvestments of securities		131,212	12,504
Income from securities, net of management fees		823	870
Investments in joint ventures	16	0	0
Investments in other companies	17	(315)	(143)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired		0	(4,287)
Other financial assets	27	(77,449)	0
Financial liabilities repaid to (granted by) related parties	20	(465)	49
Financial liabilities repaid to (granted by) third parties	22	(200)	(148)
Interest income on financial assets with related parties	20	0	1
Interest and other financial income received		405	79
Cash flows generated by (used in) investing activities		47,718	(10,253)
Cash flows from financing activities			
Proceeds from non-current financial liabilities, current portion included	30	0	0
Repayment of non-current financial liabilities	30	(209)	(63)
Interest paid on non-current financial liabilities	30	(56)	(58)
Proceeds from current financial liabilities	39	219,000	251,047
Repayment of current financial liabilities	39	(213,235)	(238,358)
Interest paid on current financial liabilities	39	(805)	(198)
Interest and other financial expense paid		(218)	(228)
Dividends paid	41	(11,543)	(8,530)
Other costs paid		0	(3)
Repayment of lease liabilities	31	(1,333)	(1,240)
Interest paid on leases	31	(135)	(95)
Purchase of treasury shares and ancillary costs	29	(1,139)	0
Cash flows from (used in) financing activities		(9,673)	2,274
Increase (decrease) in cash and cash equivalents		45,731	2,720
Opening cash and cash equivalents		41,803	29,286
Effect of exchange rate changes on cash flows		(1,260)	2,393
Closing cash and cash equivalents (**)		86,274	34,399

(*) Some comparative amounts shown in the column have been restated with respect to the amounts of the condensed interim consolidated financial statements at June 30, 2022, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of SAES RIAL Vacuum S.r.l. (these adjustments are detailed in Note no. 1, paragraph "Restatement of June 30, 2022 figures") and some amounts have been reclassified in order to improve the presentation of cash flows.

(**) The reconciliation between the cash and cash equivalents shown in the statement of financial position and in the statement of cash flows is detailed in Note no. 41.

Statement of changes in equity - June 30, 2023

(Thousands of euros)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the period	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 2022	12,220	25,724	(93,382)	2,444	18,343	286,354	12,350	264,053	0	264,053
Allocation of previous year profit						12,350	(12,350)	0		0
Dividends paid						(11,543)		(11,543)		(11,543)
Costs related to purchase of treasury shares			(1,139)					(1,139)		(1,139)
Profit (loss) for the period							3,432	3,432	0	3,432
Other comprehensive income (expense)					(3,535)	109		(3,426)		(3,426)
Profit (loss) for the period and other comprehensive income					(3,535)	109	3,432	6	0	6
June 30, 2023	12,220	25,724	(94,521)	2,444	14,808	287,270	3,432	251,377	0	251,377

Statement of changes in equity - June 30, 2022

(Thousands of euros)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the period	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 2021	12,220	25,724	(93,382)	2,444	12,304	281,413	12,797	253,520	0	253,520
Allocation of previous year profit						12,797	(12,797)	0		0
Dividends paid						(8,530)		(8,530)		(8,530)
Profit (loss) for the period (*)							(55)	(55)	0	(55)
Other comprehensive income (expense)					11,166	(58)		11,108		11,108
Profit (loss) for the period and other comprehensive income					11,166	(58)	(55)	11,053	0	11,053
June 30, 2022	12,220	25,724	(93,382)	2,444	23,470	285,622	(55)	256,043	0	256,043

(*) The loss as of June 30, 2022 has been restated with respect to the amounts of the condensed interim consolidated financial statements at June 30, 2022, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of SAES RIAL Vacuum S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of June 30, 2022 figures".

Notes to the condensed interim consolidated financial statements

1. BASIS OF PREPARATION AND OTHER GENERAL INFORMATION

General information

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

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

The SAES Group operates both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions). The Group also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications. Lastly, SAES has recently developed a technology platform that integrates getter materials in a polymeric matrix, which can be used in several application fields (sustainable packaging, OLED displays, optoelectronics, advanced photonics, 5G telecommunications and telephony).

At June 30, 2023 SAES Getters S.p.A. is controlled by S.G.G. Holding S.p.A.²¹, with its registered office in Milan, via Santa Maria Fulcorina, 2, which 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 2022 Report on corporate governance and ownership structure). The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company. Following the joint partial voluntary public purchase offer concerning 1,364,721 savings shares and the subsequent mandatory conversion of the savings shares not acquired into ordinary shares finalised on July 31, 2023, as of today's date S.G.G. Holding S.p.A. holds 30.11% of the total shares of SAES Getters S.p.A. and 46.19% of the voting rights (as a result, it does not have the majority of the voting rights exercisable in the Shareholders' Meeting).

These Condensed Interim Consolidated Financial Statements are prepared:

- in compliance with the IFRS issued by the International Accounting Standards Board ("IASB"), approved by the European Union ("IFRS") and in force at June 30, 2023, as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of February 28, 2005, of Consob resolutions no. 15519 of July 27, 2006 and no. 17221 of March 12, 2010, of Consob communication no. DEM/6064293 of July 28, 2006 as well as Article 149-*duodecies* of the Issuers' Regulations;
- in compliance with the requirements of IAS 34 - Interim Financial Reporting and must, therefore, be read together with the latest consolidated financial statements of the SAES Group for the year ended December 31, 2022 ("last annual financial statements");
- on a going concern basis;
- in thousands of euros (functional currency and presentation currency of the Parent SAES Getters S.p.A.).

The Board of Directors approved and authorised the publication of the Condensed Interim Consolidated Financial Statements at June 30, 2023 with the resolution passed on September 12, 2023.

²¹At June 30, 2023, S.G.G. Holding held 34.44% of the ordinary shares of SAES Getters S.p.A. and has 51.15% of the voting rights (percentage calculated taking into account that 5,018,486 ordinary shares held by S.G.G. Holding S.p.A. have accrued the increased voting right, as well as the voting rights of the treasury shares held by SAES Getters S.p.A.).

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

Basis of presentation of the Condensed Interim Consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements consist of:

- the statement of profit or loss, prepared by classifying operating costs 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 statement of comprehensive income;
- the statement of financial position, in which the assets and liabilities are presented according to the "current/non-current" criterion. Current assets are those intended to be realised, sold or consumed during the Group's normal operating cycle or in the twelve months following the end of the period. Current liabilities are those which are expected to be extinguished during the Group's normal operating cycle or which must be extinguished within twelve months of the reporting date or for which the Group does not have an unconditional right to defer settlement for at least twelve months following the reporting date;
- the statement of cash flows, in which the cash flows are presented according to the "indirect method"; Interest income collected is classified under investing activities, while interest expense is a cash outflow for financing activities. Cash and cash equivalents in the consolidated statement of cash flows include current account overdrafts (included in the item "Bank loans and borrowings") but exclude cumulative expected losses determined in application of IFRS 9 on bank deposits;
- the statement of changes in equity;
- the notes to the condensed interim consolidated financial statements, which, while not including all the information required for complete financial reporting in accordance with IFRS, are intended to illustrate the events and transactions that are relevant to understand the economic, financial and equity performance of the Group compared to the last published annual financial statements.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, significant income and expense 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 notes to the condensed interim 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/expense include cases that by their nature do not occur consistently in the course of normal operating activities. In further detail:

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

At June 30, 2023, no significant income and expense deriving from non-recurring transactions or from events that do not recur frequently in the ordinary course of business, as well as positions or transactions deriving from atypical or unusual transactions, were identified.

On the basis of Consob resolution no. 15519 of July 27, 2006, positions or transactions with related parties have been highlighted in the notes to the condensed interim consolidated financial statements (Note no. 44).

Going concern

The present condensed interim consolidated financial statements are prepared on a going concern basis, given that, despite a difficult and uncertain economic/financial and geopolitical environment, in the light of the results achieved in the first half of 2023, there were no significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) regarding the going concern assumption. In addition, the positive net financial position and the availability of unused credit lines, constitute a further guarantee of going concern.

Restatement of balances at June 30, 2022

The profit or loss balances relating to the first half of 2022, presented for comparative purposes, have been restated with respect to the amounts present in the condensed interim consolidated financial statements at June 30, 2022 to reflect the adjustments deriving from the completion of the provisional valuation of the business combination²² of SAES RIAL Vacuum S.r.l., in compliance with the provisions of IFRS 3.

The consolidated profit for the six month ended 2022 increased by 294 thousand euros. For details on the adjustments made, please refer to the tables below, along with the information relating to the business combination of SAES RIAL Vacuum S.r.l. in the Consolidated financial statements at December 31, 2022 (Note no. 3 "Business combinations").

²² Business combination completed on May 25, 2022.

Statement of profit or loss

(Thousands of euros)	1H 2022 published	Restatement of 1H 2022 figures	1H 2022 restated
Revenue	120,232	0	120,232
Cost of sales	(66,974)	(23)	(66,997)
Gross profit	53,258	(23)	53,235
Research & development expenses	(6,183)	0	(6,183)
Selling expenses	(8,842)	(38)	(8,880)
General & administrative expenses	(17,574)	(1)	(17,575)
Impairment losses on trade receivables	(200)	0	(200)
Total operating costs	(32,799)	(39)	(32,838)
Other income	218	0	218
Other expenses	(369)	0	(369)
Operating profit	20,308	(62)	20,246
Financial income	1,373	339	1,712
Financial expense	(14,665)	0	(14,665)
Impairment losses on loan assets and other financial assets	(275)	0	(275)
Share of profit (loss) of equity-accounted investees	167	0	167
Exchange gains	527	0	527
Exchange losses	(1,034)	0	(1,034)
Pre-tax profit	6,401	277	6,678
Income taxes	(6,750)	17	(6,733)
Profit (loss) from continuing operations	(349)	294	(55)
Profit (loss) from discontinued operations	0	0	0
Profit (loss) for the period	(349)	294	(55)
<i>attributable to:</i>			
- the owners of the parent	(349)	294	(55)
- non-controlling interests	0	0	0

(Thousands of euros)	Period May 25 - June 30, 2022
Depreciation of property, plant and equipment	(4)
Amortisation of intangible assets	(59)
Fair value revaluation of the investment previously held by SAES in SAES RIAL Vacuum S.r.l. (49%)	339
Effect on pre-tax profit	277
Deferred tax income	17
Effect on profit for the period	294

In addition to the above, in the period under review (June 30, 2023) some reclassifications were carried out to improve the presentation of profit and loss figures. The comparative balances (June 30, 2022) have been adjusted accordingly.

Operating segment information

The Group's operating segments are as follows:

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

There have been no changes in the structure by operating segment compared to December 31, 2022.

Seasonality of revenue

Based on historical trends, the revenue of the different operating segments is not characterised by significant seasonal fluctuations.

Subsidiaries and joint ventures

The following table shows the companies directly and indirectly controlled by SAES Getters S.p.A. at June 30, 2023, fully consolidated.

Company name	Currency	Share/quota capital	% of Ownership	
			Direct	Indirect
<u>Companies controlled directly by SAES Getters S.p.A.:</u>				
SAES Getters/U.S.A., Inc. Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
SAES Innovative Packaging S.r.l. Lainate, Milan (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, Milan (Italy)	EUR	10,000	100.00	-
SAES Coated Films S.p.A. Roncello, MB & Lainate, MI (Italy) & Freiburg (Germany)	EUR	50,000	100.00	-
SAES Investments S.A. Luxembourg (Luxembourg)	EUR	30,000,000	100.00	-
Strumenti Scientifici Cinel S.r.l. Vigonza, PD (Italy)	EUR	78,000	100.00	-
SAES RIAL Vacuum S.r.l. Parma, Parma (Italy)	EUR	200,000	100.00	-
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	100.00	-
Memry Corporation Bethel, CT (USA) & Freiburg (Germany) & Lainate, MI (Italy)	USD	30,000,000	100.00	-
<u>Companies controlled indirectly through SAES Getters U.S.A., Inc.:</u>				
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00

With reference to the changes that occurred during the first half of 2023 in the equity investments directly and indirectly controlled by the Parent, on March 17, 2023 the liquidation process of the Korean subsidiary SAES Getters Korea Corporation was completed, with the return of the residual cash to the Parent.

The following table shows the equity-accounted investments in joint ventures by the SAES Group at June 30, 2023.

Company name	Currency	Share capital	% of Ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	47.10	-
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	47.10**

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

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

With regard to the changes taking place in the joint ventures in the first half of 2023, in early January the Parent increased its investment in Flexterra, Inc. from 46.84% to 47.10%, following the repurchase by Flexterra, for the symbolic amount of one dollar, of the shares previously held by a small individual shareholder.

2. SIGNIFICANT ACCOUNTING STANDARDS

The accounting standards applied in these Condensed Interim Condensed Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements as at and for the year ended December 31, 2022.

Basis of consolidation

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

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

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

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

Accounting standards, amendments and interpretations applicable from January 1, 2023

The accounting standards, amendments and interpretations which were applied for the first time starting from January 1, 2023 are set out below.

IFRS 17 – Insurance Contracts

On May 18, 2017, the IASB issued IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations deriving from the insurance contracts it issues. The IASB developed this standard to eliminate inconsistencies and weaknesses in existing accounting practices, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard 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:

- o 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 standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

Furthermore, on December 9, 2021 the IASB issued 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.

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

On May 7, 2021 the IASB issued 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.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 and Definition of Accounting Estimates – Amendments to IAS 8

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

The adoption of the aforementioned new standards and amendments introduced starting from January 1, 2023 did not have a significant impact on these Condensed Interim Consolidated Financial Statements.

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

There were no standards and amendments endorsed by the European Union but whose application is not yet mandatory and not adopted in advance by the Group at June 30, 2023.

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

At the date of these condensed interim 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 standards described below.

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

On January 23, 2020, the IASB issued the amendment "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022 issued the amendment "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The aim of these documents is to clarify how to classify current or non-current liabilities. The amendments apply from January 1, 2024, but early adoption is allowed.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

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

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

On May 23, 2023, the IASB issued the amendment "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure obligations concerning deferred tax assets and liabilities relating to the Pillar Two Model Rules and establishes specific disclosure obligations for the entities affected by the relative International Tax Reform. The document requires the immediate application of the temporary exception, while the disclosure obligations will be applicable only to annual reporting periods beginning on or after January 1, 2023 but not to interim reporting periods with a closing date prior to December 31, 2023.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Disclosures: Supplier Finance Arrangements

On May 25, 2023, the IASB issued the amendment "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Disclosures: Supplier Finance Arrangements". The document requires entities to provide additional information on reverse factoring agreements that allow users of the financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will apply from January 1, 2024, but early adoption is allowed.

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

Use of estimates and subjective assumptions

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

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

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

Similarly, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.

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

Criteria for translating items expressed in foreign currencies

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

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

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

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

Expressed in foreign currency (per 1 euro)

Currency	June 30, 2023		June 30, 2022		December 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.0807	1.0866	1.0934	1.0387	1.0530	1.0666
Japanese yen	145.7604	157.1600	134.3071	141.5400	138.0274	140.6600
South Korean won	1,400.4350	1,435.8800	1,347.8363	1,351.6000	1,358.0700	1,344.0900
Renminbi (P.R. of China)	7.4894	7.8983	7.0823	6.9624	7.0788	7.3582
Taiwan dollar	33.0264	33.8158	31.3697	30.8788	31.3223	32.7603

3. REVENUE

In the first half of 2023, consolidated revenue was equal to 122,332 thousand euros, marking growth of 1.7% (+2,100 thousand euros in absolute value) compared to 120,232 thousand euros in the first half of 2022.

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

(Thousands of euros)

of which:

Divisions and Businesses	1H 2023	1H 2022	Total difference	Total difference %	Change in consolidation scope	Exchange rate effect
Getters & Dispensers	22,871	23,292	(421)	-1.8%	0	(30)
Sintered Materials	4,460	5,590	(1,130)	-20.2%	0	52
SMA Materials	9,956	6,798	3,158	46.5%	0	68
SAES Industrial	37,287	35,680	1,607	4.5%	0	90
High Vacuum Solutions	13,859	13,209	650	4.9%	2,367	(29)
SAES High Vacuum	13,859	13,209	650	4.9%	2,367	(29)
Medical Nitinol	63,350	56,522	6,828	12.1%	0	731
SAES Medical Nitinol	63,350	56,522	6,828	12.1%	0	731
Functional Chemicals	4,912	7,447	(2,535)	-34.0%	0	0
SAES Chemicals	4,912	7,447	(2,535)	-34.0%	0	0
Packaging Solutions	2,907	7,366	(4,459)	-60.5%	0	0
SAES Packaging	2,907	7,366	(4,459)	-60.5%	0	0
Not Allocated	17	8	9	112.5%	0	0
Consolidated Revenue	122,332	120,232	2,100	1.7%	2,367	792

The growth of the **Medical Nitinol** operating segment (+6,828 thousand euros, thanks to the favourable trend in the US medical market relating to applications dedicated to minimally invasive surgery), together with that of the **Industrial** sector (+1,607 thousand euros, mainly driven by SMA Materials sales in the mobile sector) more than offset the decline in the **Chemicals** (a drop of -2,535 thousand euros, essentially attributable to the slowdown in the consumer electronics market, in continuity with the last months of 2022) and **Packaging** (decrease of -4,459 thousand euros, due to the difficulties being experienced by the converting sector as a result of the contraction in consumption due to the inflation crisis, as well as overstock phenomena relating to 2022 in anticipation of an increase in raw material and energy costs) operating segments. In the **High Vacuum** operating segment, the effect attributable to the full consolidation of SAES RIAL Vacuum S.r.l. (+2,367 thousand euros²³) more than offset the natural decline caused by the postponement of several projects and the deferral of a few deliveries to after June 30.

4. COST OF SALES and OPERATING COSTS

The total cost of sales and operating costs amounted to 109,802 thousand euros in the first half of 2023, compared to 99,835 thousand euros in the corresponding period of the previous year.

(Thousands of euros)

of which:

Cost of sales & Operating costs	1H 2023	1H 2022	Difference	Change in consolidation scope	Exchange rate effect
Raw materials (includes change in raw materials)	19,492	19,709	(217)	540	143
Direct labour	19,582	18,366	1,216	270	166
Manufacturing overheads	31,847	29,798	2,049	782	233
Change in work in progress and finished goods	(2,105)	(876)	(1,229)	130	(10)
Total cost of sales	68,816	66,997	1,819	1,722	532
Research & development expenses	6,732	6,183	549	55	16
Selling expenses (*)	9,322	9,080	242	238	(10)
General & administrative expenses	24,932	17,575	7,357	224	84
Total operating costs	40,986	32,838	8,148	517	90
Total cost of sales & operating costs	109,802	99,835	9,967	2,239	622

(*) The item include Impairment losses on trade receivables (-23 thousand euros at June 30, 2023 compared to +200 thousand euros at June 30, 2022).

Cost of sales

²³ Sales relating to the January - May 2023 period of SAES RIAL Vacuum S.r.l.

Excluding the effect attributable to the change in the consolidation scope (i.e., full consolidation of SAES RIAL Vacuum S.r.l. starting from the end of May 2022 following the acquisition of the entire quota capital) and exchange rate fluctuations, as well as a non-recurring cost for the departure of an employee of the Parent amounting to 275 thousand euros (in total, the effect on consolidated revenue was +3,159 thousand euros, while there was an effect of +2,529 thousand euros on the cost of sales), the organic change in the cost of sales (-1.1%) is substantially in line with that of revenue (-1%).

In particular, looking at the individual components of the cost of sales, again net of the effect of changes in the consolidation scope and exchange rates, as well as non-recurring severance costs, the **cost of direct labour** and **manufacturing overheads** increased slightly (cost of labour +4.2% and manufacturing overheads 2.5%, respectively) despite the natural decline in revenue, primarily as a result of lower economies of scale achieved due to the drop in volumes in the packaging operating segment. Please also note the substantial stability of the costs of the High Vacuum Division as a result of the different sales mix. By contrast, the **cost of materials** (also including the change in inventories of semi-finished and finished products, as well as that of raw materials) recorded a greater percentage decrease (-11.9%) than the percentage decrease in revenue, due to the different mix of sales, mainly in the High Vacuum Division (products with a lower absorption of materials, but, as mentioned previously, a higher use of labour).

Operating costs

Excluding the exchange effect (+90 thousand euros) and the effect linked to the change in the consolidation scope²⁴ (+517 thousand euros), as well as non-recurring operating costs of 6,776 thousand euros (in particular, net consulting costs for the potential sale of the medical business, totalling 4,862 thousand euros, and severance costs of 1,128 thousand euros, as well as costs linked to governance of 786 thousand euros, all classified under general & administrative expenses), operating costs rose by 765 thousand euros. The increase was primarily concentrated in **Research and development expenses** (higher personnel expense due to a higher headcount, especially of the Parent, as well as regular wage increases, in addition to costs correlated with the RedZone incubator, and its promotion, and for contributions to selected start-ups) and, to a lesser extent, **general and administrative expenses** (higher provision for the phantom shares plan of Executive Directors correlated with appreciation in the SAES share value). **Selling expenses**, again net of the exchange rate and scope effect, were instead basically unchanged (higher bonuses linked to improved performance of the US companies and higher commissions on SMA wire sales, as well as higher travel costs due to the resumption of the business and inflation were offset by lower marketing and consulting costs for the B!POD project, after its launch in the first half of 2022, and lower transport costs due to the lower volumes in the Packaging Division).

A **breakdown by nature** of the cost of sales and operating costs compared with balances for the first half of 2022, is given below, highlighting the effect attributable to the fluctuation in exchange rates and the difference in the consolidation scope²⁵.

²⁴ Full consolidation of SAES RIAL Vacuum S.r.l. at the end of May 2022, following the purchase of the entire quota capital.

²⁵ Full consolidation of SAES RIAL Vacuum S.r.l. at the end of May 2022, following the purchase of the entire quota capital.

(Thousands of euros)

Total costs by nature	1H 2023	1H 2022	Difference	of which:	
				Change in consolidation scope	Exchange rate effect
Personnel expense	52,197	48,001	4,196	719	295
Raw materials (includes change in raw materials)	19,492	19,709	(217)	540	143
Various materials	6,649	5,641	1,008	36	52
Technical, legal, tax and administrative consultancy	9,551	4,152	5,399	27	83
Depreciation of property, plant and equipment	5,253	4,802	451	84	24
Utilities	2,417	3,727	(1,310)	18	11
Corporate bodies	3,272	2,727	545	0	1
Maintenance and repairs	2,397	2,436	(39)	12	11
Depreciation of right-of-use assets	1,285	1,272	13	28	6
Amortisation of intangible assets	1,169	830	339	234	4
General services (canteen, cleaning, security)	1,125	1,175	(50)	7	6
Transport	1,158	1,166	(8)	(35)	15
Advertising costs	805	1,036	(231)	7	(7)
Insurance	857	817	40	20	3
Travel and accommodation expenses	581	318	263	4	0
Licenses and patents	358	385	(27)	0	1
Rent and operating leases	371	352	19	7	0
Audit fees	337	232	105	14	(1)
Commissions	479	137	342	0	5
Telephones and faxes	180	185	(5)	3	0
Impairment losses on property, plant and equipment and intangible assets	11	228	(217)	0	0
Training costs	190	137	53	5	1
Impairment losses on trade receivables	(23)	200	(223)	0	0
Other	1,796	1,046	750	379	(21)
Total costs by nature	111,907	100,711	11,196	2,109	632
Change in semi-finished products and finished goods	(2,105)	(876)	(1,229)	130	(10)
Total cost of sales and operating costs	109,802	99,835	9,967	2,239	622

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

The increase in the item "**Personnel expense**" can be attributed primarily to the higher average number of employees at all US production affiliates (in particular, strengthening of production staff of the affiliates Memry Corporation, SAES Smart Materials, Inc. and Spectra-Mat, Inc.) and at the Parent (slight increase across all operating segments), as well as wage increases correlated with inflation. In addition, in the first half of 2023 non-recurring costs were recognised due to the departure of employees amounting to 1,403 thousand euros (only 55 thousand euros in the first half of 2022).

In the first half of 2023 this item includes the income of the Parent for the Southern tax incentive²⁶, equal to 377 thousand euros (366 thousand euros in the same period of the previous year).

The items "**Raw materials**" and "**Change in semi-finished products and finished goods**", which are directly linked to the production cycle, decreased in line with the natural drop in sales.

These items are only partially offset by an increase in "**Various materials**", mainly attributable to the US affiliates and a consequence of both the increase in sales in the medical sector and the effect of inflation on the cost of materials.

The increase in the item "**Technical, legal, tax and administrative consultancy**" is related to net non-recurring consulting costs for the potential sale of the medical business (4,862 thousand euros), as well as the Parent's legal governance costs (786 thousand euros).

The increase in the items "**Depreciation of property, plant and equipment**" and "**Amortisation of intangible assets**" is mainly explained by the higher depreciation and amortisation of the Parent (primarily as a result of the restructuring of laboratories carried out last year, as well as depreciation for the purchase

²⁶ Contribution relief for companies in the south, which aims to contain the effects of the Covid-19 epidemic on employment, protecting employment levels in areas with serious socio-economic hardship.

of new R&D instruments), of SAES Smart Materials, Inc. (in particular, amortisation of the investment for the building expansion completed halfway through last year) and of Spectra-Mat, Inc. (depreciation relating to new process instrumentation).

The decline in the item **“Utilities”** is related to the optimisation of consumption as well as the lower unit costs of energy in the Group's Italian factories. In the first half of 2023, this item included income of 54 thousand euros related to the tax credit granted to Italian companies for the purchase of electricity and natural gas (31 thousand euros in the same period of the previous year).

The item **“Corporate bodies”** includes the remuneration of the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent. The increase is explained by the higher provision for the phantom shares plan of Executive Directors, due to the appreciation of the SAES share value. For details on remuneration paid in the first half of 2023, please refer to Note no. 44.

The reduction in the item **“Advertising costs”** is due to the fact that last year the first product (DRO!D) was launched on the market as part of the B!POD project, developed by the SAES *Design House* and aimed at the use of the Group's innovative technologies to improve food preservation and combat waste, thus reducing CO₂ emissions. In the current half-year, the item instead includes costs for the promotion of the RedZone incubator, the programme for interaction with start-ups in which SAES acts as technological as well as industrial partner.

The item **“Travel and accommodation expenses”** rose as a result of increased commercial activities with customers and increased participation in international trade fairs and conferences.

The increase in **“Commissions”** is attributable to the higher commissions paid on sales of SMA trained wire for consumer electronics applications.

The item **“Impairment losses on property, plant and equipment and intangible assets”**, close to zero in the half-year ending at June 30, 2023, in the same period of the previous year included the impairment losses resulting from the works for the expansion of the building of the US subsidiary SAES Smart Materials, Inc.

The item **“Training costs”** includes income for Fondimpresa financing obtained for company training amounting to 2 thousand euros (7 thousand euros in the same period of the previous year).

The item **“Impairment losses on trade receivables”** includes the generic impairment losses on trade receivables, including those not yet past due, in application of the Expected Credit Losses model envisaged by IFRS 9 (release of +12 thousand euros in the current half-year, compared to a provision of -9 thousand euros in the corresponding period of the previous year). The difference in the current period consists of the release of the impairment loss on specific credit positions of the Parent, after the amounts were collected from the customer.

The item **“Other”** includes contributions to start-ups selected as part of the RedZone incubation project at June 30, 2023. Finally, this item also includes income of 22 thousand euros related to the tax credit for investments in operating assets 4.0, as well as income for public grants on the Parent's research activity equal to 59 thousand euros.

5. OTHER INCOME AND EXPENSE

The items "Other income" and "Other expense" for the first half of 2023 recorded a net other expense of -157 thousand euros compared to an again negative value equal to -151 thousand euros in the corresponding period of the previous year.

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

(Thousands of euros)				<i>of which:</i>	
	1H 2023	1H 2022	Difference	Change in consolidation scope	Exchange rate effect
Other income	307	218	89	(3)	0
Other expense	(464)	(369)	(95)	(24)	3
Total net other income (expense)	(157)	(151)	(6)	(27)	3

The item "**Other income**" includes all revenue that does not fall within the ordinary operations of the Group, such as, for example, the revenue from the sale of scrap materials, the capital gains coming from sale of the assets and income correlated with tax credits²⁷.

The slight increase compared to the first half of 2022 is mainly attributable to the income of 127 thousand euros relating to an adjustment on the sale price of the subsidiary SAES Pure Gas, Inc. (disposal completed in 2018), resulting from a tax refund relating to the period prior to the sale.

The item "**Other expense**", however, mainly includes the property taxes and other taxes, other than income taxes, mostly paid by the Group's Italian companies.

Excluding the effect of the change in the consolidation scope (i.e. full consolidation of SAES RIAL Vacuum S.r.l. starting from the end of May 2022 following the purchase of the entire quota capital), other expense is basically in line with the first half of 2022. Lastly, the amount for the current period includes a cost of 30 thousand euros for donations to support Emilia-Romagna, while in the previous period it included a cost of 100 thousand euros for donations to support Ukraine.

6. FINANCIAL INCOME (EXPENSE) AND IMPAIRMENT LOSSES ON LOAN ASSETS AND OTHER FINANCIAL ASSETS

The following tables show the financial income and financial expense in the first half of 2023, compared to the corresponding period of the previous year.

(Thousands of euros)				<i>of which:</i>	
Financial income	1H 2023	1H 2022	Difference	Change in consolidation scope	
Bank interest income	386	3	383		0
Other financial income	346	734	(388)		0
Fair value gains on securities	4,963	0	4,963		0
Coupons and other net income realised on securities	935	975	(40)		0
Total financial income	6,630	1,712	4,918		0

²⁷ No income for tax credits on research and development investments was recognised for the first half of 2023.

(Thousands of euros)

of which:

Financial expense	1H 2023	1H 2022	Difference	Change in consolidation scope
Bank interest and other bank expenses	1,504	424	1,080	10
Other financial expense	207	58	149	0
Fair value losses on securities	0	13,738	(13,738)	0
Expenses from disinvestments of securities	3,120	255	2,865	0
Commissions and other securities costs	82	95	(13)	0
Interest on lease liabilities	135	95	40	1
Total financial expense	5,048	14,665	(9,617)	11
Impairment losses on loan assets and other financial assets	793	275	518	0
Total financial expense & impairment losses on loan assets and other financial assets	5,841	14,940	(9,099)	11

The increase in the item "**Bank interest income**" is due to the interest income accrued on time deposits in which the Group's liquidity was invested after the disposal of nearly all of its securities.

The item "**Other financial income**" for the first half of 2023 mainly consists of interest income accrued on the interest-bearing loans granted by the Group to the joint venture Actuator Solutions GmbH and on the convertible loans granted to Flexterra, Inc. (for additional details, see Note no. 20), as well as on convertible loans granted to the German start-up Rapitag GmbH (for additional details, see Note no. 22). The decrease compared to the first half of the previous year is mainly attributable to the fact that the amount for the first half of 2022 also included the gain of +339 thousand euros deriving from the remeasurement at fair value of the previous investment (49%) in SAES RIAL Vacuum S.r.l. prior to the acquisition on May 25, 2022 of the entire quota capital and the full consolidation of the company.

The items "**Fair value gains/losses on securities**" are related to the fair value measurement of securities. While in the first half of 2022 there was a decrease in the fair value of securities equal to -13,738 thousand euros as a consequence of the conflict in Ukraine and resulting international tensions, in the first half of 2023 there was an increase of +4,963 thousand euros.

Again with regard to the securities portfolio, the item "**Coupons realised on securities**" includes the proceeds from the collection of coupons (+935 thousand euros in the first half of 2023, compared to +975 thousand euros in the corresponding period of 2022), while the item "**Expenses from disinvestments of securities**" consists of the net charges deriving from the almost total divestment of the securities portfolio, with the aim of reducing the Group's exposure to financial market volatility (-3,120 thousand euros in the first half of 2023, compared to -255 thousand euros in the first half of 2022). Finally, the item "**Commissions and other securities costs**" consists of the management fees of the aforementioned securities portfolio and is in line with in both half-year periods (-82 thousand euros for the first half of 2023, compared to -95 thousand euros for the corresponding period of 2022). Please refer to Note no. 18 for further details on the securities subscribed.

The item "**Bank interest and other bank expense**" included accrued interest expenses on both short- and long-term loans, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The considerable increase at June 30, 2023 is attributable to the increased recourse to short-term bank debt during the period, as well as higher interest rates.

The increase in the item "**Other financial expense**" is explained by the expense of -200 thousand euros due to the recognition of the onerous contract relating to the Group's irrevocable commitment to grant

the start-up Rapitag GmbH an additional convertible loan of 200 thousand euros (a loan the recovery of which is not considered probable).

Interest on lease liabilities amounted -135 thousand euros in the first half of 2023 (in line with -95 thousand euros in the corresponding period of the previous year).

The item "**Impairment losses on loan assets and other financial assets**" in both half-year periods includes the impairment loss on the loan assets correlated with the interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH (-79 thousand euros both in the first half of 2023 and in the corresponding period of the previous year), as well as convertible loans granted by the Parent to the joint venture Flexterra, Inc. (-429 thousand euros in the first half of 2023, compared to 194 thousand euros in the corresponding period of the previous year) and the German start-up Rapitag GmbH (-253 thousand euros at June 30, 2023, compared to zero in the corresponding period of the previous year). Both loan assets were impaired because they were deemed difficult to recover, based on the information available. The increase can primarily be attributed to the impairment loss on the additional convertible loan granted to the joint venture Flexterra, Inc. on June 1, 2023 (-234 thousand euros) as well as that on the convertible loan disbursed to Rapitag GmbH in early May 2023 (-200 thousand euros).

Finally, the item includes impairment losses on financial assets (in particular, cash and cash equivalents) in application of IFRS 9. The expected losses have been calculated according to a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of the rating of each bank. Compared to December 31, 2022, the riskiness associated with some of the banks with which the Group does business was basically stable, this calculation led to an increase in the expected losses on cash and cash equivalents of 32 thousand euros, as a consequence of the increased cash and cash equivalents held by the Group (86.5 million euros at June 30, 2023 compared to 42.1 million euros at December 31, 2022). In the corresponding period of the previous year, expected losses increased by 2 thousand euros compared to December 31, 2021.

7. SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEEES

Details of the item "**Share of profit (loss) of equity-accounted investees**" are shown in the table below.

(Thousands of euros)

	1H 2023	1H 2022	Difference
Actuator Solutions GmbH	0	0	0
SAES RIAL Vacuum S.r.l.	n.a. (*)	167	n.a.
Flexterra	0	0	0
Total Share of profit (loss) of equity-accounted investees	0	167	0

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

The share of profit (loss) of equity-accounted investees was zero in the first half of 2023, compared to a positive value of +167 thousand euros in the corresponding period of 2022, attributable exclusively to the **joint venture SAES RIAL Vacuum S.r.l.** and referring to the January 1– May 25, 2022 period, the latter date being when the SAES Group finalised the purchase of the entire quota capital of SAES RIAL Vacuum S.r.l., acquiring control over it and therefore fully consolidating the company rather than using the equity method.

For the first half of 2023, the share of the profit (loss) of the **joint venture Actuator Solutions GmbH** and the **joint venture Flexterra, Inc.**²⁸ was not recognised in the Group: in the first case, despite a profit realised during the current half-year, because the equity of the joint venture is still negative by around 1.3 million euros (pro-rata amount of 50%); in the second case because, despite the loss for the period, SAES's investment in Flexterra has already been fully impaired and as of the current date SAES bears no recapitalisation obligation.

For additional details on the performance of equity-accounted investees, please refer to Note no. 16.

8. EXCHANGE GAINS AND LOSSES

In the first half of 2023, there was a net exchange loss of -1,999 thousand euros with respect to a net loss of -507 thousand euros in the corresponding period of the previous year. This higher loss can be attributed to the fair value of the contingent derivative contract (notional amount of 415 million dollars and fair value at June 30, 2023 of -1,894 thousand euros) entered into in February 2023 in order to protect the collection in dollars established for the possible disposal of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. The last possible date for the exercise of the derivative is January 8, 2024 (Long Stop Date²⁹). The spot forward exchange rate within the reference contractual range will be determined on the basis of the actual date of approval, if any, by the US Antitrust Authority and, if by the Long Stop Date it expresses a negative opinion on the finalisation of the sale transaction, the entire derivative contract would lapse without producing any effect on the Group's financial statements.

Details of the exchange gains and losses for the first half of 2023 compared to the same period of 2022 are set out in the following table.

(Thousands of euros)				of which:
Exchange differences	1H 2023	1H 2022	Difference	Change in consolidation scope
Exchange gains	591	522	69	6
Exchange losses	(790)	(525)	(265)	(27)
Total Exchange differences	(199)	(3)	(196)	(21)
Gains on forward contracts	191	5	186	0
Losses on forward contracts	0	(146)	146	0
Fair value losses on forward contracts	(1,991)	(363)	(1,628)	0
Net losses on forward contracts	(1,800)	(504)	(1,296)	0
Net exchange losses	(1,999)	(507)	(1,492)	(21)

The item **"Total exchange differences"** in both years is mainly attributable to the effect of the fluctuations of the dollar against the euros on transactions of a commercial nature, including intragroup. In the first half of 2023, income of 87 thousand euros was recognised correlated with the release to the statement of profit or loss of the SAES Getters Korea Corporation currency translation reserve following the liquidation of the Korean subsidiary.

"Net losses on forward contracts" came to -1,800 thousand euros in the first half of 2023 (to be compared with -504 thousand euros for the first half of 2022) and included the valuation of dollar forward sales contracts entered into by SAES Getters S.p.A. at the end of November 2022, to hedge approximately 80% of the net commercial flows in dollars expected for the Group's Italian companies for the year 2023. This

²⁸ Flexterra, Inc. in turn consolidates its wholly owned subsidiary Flexterra Taiwan Co., Ltd.

²⁹ Should the expiry of the Nitinol business sale agreement be extended, the contingent derivative's long stop date could be extended if the Company deemed this appropriate, in order to align it with the new sale agreement expiry. As a result, the new forward exchange rate would need to be updated on the basis of currency market conditions at the amendment date.

item includes both the realised gain (+191 thousand euros) relating to forward contracts which expired during the current half-year and the fair value losses (-97 thousand euros) on the contracts still outstanding at June 30, 2023. This item also includes the fair value (-1,894 thousand euros) of the above-mentioned contingent derivative entered into in February 2023 in order to protect the collection in dollars established for the possible disposal of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

For details on the derivative contracts, please refer to Note no. 38.

9. INCOME TAXES

For the first half of 2023, **income taxes** amounted to 7,731 thousand euros, compared to 6,733 thousand euros in the corresponding period of the previous year.

The related details are provided below.

(Thousands of euros)				<i>of which:</i>
	1H 2023	1H 2022	Difference	Change in consolidation scope
Current taxes	7,451	6,554	897	85
Deferred taxes	280	179	101	(66)
Income taxes	7,731	6,733	998	19

In both half-year periods, the item mainly consisted of taxes of manufacturing companies in the US. The increase resulted from the change in scope due to the full consolidation of SAES RIAL Vacuum S.r.l. starting from late May 2022 as well as the higher taxable income realised by SAES Investments S.A., which had closed the first half of 2022 with a significant tax loss caused by the negative performance of the securities portfolio held by the company as a result of the crisis in Ukraine and the associated international tensions. Lastly, taxes for the current year include a cost of 341 thousand euros correlated with the derecognition of the Parent's tax credits for withholdings abroad, which have expired as the relative time periods have come to an end.

The Group's effective tax rate went from 100.8% to 69.3%: also in this case, the improvement can be attributed to SAES Investments S.A., which closed the current half-year with a tax gain, against the tax loss of 2022, already noted previously, with respect to which for reasons of prudence, no deferred tax assets were recognised.

As in the first half of 2022, no Group company recognised deferred tax income on the tax losses at June 30, 2023. These tax losses totalled 17,323 thousand euros and compare to tax losses of 14,180 thousand euros in the first half of 2022. The increase is mainly attributable to the higher tax losses of the Parent and of SAES Coated Films S.p.A., only partially offset by the fact that SAES Investments S.A. closed the current half-year with a tax profit, against a loss at June 30, 2022, due to the reduction in the fair value of securities triggered by financial market instability.

10. BASIC/DILUTED EARNINGS PER SHARE

As indicated in Note no. 29, SAES Getters S.p.A.'s share capital at June 30, 2023 is represented by two different types of shares (ordinary shares and savings shares) which bear different rights with regard to the distribution of dividends. The portion of profits due to each share type is calculated based on the respective rights to receive dividends.

In particular, for the purpose of calculating earnings per share, the amount of preference dividends contractually assigned to savings shares in the event of a theoretical distribution of such earnings was subtracted from the profit for the year. The value obtained was divided by the average number of outstanding shares in the half-year.

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

The following table shows the earnings per share in the first half of 2023, compared with the corresponding figure in the first half of 2022.

Basic/diluted earnings per share	1H 2023			1H 2022		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attributable to shareholders (Thousands of euros)			3,432			(55)
Theoretical preference dividends (Thousands of euros)		1,022	1,022		0	0
Profit (loss) attributable to the different categories of shares (Thousands of euros)	1,964	446	2,410	(33)	(22)	(55)
Total profit (loss) attributable to the different categories of shares (Thousands of euros)	1,964	1,468	3,432	(33)	(22)	(55)
Average number of outstanding shares	10,771,350	7,378,619	18,149,969	10,771,350	7,378,619	18,149,969
Diluted earning (loss) per share (euro)	0.18233	0.19896		(0.00303)	(0.00303)	

On May 31, 2023 the Shareholders approved a joint transaction including a voluntary partial public tender offer on no. 1,364,721 savings shares (**VTO**) and the mandatory conversion of the remaining³⁰ savings shares into ordinary shares (**Mandatory Conversion**) through the use of the no. 3,900,000 ordinary treasury shares of the Company and, for the difference, through the issue, with no quota capital increase, of no. 2,113,898 new ordinary shares. The transaction was successfully completed on July 31, 2023 and, therefore, is to be considered a subsequent event which does not lead to an adjustment of carrying amounts at June 30, 2023. For further details, please refer to Note no. 48 "Events after the reporting period".

11. SEGMENT REPORTING

For management purposes, the Group is articulated into five operating segments (or Divisions), on the basis of both the technological area of reference of the products and their application offerings.

- **SAES Industrial** – metal-based getter components and metal dispensers used in a wide range of industrial applications (vacuum electronic devices for application in the security and defence sector, MEMS, X-ray tubes for diagnostic systems for images, lighting and thermal insulation products), shape memory and super elastic materials and components for the industrial sector (home automation, white goods industry, consumer electronics, non-implantable medical business, automotive and luxury sectors), as well as products based on functionalised polymers that have a getter function (dispensable getter and dryer, sealant barrier with getter function and filler containing getter species for OLED, optoelectronic, advanced photonics and telecommunications applications);
- **SAES High Vacuum** – devices based on getter materials for vacuum systems with applications in the industrial sector, in research and in particle accelerators;
- **SAES Medical Nitinol** – raw materials, semi-finished products and super-elastic components in Nitinol alloy for medical applications, mainly in the non-invasive surgical sector;
- **SAES Chemicals** – includes both the "functional acoustic composites" business (functional composites for consumer electronics applications) and the "functional additives" business (new products currently being validated by prospects and based on technological platforms of SAES functional materials);

³⁰ Savings shares remaining after the cancellation of the savings shares purchased through the above-mentioned Tender Offer.

- **SAES 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 segments are 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 segment is evaluated according to its operating profit or loss; financial income and expense, exchange gains or losses and income taxes are measured at the overall Group level and thus they are not allocated to the operating segments.

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

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

A breakdown of the main **statement of profit or loss figures by operating segment** is provided below.

(Thousands of euros)

Statement of profit or loss	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
Revenue	37,287	35,680	13,859	13,209	63,350	56,522	4,912	7,447	2,907	7,366	17	8	122,332	120,232
Cost of sales	(19,110)	(17,448)	(7,494)	(6,968)	(35,101)	(30,817)	(4,136)	(5,624)	(2,850)	(6,040)	(125)	(100)	(68,816)	(66,997)
Gross profit	18,177	18,232	6,365	6,241	28,249	25,705	776	1,823	57	1,326	(108)	(92)	53,516	53,235
% of revenue	48.7%	51.1%	45.9%	47.2%	44.6%	45.5%	15.8%	24.5%	2.0%	18.0%	n.a.	n.a.	43.7%	44.3%
Total operating costs	(7,228)	(7,166)	(3,940)	(3,383)	(10,040)	(4,825)	(1,129)	(960)	(1,608)	(1,737)	(17,041)	(14,767)	(40,986)	(32,838)
Other income (expense)	(20)	(5)	(46)	3	62	88	(21)	(10)	(1)	2	(131)	(229)	(157)	(151)
Operating profit (loss)	10,929	11,061	2,379	2,861	18,271	20,968	(374)	853	(1,552)	(409)	(17,280)	(15,088)	12,373	20,246
% of revenue	29.3%	31.0%	17.2%	21.7%	28.8%	37.1%	-7.6%	11.5%	-53.4%	-5.6%	n.a.	n.a.	10.1%	16.8%
Financial income													6,630	1,712
Financial expense													(5,048)	(14,665)
Impairment losses on loan assets and other financial assets													(793)	(275)
Share of profit (loss) of equity-accounted investees													0	167
Net exchange losses													(1,999)	(507)
Pre-tax profit													11,163	6,678
Income taxes													(7,731)	(6,733)
Profit (loss) for the period													3,432	(55)

The following table shows the **statement of profit or loss figures broken down by operating segment for the first half of 2022**, including the adjustments deriving from the completion of the provisional valuation of the SAES RIAL Vacuum S.r.l. business combination³¹, in compliance with the provisions of IFRS 3.

(Thousands of euros)

Statement of profit or loss	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	1H 2022	1H 2022 Restated	1H 2022	Adj.	1H 2022 Restated	1H 2022	1H 2022 Restated	1H 2022	1H 2022 Restated	1H 2022	1H 2022 Restated	1H 2022	Adj.	1H 2022 Restated
Revenue	35,680	35,680	13,209	0	13,209	56,522	56,522	7,447	7,447	7,366	7,366	8	8	120,232
Cost of sales	(17,448)	(17,448)	(6,945)	(23)	(6,968)	(30,817)	(30,817)	(5,624)	(5,624)	(6,040)	(6,040)	(100)	(100)	(66,974)
Gross profit	18,232	18,232	6,264	(23)	6,241	25,705	25,705	1,823	1,823	1,326	1,326	(92)	(92)	53,258
% of revenue	51.1%	51.1%	47.4%	n.a.	47.2%	45.5%	45.5%	24.5%	24.5%	18.0%	18.0%	n.a.	n.a.	44.3%
Total operating costs	(7,166)	(7,166)	(3,344)	(39)	(3,383)	(4,825)	(4,825)	(960)	(960)	(1,737)	(1,737)	(14,767)	(14,767)	(32,799)
Other income (expense)	(5)	(5)	3	0	3	88	88	(10)	(10)	2	2	(229)	(229)	(151)
Operating profit (loss)	11,061	11,061	2,923	(62)	2,861	20,968	20,968	853	853	(409)	(409)	(15,088)	(15,088)	20,308
% of revenue	31.0%	31.0%	22.1%	n.a.	21.7%	37.1%	37.1%	11.5%	11.5%	-5.6%	-5.6%	n.a.	n.a.	16.9%
Financial income														1,373
Financial expense														(14,665)
Impairment losses on loan assets and other financial assets														(275)
Share of profit (loss) of equity-accounted investees														167
Net exchange losses														(507)
Pre-tax profit														6,401
Income taxes														(6,750)
Profit (loss) for the period														(349)

Information on geographical segments

³¹ Business combination completed on May 25, 2022.

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

(Thousands of euros)

Geographical segment	1H 2023		1H 2022		Total difference		of which: Change in consolidation scope
		%		%		Total difference %	
Italy	2,603	2.1%	3,592	3.0%	(989)	-27.5%	296
Europe	20,466	16.7%	23,864	19.8%	(3,398)	-14.2%	761
North America	76,776	62.8%	70,428	58.6%	6,348	9.0%	1,288
Japan	3,151	2.6%	3,298	2.7%	(147)	-4.5%	0
South Korea	818	0.7%	1,115	0.9%	(297)	-26.6%	0
China	14,826	12.1%	12,836	10.7%	1,990	15.5%	22
Other Asian countries	2,984	2.4%	2,956	2.5%	28	0.9%	0
Others	708	0.6%	2,143	1.8%	(1,435)	-67.0%	0
Consolidated revenue	122,332	100.0%	120,232	100.0%	2,100	1.7%	2,367

In the first half of 2023, there was a significant increase in revenue in **North America** (driven especially by the Medical Nitinol operating segment and, to a lesser extent, by the vacuum pumps business due to the full consolidation of SAES RIAL Vacuum S.r.l.) and in the **Chinese market**, thanks especially to **SMA Materials** products for the mobile segment (Industrial operating segment), despite the decline in the Chemicals operating segment.

On the other hand, sales in **Europe**, including **Italy**, were down due to the slowdown in the packaging business, which also caused the decrease in the **rest of the world** (particularly in South Africa).

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

(Thousands of euros)

Country in which the Group's entity is located	1H 2023		1H 2022		Total difference		of which: Change in consolidation scope
		%		%			
Italy	39,885	32.6%	43,357	36.1%	(3,472)		2,367
North America	81,059	66.3%	74,854	62.2%	6,205		0
South Korea	0	0.0%	919	0.8%	(919)		0
China	1,373	1.1%	1,101	0.9%	272		0
Other Asian countries	15	0.0%	1	0.0%	14		0
Revenue	122,332	100.0%	120,232	100.0%	2,100		2,367

The increase in revenue in **North America** is mainly attributable to the growth in sales of Nitinol devices for medical applications, thanks to the favourable trend of the minimally invasive medical market in the USA.

Conversely, the drop in revenue in **Italy**, despite the positive effect of the full consolidation of SAES RIAL Vacuum S.r.l., is a consequence of both the slowdown in sales in the packaging business due to the contraction in consumption resulting from the inflation crisis, and lower revenue from vacuum systems, penalised by the postponement of some projects and the deferral of some deliveries to after June 30. Also in Italy, the drop in sales in the Chemicals operating segment was offset by higher revenue from **SMA Materials** products for the mobile sector (Industrial operating segment).

Finally, the loss of revenue in **South Korea** was caused by the liquidation in March 2023 of the Korean commercial subsidiary SAES Getters Korea Corporation: sales in Korea are now made directly by the Group's production companies, with the support of local Korean agents and distributors.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to 90,753 thousand euros at June 30, 2023 and showed a decrease of 1,944 thousand euros compared to December 31, 2022.

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

(Thousands of euros)

Property, plant and equipment	Land	Buildings	Plant and machinery	Under construction	Total
December 31, 2022	4,939	33,385	45,483	8,890	92,697
Acquisitions	0	140	1,258	2,837	4,235
Disposals	0	0	(90)	0	(90)
Reclassifications	0	1,060	2,981	(4,041)	0
Depreciation	0	(1,225)	(4,028)	0	(5,253)
Impairment losses	0	0	0	0	0
Revaluations	0	0	0	0	0
Translation differences	(66)	(310)	(366)	(94)	(836)
June 31, 2023	4,873	33,050	45,238	7,592	90,753
December 31, 2022					
Historical cost	5,081	64,314	167,383	9,356	246,134
Accumulated depreciation	0	(30,439)	(116,246)	0	(146,685)
Impairment losses	(142)	(490)	(5,654)	(466)	(6,752)
Carrying amount	4,939	33,385	45,483	8,890	92,697
June 30, 2023					
Historical cost	5,015	65,083	170,067	8,058	248,223
Accumulated depreciation	0	(31,543)	(119,196)	0	(150,739)
Impairment losses	(142)	(490)	(5,633)	(466)	(6,731)
Carrying amount	4,873	33,050	45,238	7,592	90,753

At June 30, 2023, no asset included under property, plant and equipment is the subject of a mortgage, lien or other guarantee.

All the property, plant and equipment described in this paragraph are owned by the SAES Group. Please refer to Note no. 15 for more details on Right-of-use assets at June 30, 2023.

In the first half of 2023, investments in property, plant and equipment amounted to 4,235 thousand euros and included the purchase of new plant and process instrumentation to expand the production capacity of the medical business, the high vacuum business and the sintered materials segment (Industrial operating segment). Furthermore, the Parent acquired process instruments for R&D laboratories and, also in Lainate, made investments to replace traditional lighting systems with smart lighting systems that use less energy, and also acquired plants for the Avezzano facility.

Depreciation for the period, equal to -5,253 thousand euros, is up compared to the first half of 2022 (-4,802 thousand euros). The increase can be mainly attributed to the effect of the change in the consolidation scope³² (+84 thousand euros), the higher depreciation of Parent (primarily as a result of the restructuring of laboratories carried out last year, as well as for the purchase of new R&D instruments), of SAES Smart Materials, Inc. (primarily as a result of the works for the building expansion completed halfway through last year) and of Spectra-Mat, Inc. (depreciation relating to new process instrumentation).

³² Acquisition of the entire quota capital and full consolidation of SAES RIAL Vacuum S.r.l. as of May 25, 2022.

The translation differences (negative for -836 thousand euros) relate to the assets owned by the US companies and result from the devaluation of the US dollar at June 30, 2023 compared to the exchange rate of December 31, 2022.

The item “Under construction” mainly includes assets still under construction or for which the final testing process is not yet complete. At June 30, 2023, this item mainly included investments not yet completed aimed at expanding production capacity in the medical business and in the sintered materials sector (Industrial operating segment). In addition, it includes payments on account and assets under construction of the Parent in preparation for the installation of the pilot emulsification plant and for the purchase of plants at the Avezzano facility.

Please refer to Note no. 15 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

13. INTANGIBLE ASSETS

Intangible assets amounted to 13,175 thousand euros at June 30, 2023 and recorded a decrease of 1,012 thousand euros compared to December 31, 2022.

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

(Thousands of euros)

Intangible assets	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Know-how	Customer list	Order portfolio	Other intangible assets	Under development	Total
December 31, 2022 (*)	2,974	567	5,260	4,284	298	512	292	14,187
Acquisitions	2	11	0	0	0	0	167	180
Disposals	0	0	0	0	0	0	0	0
Reclassifications	3	51	0	0	0	0	(54)	0
Amortisation	(247)	(80)	(297)	(240)	(62)	(243)	0	(1,169)
Impairment losses	0	(11)	0	0	0	0	0	(11)
Revaluations	0	0	0	0	0	0	0	0
Translation differences	(2)	(3)	0	0	0	(6)	(1)	(12)
June 30, 2023	2,730	535	4,963	4,044	236	263	404	13,175
December 31, 2022 (*)								
Historical cost	10,800	11,993	5,930	5,110	370	23,703	1,031	59,120
Accumulated amortisation	(7,200)	(8,929)	(670)	(826)	(72)	(23,031)	0	(40,911)
Impairment losses	(626)	(2,497)	0	0	0	(160)	(739)	(4,022)
Carrying amount	2,974	567	5,260	4,284	298	512	292	14,187
June 30, 2023								
Historical cost	10,745	10,514	5,930	5,110	370	20,980	1,143	54,792
Accumulated amortisation	(7,389)	(7,471)	(967)	(1,066)	(134)	(20,557)	0	(37,584)
Impairment losses	(626)	(2,508)	0	0	0	(160)	(739)	(4,033)
Carrying amount	2,730	535	4,963	4,044	236	263	404	13,175

(*) The opening balances have been reclassified with respect to the amounts of the consolidated financial statements at December 31, 2022, in order to improve the exposure of assets.

Investments during the period, of an insignificant amount, amounted to 180 thousand euros and were mainly correlated with IT projects of the affiliates Strumenti Scientifici Cinel S.r.l. and Memry Corporation.

Amortisation for the period was equal to -1,169 thousand euros, compared to -830 thousand euros in the corresponding period of the previous year. The increase is attributable primarily to the effect of the change in the consolidation scope³³ (+234 thousand euros, including higher amortisation on the capital gains of intangible assets resulting from the business combination of SAES RIAL Vacuum S.r.l., in accordance with IFRS 3).

³³ Acquisition of the entire quota capital and full consolidation of SAES RIAL Vacuum S.r.l. as of May 25, 2022.

Translation differences (negative for -12 thousand euros) relate to the intangible assets owned by the US companies and result from the devaluation of the US dollar at June 30, 2023 compared to the exchange rate at December 31, 2022.

Please refer to Note no. 15 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

14. GOODWILL

The changes in the item “Goodwill”, with an indication of the operating segment³⁴ to which the goodwill is allocated and monitored, are shown below.

(Thousands of euros)

Operating segment	SAES Industrial	SAES High Vacuum	SAES Medical Nitinol	Functional Acoustic Composites (SAES Chemicals)	SAES Packaging	Not allocated (includes Functional Additives - SAES Chemicals)	Total
December 31, 2022	945	12,617	39,367	0	0	0	52,929
Increase	0	0	0	0	0	0	0
Impairment losses	0	0	0	0	0	0	0
Translation differences	0	0	(689)	0	0	0	(689)
June 30, 2023	945	12,617	38,678	0	0	0	52,240

The decrease compared to December 31, 2022 is exclusively due to the effect of exchange rates on goodwill in currencies other than the euros (particularly the devaluation of the dollar at June 30, 2023, compared to the exchange rate at December 31, 2022).

The gross carrying amounts of goodwill and the related accumulated impairment losses at June 30, 2023 and December 31, 2022 are shown below.

(Thousands of euros)

Operating segment	June 30, 2023			December 31, 2022		
	Gross amount	Impairment losses	Carrying amount	Gross amount	Impairment losses	Carrying amount
SAES Industrial	1,008	(63)	945	1,008	(63)	945
SAES High Vacuum	12,617	0	12,617	12,617	0	12,617
SAES Medical Nitinol (*)	42,078	(3,400)	38,678	42,767	(3,400)	39,367
Total goodwill	55,703	(3,463)	52,240	56,392	(3,463)	52,929

(*) The difference between the gross amount as at June 30, 2023 and December 31, 2022 is due to exchange differences on goodwill in currencies other than euro.

Please refer to Note no. 15 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets) for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

15. RIGHT-OF-USE ASSETS

The right-of-use assets, resulting from leases (rental or use of third-party asset contracts), amounted to 5,401 thousand euros at June 30, 2023, decreasing by 80 thousand euros compared to December 31, 2022.

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

³⁴ For more details on the operating segments into which the Group is organised, please refer to Note No. 11.

(Thousands of euros)

Right-of-use assets	Buildings	Plant and machinery	Cars	Total
December 31, 2022	4,432	374	675	5,481
New leases entered into during the year	1,185	0	123	1,308
Early termination of leases	(52)	0	0	(52)
Reclassifications	0	0	0	0
Depreciation	(1,008)	(105)	(172)	(1,285)
Impairment losses	0	0	0	0
Translation differences	(44)	(2)	(5)	(51)
June 30, 2023	4,513	267	621	5,401
December 31, 2022				
Historical cost	10,678	889	1,569	13,136
Accumulated depreciation	(6,246)	(515)	(894)	(7,655)
Impairment losses	0	0	0	0
Carrying amount	4,432	374	675	5,481
June 30, 2023				
Historical cost	11,489	887	1,614	13,990
Accumulated depreciation	(6,976)	(620)	(993)	(8,589)
Impairment losses	0	0	0	0
Carrying amount	4,513	267	621	5,401

The new leases entered into during the period mainly refer to the renewal of the lease of the non-owned production sites³⁵ of the US affiliate Memry Corporation, as well as the renewal of some company vehicle fleet rental contracts of the Parent and the affiliate SAES Coated Films S.p.A. This item also includes a new office lease agreement entered into following the transfer of the Parent's Japanese branch and the renewal of the office lease for the German branch of Memry Corporation.

Depreciation for the period, equal to -1,285 thousand euros, is basically in line with the -1,272 thousand euros recorded in the corresponding period of the previous year (the change attributable to the full consolidation of SAES RIAL Vacuum S.r.l. was +28 thousand euros).

Translation differences (negative for -51 thousand euros) refer to rights of use of the US companies and are due to the devaluation of the US dollar at June 30, 2023 compared to the exchange rate at December 31, 2022.

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

Plant and machinery, whether **owned** or **leased**, are generally highly specialised and are used almost exclusively in the production of products in the different operating segments in which the Group operates. **Properties, owned** and **leased**, are in certain circumstances used by different CGUs (Cash Generating Units) and, therefore, their carrying amount is allocated to the different CGUs on the basis of objective drivers (generally based on the spaces occupied).

Intangible assets with a finite useful life are mainly represented by software licences and intangible assets identified and valued as part of business combinations. The first relate to a single CGU, while the second, along with the **goodwill** generated by the same business combinations, are allocated to groups of CGUs, which coincide with the operating segments identified for the Group pursuant

³⁵ Production plants located both in Bethel (CT) and in Menlo Park (CA).

to IFRS 8³⁶, as the entire operating segment is expected to benefit from the synergies arising from the newly acquired business.

The CGUs and groups of CGUs at June 30, 2023 are unchanged compared to December 31, 2022. For their identification please refer to the Consolidated Financial Statements as at and for the year ended December 31, 2022.

With the exception of what is set forth below in this section, at June 30, 2023, the Management has not identified any impairment indicators (trigger events) at the level of individual *CGUs* or groups of *CGUs* since, even where the final half-year amounts were lower than forecast, the 2023-2025 three-year plans drafted by the top management at the end of last year and approved by the Board of Directors on February 1, 2023 are confirmed to date, based on the most recent information available.

Only for the **SAES Coated Films S.p.A. - Packaging CGU**, the Management deemed that the loss recorded during the half-year period represented a trigger event and updated the forecasts to reflect the new income and cash generation expectations and, confirming the discount rate (WACC) used at December 31, 2022, there was no need to recognise any impairment losses.

16. EQUITY-ACCOUNTED INVESTEEES

The item, which includes the valuation of the investments in the joint ventures **Actuator Solutions GmbH** and **Flexterra, Inc.**³⁷, is zero at June 30, 2023 and unchanged compared to the end of the previous year.

In accordance with the provisions of IAS 28, it is specified that:

- SAES' share of the total profit realised at June 30, 2023 by **Actuator Solutions GmbH** (+557 thousand euros) was not recorded by the Group as the joint venture equity is still negative by around 1.3 million euros (pro-rata amount at 50%), against a SAES' investment that has already been fully impaired;
- SAES's share of the loss incurred at June 30, 2023 by **Flexterra** (-773 thousand euros³⁸) was not recognised by the Group as SAES's investment in the joint venture had already been fully impaired and there is currently no obligation for further recapitalisation by the Group.

Actuator Solutions GmbH

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and is jointly controlled 50% by SAES Nitinol S.r.l. and SMA Holding (former Alfmeier Präzision Group). The joint venture is focused on the development, production and marketing of actuators that use shape memory alloys to replace the motor.

The following table shows the changes in the amount of the investment in Actuator Solutions from the date of incorporation until June 30, 2023.

(Thousands of euros)

	Initial capital injections	Subsequent capital increases	Share of (loss) for the period	Share of other comprehensive expense	Impairment losses	June 30, 2023
Actuator Solutions GmbH	13	9,988	(10,000)	(1)	0	0

³⁶ For the operating structure in place at June 30, 2023, unchanged compared to that at December 31, 2022, please refer to Note no. 11.

³⁷ Flexterra, Inc. (USA), in turn, consolidates its wholly-owned subsidiary Flexterra Taiwan Co., Ltd.

³⁸ Total loss and other comprehensive income for the first half of 2023.

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

(Thousands of euros)

Actuator Solutions GmbH	June 30, 2023	December 31, 2022
Statement of financial position	50%	50%
Non-current assets	2,922	3,017
Current assets	621	1,174
Total assets	3,543	4,191
Non-current liabilities	4,505	4,578
Current liabilities	341	1,473
Total liabilities	4,846	6,051
Share capital, reserves and retained earnings	(1,860)	(1,522)
Profit (loss) for the period	557	(338)
Other comprehensive income (expense)	0	0
Total equity	(1,303)	(1,860)

(Thousands of euros)

Actuator Solutions GmbH	1H 2023	1H 2022
Statement of profit or loss	50%	50%
Revenue	767	1,549
Cost of sales	(350)	(1,149)
Gross profit	417	400
Total operating costs	(669)	(698)
Other income (expense)	(1)	1
Operating loss	(253)	(297)
Net financial income	806	101
Net exchange gains	1	1
Income taxes	3	3
Profit (loss) for the period	557	(192)
Profit (loss) for the period and other comprehensive income (expense)	557	(192)

Overall³⁹, Actuator Solutions GmbH recorded net revenue of 1,534 thousand euros in the first half of 2023, compared to 3,097 thousand euros in the corresponding period of 2022. Revenue fell by 50.5%, but the two periods are incomparable because at the end of 2022 Actuator Solutions sold the last production line of actuators for the seat comfort automotive business, renouncing sales, but receiving in exchange a commission on them equal to the margin that would have been realised if the production activity had continued. This transaction therefore reduced the revenue in absolute value for the current period, making the two half-year periods incomparable. Generally speaking, without considering the outsourcing of production, there was a decline in automotive sales, which were penalised by uncertainties in the supply chain. With regard to the fees generated by application developments in the actuator sector, it is worth noting that the decline in sales destined for the “smart” mattresses sector and the elimination of revenue from Covid-19 rapid diagnostic test devices were offset by sales to the SAES Group of components for the B!POD project and higher revenue for medical and life sciences application developments for third parties.

³⁹ Values at 100%.

Despite the decline in sales, both the gross profit (from 800 thousand euros in the first half of 2022 to 835 thousand euros in the current half-year) and the operating loss (from -592 thousand euros in the first half of 2022 to -504 thousand euros in the current half-year) are aligned thanks to the better margins of the new development business compared to the more traditional automotive manufacturing business.

The first half of 2023 closed with a profit of +1,114 thousand euros, compared to a loss of -384 thousand euros in the same period of the previous year: this improvement can be exclusively attributed to the non-recurring income of 1,720 thousand euros generated by the waiver of residual interest on the loans granted to Actuator Solutions GmbH by the SAES Group (income of 1,621 thousand euros) and the shareholder SMA Holding (99 thousand euros). The same waiver was granted in the prior year only by the SAES Group and only for an amount equal to 300 thousand euros.

The SAES Group's share (50%) of the joint venture profit for the first half of 2023 would have been +557 thousand euros but, as mentioned previously, this was not recognised by the Group as Actuator Solutions GmbH's equity is still negative by roughly 1.3 million euros⁴⁰, against a SAES investment of nil in the joint venture.

As the investment in Actuator Solutions GmbH has already been fully impaired, it was unnecessary to perform an impairment test at June 30, 2023.

Please refer to Note no. 20 for information on any changes and on the recoverability of the amount due to the Group from the joint venture.

Flexterra

Flexterra grew out of a technology partnership initiated in previous years between SAES and the US company Polyera in the field of flexible thin-film transistors for next-generation displays. Specifically, Flexterra, Inc., based in Skokie (near Chicago, Illinois, USA), was formed in late 2016 as a development start-up by SAES and previous Polyera partners and financiers, with the objective of designing, manufacturing and marketing materials and components for flexible displays. Flexterra, Inc. owns 100% of Flexterra Taiwan Co., Ltd.

In the beginning of 2023, SAES saw its investment in Flexterra, Inc. increase from 46.84% to 47.10%, following the company's repurchase for a symbolic value of the shares previously owned by a small individual shareholder.

The Group's equity investment is accounted for using the equity method since, irrespective of the ownership percentage in the share capital, the transaction is classified as a joint control agreement and, specifically, a joint venture, based on the Board of Directors' 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 following table shows the changes in the amount of the equity investment in Flexterra from the date of incorporation until June 30, 2023.

(Thousands of euros)

	Initial capital injections	Subsequent capital increases	Share of (loss) for the period	Share of other comprehensive expense	Impairment losses	June 30, 2023
Flexterra	8,146	6,201	(7,873)	(1,028)	(5,446)	0

⁴⁰ 50% pro rata amount.

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

(Thousands of euros)

Flexterra	June 30, 2023	December 31, 2022
Statement of financial position	47.10%	46.84%
Non-current assets	4,689	5,068
Current assets	332	420
Total assets	5,021	5,488
Non-current liabilities	0	0
Current liabilities	3,451	3,158
Total liabilities	3,451	3,158
Share capital, reserves and retained earnings	2,170	3,577
Reserve for stock option plans	173	173
Loss for the period	(772)	(1,926)
Other comprehensive income (expense) (*)	(1)	506
Total equity	1,570	2,330

(*) Exchange differences arising from the translation into euro of the financial statements of Flexterra, Inc. and of Flexterra Taiwan Co., Ltd.

(Thousands of euros)

Flexterra	1H 2023	1H 2022
Statement of profit or loss	47.10% (*)	46.84%
Revenue	0	0
Cost of sales	0	0
Gross profit	0	0
Total operating costs	(626)	(646)
Other income (expense)	0	0
Operating loss	(626)	(646)
Net financial expense	(113)	(92)
Net exchange losses	(41)	(192)
Income taxes	8	8
Loss for the period	(772)	(922)
Exchange differences from translation of financial statements in foreign currencies	(1)	466
Loss for the period and other comprehensive income (expense)	(773)	(456)

(**) % ownership increased from 46.84% to 47.10% starting from January, 2023.

In total⁴¹, Flexterra closed the first half of 2023 with a consolidated loss of -1,639 thousand euros, an improvement compared to -1,969 thousand euros in the corresponding period of the previous year, despite basically aligned operating costs (mainly costs for employees engaged in research and general and administrative activities, legal and consulting expenses, costs related to the management of patents and the amortisation of intangible assets, including intellectual property), thanks to lower exchange losses⁴².

The SAES Group's share (47.10%) in the joint venture's loss for the first half of 2023 amounted to -772 thousand euros, to which the other comprehensive expense of -1 thousand euros has to be added, deriving from the translation differences generated by the translation into euros of the foreign currency financial statements of Flexterra, Inc. and Flexterra Taiwan Co., Ltd.

As previously mentioned, the share pertaining to SAES in the total loss of Flexterra in the first half of 2023 (-773 thousand euros) was not recognised, as SAES's investment in the joint venture has

⁴¹ Values at 100%.

⁴² Exchange losses of the subsidiary Flexterra Taiwan Co., Ltd.

already been fully impaired and to date there are no further obligations for its recapitalisation by the Group.

As the carrying amount of the investment in Flexterra at June 30, 2023 had been fully impaired, it was not necessary to carry out any impairment testing.

Please refer to Note no. 20 for information on any changes and on the recoverability of the financial asset for the convertible loans granted by the SAES Group to the joint venture.

17. INVESTMENTS IN OTHER COMPANIES

The following table shows the investments in other companies held at June 30, 2023, other than subsidiaries, associates or joint ventures. These investments not held for trading purposes are measured at fair value, with changes in the latter recognised in other comprehensive income in the consolidated statement of comprehensive income, with no future reversal in profit (loss) for the period.

Company name	Currency	Share capital	% of Ownership	
			Direct	Indirect
EUREKA! Fund I – Technology Transfer Milan (Italy)	EUR	19,484,246*	4.79	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	52,424	0.81	-

* This amount represents the total capital payments by investors at June 30, 2023, against a total commitment by the latter of 62,675,500 euros.

Note that in the first half of 2023 SAES Getters S.p.A. made capital injections into the venture capital fund **EUREKA! Fund I – Technology Transfer** in the amount of 315 thousand euros. At June 30, 2023, against a total commitment of 3 million euros, SAES had made total capital injections of 933 thousand euros⁴³ while the residual commitment is equal to 2,067 thousand euros.

With regard to **Cambridge Mechatronics Limited**, compared to December 31, 2022 the share capital has increased from 51,237 GBP to 52,424 GBP, while the SAES stake was diluted from 0.82% to 0.81%, as a result of the issue of 475,000 ordinary preference shares in January 2023. Conversely, 130,000 class A ordinary shares were deferred because they were held, as an incentive, by an employee who left the company.

The item “Investments in other companies” at June 30, 2023 amounted to a total of 1,973 thousand euros. The table below summarises the changes in each investment during the first half of 2023.

(Thousands of euros)

Investments in other companies	Eureka! Fund	Cambridge Mechatronics Limited	Total
December 31, 2022	466	1,083	1,549
Capital injections	315	0	315
Fair value measurement	109	0	109
Other changes	0	0	0
June 30, 2023	890	1,083	1,973

⁴³ Amount net of the repayments recognised by the fund following the capital injections made by new investors at closings subsequent to the first one.

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

With regard to capital injections made in the first half of 2023:

- on 16 January 2023 a payment of 138 thousand euros was made, including both the portion of the costs of the fund and the portion of the continuation of the investment in the companies Caracol S.r.l. and INTA System S.r.l., innovative start-ups that operate in the fields of additive manufacturing and the production of lab-on-chips for rapid fluid analysis, respectively;
- on March 27, 2023, a payment of 177 thousand euros was made for the continuation of the investment in Fleep Technologies S.r.l. (an innovative start-up operating in the printed electronics segment), also inclusive of new investments in the companies Planckian and I-Tes (operating in the quantum technology and energy storage segments, respectively).

The fair value measurement of the investment in the EUREKA! fund was positive and amounted to +109 thousand euros (representing the fair value remeasurements of the investments in the start-ups held by the fund, net of SAES’s share of management fees and other expenses for the first half of 2023), recorded in other comprehensive income.

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

CML has strong multidisciplinary engineering skills, and is active in the development of 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.

At June 30, 2023, the SAES Group considers that the carrying amount of the investment, equal to the cost, represents an adequate estimate of the fair value.

18. SECURITIES

The item “Securities” amounted to 18,006 thousand euros at June 30, 2023 compared to 145,484 thousand euros at December 31, 2022.

(Thousands of euros)

Securities	June 30, 2023	December 31, 2022	Difference
Securities - classified under non current assets	0	0	0
Securities - classified under current assets	18,006	145,484	(127,478)
Total	18,006	145,484	(127,478)

The following table provides the details of securities subscribed and their fair value at June 30, 2023 compared to December 31, 2022.

Description	Details	Underwriting company	Initial investment	Value as at June 30, 2023 (Thousands of euros)	Value as at December 31, 2022 (Thousands of euros)
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: 37.1 million euros as of December 31, 2022	0	34,133
Dynamic Multi-Asset (DMAS)	diversified multi-asset portfolio of OICVM, OICR, structured products and financial derivative instruments, where appropriate	SAES Investments S.A.	27 million euros as of December 31, 2022	0	25,169
Credit Linked Certificates (CLC)	financial instruments linked to the performance of underlying bonds and debt securities issued by leading Italian banks; due to mature at five years from the subscription	SAES Getters S.p.A.	- 15 million euros as of June 30, 2023 - 30 million euros as of December 31, 2022	14,294	28,315
Polizza CardifLux Vie Multiramo - Branch III (*)	dynamic multi-line mandate, with the aim of preserving the value of the invested capital	SAES Investments S.A.	60 million euros on the date of subscription	3,712	57,867
Total				18,006	145,484

(*) The liquidation of Branch III of the Polizza Cardif Lux Vie Multiramo has been in the first half of July 2023.

The decrease in the total value of the portfolio compared to December 31, 2022 (-127,478 thousand euros) is mainly attributable to the sale of almost all of the securities in the portfolio, in order to reduce the Group's exposure to financial market volatility. The liquidity deriving from the disposal was partially invested in bank time deposits (see Note no. 27), while the remainder was added to cash and cash equivalents (Note no. 28), in view of the future cash outflows for the voluntary partial public tender offer on savings shares, which was successfully concluded at the end of July 2023 (Note no. 48).

All securities still in the portfolio can be immediately sold and liquidated in the short term and are classified as current assets.

Details of the maturities of the Credit Link Certificates (nominal amount and fair value) at June 30, 2023 and December 31, 2022, respectively, as well as those of the bond portfolio at December 31, 2022, are shown below.

(Thousands of euros)

Maturity date	Nominal Value - June 30, 2023			Fair value - June 30, 2023		
	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total
January 2024	0	7,500	7,500	0	7,173	7,173
June 2026	0	7,500	7,500	0	7,121	7,121
Total	0	15,000	15,000	0	14,294	14,294

(Thousands of euros)

Maturity date	Nominal Value - December 31, 2022			Fair value - December 31, 2022		
	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total	Bond portfolio "Buy & Hold"	Credit Linked Certificates (CLC)	Total
2023	4,500	7,500	12,000	4,496	7,362	11,858
2024	5,450	15,000	20,450	5,325	14,503	19,828
2025	13,800	0	13,800	13,109	0	13,109
2026	11,400	7,500	18,900	10,604	6,450	17,054
2027	650	0	650	599	0	599
Total	35,800	30,000	65,800	34,133	28,315	62,448

With regard to the fair value measurement of securities at June 30, 2023, the fair value, calculated by an independent third party, coincides with the market prices on the reporting date for all securities listed in an active market (Level 1 of the fair value hierarchy) and, where there is no active market, the fair value has been calculated by using the most common measurement models and techniques available on the market or by referring to prices of comparable securities (Level 2 of the fair value hierarchy). In particular, the fair value used to measure Credit Linked Certificates was Level 1, whereas for the Cardiff Policy was Level 2.

19. DEFERRED TAX ASSETS AND LIABILITIES

At June 30, 2023, the net deferred tax liabilities were -2,652 thousand euros, compared to -2,357 thousand euros at December 31, 2022.

The related details are provided below.

(Thousands of euros)

Deferred taxes	June 30, 2023	December 31, 2022	Difference
Deferred tax assets	8,685	9,029	(344)
Deferred tax liabilities	(11,337)	(11,386)	49
Total	(2,652)	(2,357)	(295)

Deferred tax assets and liabilities have been recognised in the consolidated financial statements in consideration of the offsetting for legal entities, when appropriate.

The following tables provide a breakdown by nature of the temporary differences on which deferred tax assets and liabilities are calculated, compared with the figures at December 31, 2022, as well as the aforementioned offsetting.

(Thousands of euros)

Deferred tax assets	June 30, 2023		December 31, 2022	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Intragroup profit eliminations	17,954	4,856	18,844	5,183
Differences on depreciation/amortisation and impairment losses	3,215	839	3,143	824
Post-employment benefits	276	77	276	77
Impairment losses on trade receivables and financial assets	339	81	296	72
Allowance for inventory write-down	6,785	1,590	6,686	1,573
Accrual of provisions for risks and charges	155	38	183	45
Costs allocated on an accruals basis and deductible in cash	15,330	3,614	15,573	3,679
Deferred taxes on recoverable losses	1,673	401	1,673	401
Exchange differences and other	6,811	2,089	4,817	1,716
Total		13,585		13,570
Offsetting		(4,900)		(4,541)
Deferred tax assets		8,685		9,029

Deferred tax assets are basically unchanged compared to the end of the previous year.

At June 30, 2023, the Group had tax loss carry-forwards equal to 138,452 thousand euros relating mainly to the Parent and to SAES Coated Films S.p.A. (at December 31, 2022, the tax loss carry-forwards totalled 126,230 thousand euros and the increase is mainly due to the tax losses of the Parent in the current half-year, only partially offset by the fact that those of SAES Getters International Luxembourg S.A. no longer exist following the transfer of the registered office of the Luxembourg subsidiary to Italy and its merger into SAES Getters S.p.A.).

The tax losses eligible to be carried forward that were taken into account when calculating deferred tax assets were 1,673 thousand euros (amount unchanged compared to December 31, 2022) and related exclusively to SAES Coated Films S.p.A. The deferred tax assets on such tax losses (401 thousand euros) were recognised on the basis of the probability that they will be recovered in future years, in light of the recoverability analyses carried out by the Directors for the Consolidated financial statements for the year ended December 31, 2022, which are still deemed valid.

(Thousands of euros)

Deferred tax liabilities	June 30, 2023		December 31, 2022	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Undistributed profits of subsidiaries	(92,438)	(5,163)	(76,294)	(4,244)
Fair value gains on property, plant and equipment and intangible assets and differences in amortisation/depreciation	(50,356)	(10,793)	(53,224)	(11,443)
Fair value gains on securities	0	0	0	0
Post-employment benefits	(855)	(205)	(855)	(205)
Leases	(82)	(19)	(83)	(20)
Other	(215)	(57)	(67)	(15)
Total		(16,237)		(15,927)
Offsetting		4,900		4,541
Deferred tax liabilities		(11,337)		(11,386)

The increase in deferred tax liabilities compared to December 31, 2022 (+310 thousand euros) is mainly attributable to the higher taxes due in the event of the distribution of profits and reserves of the subsidiaries, partially offset by the release of deferred tax liabilities previously recorded on the capital gains identified during the purchase price allocation of SAES Coated Films S.p.A. and the recently acquired subsidiaries Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l.

20. FINANCIAL ASSETS WITH RELATED PARTIES

The item “Financial assets with related parties” (zero at both June 30, 2023 and December 31, 2022) includes financial assets for loans granted to the joint ventures **Actuator Solutions GmbH** and **Flexterra, Inc.** These assets were fully impaired because they were deemed difficult to recover, based on the information available.

The details are shown in the tables below.

Actuator Solutions GmbH

Description	Currency	Principal (Thousands of euros)	Timing of principal repayment	Interest rate	Amount as at June 30, 2023 (*) (Thousands of euros)	Amount as at December 31, 2022 (*) (Thousands of euros)
Loan signed in July 2016: - first tranche granted in July 2016 - second tranche granted in September 2016	EUR	2,000	flexible, with maturity date extended to April 2024.	2% annual fixed rate	3,030	3,523
	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 extended to April 2024.	2% annual fixed rate	5,049	6,098
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
	EUR	500				
Total		8,000			8,079	9,621
Loss allowance					(8,079)	(9,621)
Total net of impairment losses					0	0

(*) Including the interest portion.
During the first half of 2023 SAES Nitinol S.r.l. waived for a total amount of 1,621 thousand euros, to a portion of interest already accrued as at December 31, 2022 on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver is added to the previous 800 thousand euros granted in previous years (for a total waived amount equal to 2,421 thousand euros).
(**) Compared to December 31, 2022, the reduction in bad debt provision (-1,542 thousand euros) is attributable to:
- utilization of the loss allowance following the partial waiver by SAES Nitinol S.r.l. of interest accrued on loans granted to Actuator Solutions GmbH (-1,621 thousand euros);
- increase in accrued interest during the first half of 2023 and written down because difficult to recover (+79 thousand euros).

In the first half of 2023, SAES Nitinol S.r.l. waived, for a total amount of 1,621 thousand euros, the remaining interest accrued until December 31, 2022 on the loans granted to the joint venture Actuator Solutions GmbH. The above waiver, which is in addition to the previous ones (for 500 thousand euros granted in June 2021 and 300 thousand euros granted in March 2022), had no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) had already been fully impaired, as it was deemed difficult to recover.

Lastly, at June 30, 2023, the financial asset of 79 thousand euros corresponding to the interest accrued during the current half-year was impaired.

Flexterra, Inc.

Description	Currency	Principal (thousands of dollars)	Timing of principal repayment	Interest rate	Amount as at June 30, 2023 (*) (Thousands of euros)	Amount as at December 31, 2022 (*) (Thousands of euros)
Convertible note granted in July 2020	USD	3,000	expiring date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	3,423	3,373
Convertible note granted in August 2021: - first tranche disbursed in August 2021 - second tranche disbursed in November 2021	USD	1,000	expiring date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	1,059	1,042
	USD	1,000			1,041	1,022
Convertible note granted in December 2022: - first tranche disbursed in January 2023 - second tranche disbursed in June 2023	USD	250	expiring date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	238	0
	USD	250			231	0
Total		5,500			5,992	5,437
Loss allowance					(5,992)	(5,437)
Total net of impairment losses					0	0

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

As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

In compliance with the agreements between the parties, as well as by cash, the repayment of the loans can be in the form of equity if Flexterra arranges a qualified share capital increase for an amount of at least 6 million dollars before the maturity date. In this case, the SAES Group will

receive a number of new shares equal to the quotient obtained by dividing the balance of the loan at the conversion date by 80% of the price per share paid by other shareholders at the time of the capital increase.

At the end of January 2023, SAES Getters S.p.A. provided the first tranche of 250 thousand dollars of the additional convertible loan granted on December 7, 2022 to Flexterra. The second tranche, in an equal amount, was disbursed on June 1, 2023 after SAES positively assessed an updated joint venture business plan. The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current period, as a provision for risks and charges had already been recognised at December 31, 2022 against the SAES Group's irrevocable commitment to provide the loan (for further details, please refer to *Note no. 33*). The impairment of the financial asset corresponding to the second tranche, recognised because uncertainty remains as to the timing for the commercial success of the joint venture, instead generated a financial expense in the statement of profit or loss for the first half of 2023 of 234 thousand euros.

Lastly, at June 30, 2023, the financial asset corresponding to all of the interest accrued during the current half-year (amounting to 195 thousand euros) was impaired.

21. OTHER NON-CURRENT ASSETS

The item “Other non-current assets” amounted to 261 thousand euros at June 30, 2023 compared to 376 thousand euros at December 31, 2022 and included the deposits paid by the various Group companies, as part of their operations.

22. OTHER FINANCIAL ASSETS WITH THIRD PARTIES

The item “Other financial assets with third parties” (nil at both June 30, 2023 and December 31, 2022) refers to the convertible loan, including interest, granted by SAES Getters S.p.A. to the start-up Rapitag GmbH, which was fully impaired as it was deemed difficult to recover as a result of uncertainty on the future development of the business.

Description	Currency	Principal (Thousands of euros)	Timing of principal repayment (***)	Interest rate	Amount as at June 30, 2023 (*) (Thousands of euros)	Amount as at December 31, 2022 (*) (Thousands of euros)
Convertible loan disbursed in July 2021	EUR	first tranche - paid in July 2021: 800 thousand euros	December 31, 2026 or earlier, upon the occurrence of certain significant events (**)	6% annual fixed rate	2,072	1,819
		subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand euros in total				
first amendment of convertible loan disbursed in July 2021		additional tranche - paid in July 2022: 150 thousand euros				
second amendment of convertible loan disbursed in July 2021		additional tranche - paid in May 2023: 200 thousand euros				
Total		1,890			2,072	1,819
Loss allowance					(2,072)	(1,819)
Total net of impairment losses					0	0

(*) Interest included.

(**) Relevant events include the control administration of Rapitag, the liquidation, the change of control of more than 50% and the waiver by one of the Founders.

(***) During the first half of 2023 the maturity date was extended by one year from December 31, 2025 to December 31, 2026.

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

The loan was initially granted by SAES in two tranches, the first of which, in the amount of 800 thousand euros, transferred at the signing of the agreement in July 2022, to finance the company's operations; the second (totalling 740 thousand euros), disbursed in five subsequent drawdowns in the amount of 148 thousand euros each, corresponding to the progress of the prototyping activity carried out through the joint venture Actuator Solutions GmbH.

An initial amendment to the loan was then signed at the end of July 2022 and provided for the payment of two additional loan tranches up to a total maximum amount of 300 thousand euros, of which the first (amounting to 150 thousand euros) was paid on July 27, 2022, while the second (amounting to 150 thousand euros) was not paid, due to failure to reach the commercial milestone stipulated in the agreement.

A second amendment to the loan was then signed at the end of April 2023 and provided for the payment of two additional loan tranches up to a total maximum amount of 300 thousand euros, of which the first (amounting to 200 thousand euros) was paid on May 3, 2023, while the second (amounting to 100 thousand euros) was not paid, due to failure to reach specific commercial and/or financing objectives. The financial asset corresponding to the tranche provided was impaired because it was deemed difficult to recover, generating a financial expense in the statement of profit or loss in the first half of 2023 of 200 thousand euros.

Expiring on December 31, 2026⁴⁴, the loan accrues annual interest of 6%.

The financial asset corresponding to all of the interest accrued in the current half-year was impaired at June 30, 2023 (53 thousand euros).

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 has the right to convert its financial asset into new Rapitag shares (conversion shares) at any time up to April 13, 2025⁴⁵ or upon the occurrence of a qualified share capital increase of at least 500 thousand euros, as well as on the maturity date. The price of each conversion share will be calculated by dividing the value of the company prior to the last share capital increase, net of a discount coefficient, by the number of shares outstanding before the share capital increase.

Lastly, on June 30, 2023, a third amendment was signed to the convertible loan granted to Rapitag for a total of 200 thousand euros, with the same characteristics as the loans previously granted. The loan, maturing on December 31, 2026 and accruing interest at the rate of 6%, is intended to guarantee the continuation of the development activities of the German start-up, pending the materialisation of some important business opportunities. The loan, disbursed on July 4, 2023, already constitutes an irrevocable commitment for the SAES Group at June 30, 2023 in relation to the agreements signed and was accounted for as an onerous contract, given the uncertainty about the future commercial success of the German start-up. Therefore, a current provision for risks has been recognised in the consolidated financial statements of SAES (for further details, please refer to Note no. 33), with a balancing entry under financial expense.

⁴⁴ Extension of the maturity date by one year, from December 31, 2025 to December 31, 2026, agreed between the parties in April 2023.

⁴⁵ Extension of the conversion period from July 1, 2024 to April 13, 2025 agreed between the parties in April 2023.

23. INVENTORIES

Inventories amounted to 46,202 thousand euros at June 30, 2023, with an increase of 1,766 thousand euros compared to December 31, 2022.

The following table shows the breakdown of inventories as reported at June 30, 2023 compared to December 31, 2022.

(Thousands of euros)

Inventories	Raw, ancillary and consumable materials	Work in progress and semi-finished products	Finished products and goods	Total
Gross amount	17,399	20,253	13,400	51,052
Allowance for inventory write-down	(1,722)	(1,466)	(1,662)	(4,850)
Net Inventories at June 30, 2023	15,677	18,787	11,738	46,202
Gross amount	17,454	18,359	13,405	49,218
Allowance for inventory write-down	(1,748)	(1,606)	(1,428)	(4,782)
Net Inventories at December 31, 2022	15,706	16,753	11,977	44,436
Difference	(29)	2,034	(239)	1,766

Excluding the exchange rate effect (decrease of -444 thousand euros), inventories increased by 2,210 thousand euros: in particular, there was an increase in the semi-finished products inventories in the medical business (Medical Nitinol operating segment), which had been particularly low at December 31, 2022 due to some supply chain delays. Furthermore, again in the semi-finished products category, there was a slight increase in SAES Getters S.p.A. inventories for the new B!POD project, as well as higher inventories again of the Parent relating to the SMA business for industrial applications (Industrial operating segment) and of chemicals (Chemicals operating segment), in anticipation of future sales.

With regard to finished products, increased inventories in the high vacuum business (High Vacuum operating segment) due to the postponement of some deliveries, were more than offset by the lower Chemicals finished products at the Avezzano production unit (the high inventories of December 31, 2022 were used to cover shipments for the first half of 2023).

Inventories is stated net of the allowance for inventory write-down, which, during the first half of 2023, underwent the changes shown in the table below.

(Thousands of euros)

Allowance for inventory write-down	
December 31, 2022	4,782
Accrual	358
Release to profit or loss	(95)
Utilisation	(140)
Translation differences	(55)
June 30, 2023	4,850

The accrual (+358 thousand euros) was mainly related to the impairment of raw materials, semi-finished products and finished goods characterised as slow-moving or no longer used in the production process, in particular by the Parent and the US affiliates Spectra-Mat, Inc., Memry Corporation and SAES Getters U.S.A., Inc.

The release to profit or loss (-95 thousand euros) was a consequence of a recall into production of inventory codes that were impaired previously in the Nitinol medical sector and by the Parent.

The utilisation (-140 thousand euros) is related to the scrapping of items that had already been impaired in previous reporting periods mainly by the US affiliate Spectra-Mat, Inc. and at the Avezzano production facility.

Translation differences (-55 thousand euros) are due to the US affiliates and are a consequence of the devaluation of the US dollar at June 30, 2023 compared to December 31, 2022.

24. TRADE RECEIVABLES

Trade receivables, shown net of the loss allowance, were equal to 39,501 thousand euros at June 30, 2023 and increased by 4,962 thousand euros compared to December 31, 2022.

The breakdown of the item in question at June 30, 2023 and December 31, 2022 is shown in the following table.

(Thousands of euros)

Trade receivables	June 30, 2023	December 31, 2022	Difference
Trade receivables - Gross amount	39,987	35,055	4,932
Trade receivables - Loss allowance	(486)	(516)	30
Net book value	39,501	34,539	4,962

Excluding the exchange loss (-474 thousand euros), the increase (+5,436 thousand euros) is mainly the result of higher sales in the second quarter of 2023, compared to the last few months of 2022, in the Nitinol medical business and in that of advanced materials for telecom applications (Chemicals operating segment).

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

The loss allowance recorded the following changes during the period.

(Thousands of euros)

Loss allowance	June 30, 2023	December 31, 2022
Opening balance	516	405
Accrual	0	139
Release to profit or loss	(23)	0
Utilisation	(4)	(30)
Translation differences	(3)	2
Closing balance	486	516

The release to profit or loss (-23 thousand euros) is a result of the partial collection of a receivable totally impaired by the Parent in previous years.

This item also includes the generic impairment loss recognised according to the Expected Credit Loss model envisaged by IFRS 9 and based on the calculation of the expected average non-recoverability using historical and geographical indicators. In the first half of 2023, this calculation led to a release of the loss allowance of 12 thousand euros; at December 31, 2022, the same calculation instead led to the recognition of a provision of 3 thousand euros ("Accrual" line).

The utilisation (-4 thousand euros) is a consequence of the elimination of trade receivables already impaired, again by the Parent.

The following table provides a breakdown of trade receivables, between those not yet due and those past due at June 30, 2023, compared with the end of the previous year.

(Thousands of euros)

Ageing	Total	Not yet due	Due and not impaired					Impaired
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2023	39,518	28,375	6,575	1,929	471	1,340	342	486
December 31, 2022	35,035	23,577	6,422	2,514	598	1,265	143	516

Receivables past due more than thirty days and not impaired, since they are considered recoverable, represent an insignificant percentage if compared to the total trade receivables, and are constantly monitored. The incidence of these receivables in relation to total trade receivables decreased compared to the end of the previous year (from 12.9% at December 31, 2022 to 10.3% at June 30, 2023), 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, or DSO), at June 30, 2023 and December 31, 2022, respectively.

	June 30, 2023	December 31, 2022 (**)	Difference
Days of Sales Outstanding - DSO (*)	61	50	11

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

Trade receivables / Annualised net revenue * 365.

(**) SAES RIAL Vacuum S.r.l.'s sales are referred to full fiscal year 2022.

The deterioration of the DSO at June 30, 2023 compared to December 31, 2022 is mainly attributable to the US subsidiary SAES Smart Materials, Inc. (particularly high trade receivables at June 30, 2023 due to high invoices in the last month) and the Chinese commercial subsidiary SAES Getters (Nanjing) Co., Ltd. (updated payment terms for some customers).

Regarding credit risk management on trade receivables, in order to understand how the Group monitors and manages credit quality, please refer to Note no. 42.

25. SUNDRY AND OTHER CURRENT ASSETS

The item includes current assets other than trade receivables due from third parties, along with prepaid expenses and accrued income, and showed a balance of 7,402 thousand euros at June 30, 2023, compared to 5,249 thousand euros at December 31, 2022.

A breakdown of this item is provided below.

(Thousands of euros)

Sundry and other current assets	June 30, 2023	December 31, 2022	Difference
VAT	951	1,167	(216)
Tax credit for public grants	819	1,075	(256)
Social security	12	33	(21)
Personnel	16	10	6
Other	2,324	42	2,282
Total sundry current assets	4,122	2,327	1,795
Prepaid expenses	3,280	2,922	358
Total other current assets	3,280	2,922	358
Total sundry and other current assets	7,402	5,249	2,153

The decrease in "VAT" was mainly due to offsetting by the Parent and the affiliate SAES Coated Films S.p.A. of the asset generated in 2022 against other taxes and contributions relating to the first half of 2023. These decreases were partially offset by the asset generated during the current period, especially by SAES Getters S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l., due to the excess of the taxable liability transactions over asset transactions and not yet offset.

The item "Tax credit for public grants" includes tax credits for R&D investments and other public grants (for example, for the purchase of electricity and natural gas and for investments in operating assets 4.0) claimed by the Group's Italian companies from the tax authorities. The decrease was mainly due to offsetting by the Parent and the affiliate SAES Coated Films S.p.A. of the assets generated in prior years against other taxes and contributions relating to the first half of 2023.

The increase in the item "Other" was exclusively attributable to the asset of the Parent resulting from the partial chargeback to Resonetics of consultancy costs relating to the Second Request of the US Antitrust Authority on the potential sale of the medical business (2,301 thousand euros). This chargeback was made according to the binding agreement signed between the parties (SAES and Resonetics) on January 9, 2023.

The item "Prepaid expenses", equal to 3,280 thousand euros compared to 2,922 thousand euros at December 31, 2022, includes cost items that were paid in advance, but pertain to the following year. The increase compared to December 31, 2022 is mainly related to higher prepayments on patent management costs, consultancy fees and IT expenses, mainly incurred by the Parent, as a result of different timing in receiving invoices compared to December 31.

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

26. CURRENT TAX ASSETS

The item "Current tax assets" shows a balance of 1,795 thousand euros at June 30, 2023, compared with a balance of 2,889 thousand euros at December 31, 2022.

The item includes the assets for tax advances paid and other tax assets (e.g. assets for withholding taxes) of the Group companies due from the local authorities. The decrease compared to December 31, 2022 (-1,094 thousand euros) was mainly due to the use by US affiliates of the residual credit at December 31, 2022 to offset liability emerging for taxes for the first half of 2023, as well as the derecognition of the Parent's tax credits for withholding taxes applied abroad, which expired as the relative time periods have come to an end (341 thousand euros).

27. OTHER FINANCIAL ASSETS

The item "Other financial assets" amounted to 77,449 thousand euros at June 30, 2023, compared with a zero balance at December 31, 2022.

This item includes the bank time deposits of the subsidiary SAES Investments S.A. (77,233 thousand euros) in which part of the liquidity deriving from the sale of the securities portfolio was invested (for more details, see Note no. 18). These time deposits are classified under other current financial assets, rather than under the item "Cash and cash equivalents", regardless of whether they are current, as SAES Investments S.A. has the specific corporate purpose of carrying out liquidity investment activities.

This item also includes bank time deposits of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd (216 thousand euros), which cannot be readily liquidated.

The time deposits made by SAES Investments S.A. with JP Morgan (roughly 67.6 million euros at June 30, 2023) were subject to a guarantee for the Lombard loan (Note no. 30), the maturity of which is planned by the end of 2023 (maturity date December 28, 2023).

28. CASH AND CASH EQUIVALENTS

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

The following table shows a breakdown of this item at June 30, 2023 and December 31, 2022.

(Thousands of euros)

Cash and cash equivalents	June 30, 2023	December 31, 2022	Difference
Bank accounts	66,919	34,718	32,201
Short-term bank deposits	19,676	7,444	12,232
Loss allowance	(64)	(33)	(31)
Petty cash	9	10	(1)
Total	86,540	42,139	44,401

The item "Bank accounts" consists of current accounts with leading financial institutions, denominated primarily in euros, US dollars and Chinese renminbi.

The bank deposit held by the Parent with Mediobanca is subject to a lien amounting to 40 million euros, corresponding to the future cash outflows for the voluntary partial public tender offer on savings shares approved by the Shareholders on May 31, 2023 and finalised on July 31, 2023.

The item "Short-term bank deposits" mainly refers to time deposits with maturity dates of less than three months of the subsidiaries SAES Getters U.S.A., Inc. and SAES Getters (Nanjing) Co., Ltd.

The item "Loss allowance" coincides with the impairment loss calculated under IFRS 9. In particular, the expected credit losses were calculated based on a default percentage associated with each bank where the cash and cash equivalents are deposited, obtained on the basis of each bank's rating. At December 31, 2022, the impairment loss amounted to -33 thousand euros and the increase of the expected credit losses at June 30, 2023 (+31 thousand euros) was mainly a result of the higher amount of cash held by the Group, whilst the riskiness associated with the banks with which SAES operates was basically unchanged.

For a detailed analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Statement of Cash Flows (Note No. 41).

At June 30, 2023 the Group has unused credit lines equal to 46.9 million euros compared to 53.5 million euros at December 31, 2022. The decrease is mainly due to the increased use of "hot money" type financing and the increased use of revolving credit lines (for more details, please refer to Note no. 39).

Financial indebtedness

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

(Thousands of euros)			
	Note	June 30, 2023	December 31, 2022
A. Cash	28	66,864	21,512
B. Cash equivalents	28	19,676	20,627
C. Other current financial assets	18/27	95,455	145,743
D. Liquidity (A + B + C)		181,995	187,882
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	38/39	(73,195)	(65,332)
F. Current portion of non-current financial debt	(*) 30/31	(54,398)	(54,639)
G. Current financial indebtedness (E + F)		(127,593)	(119,971)
H. Net current financial position (G + D)		54,402	67,911
I. Non-current financial debt (excluding current portion and debt instruments)	(**) 31/34	(3,526)	(3,620)
J. Debt instruments		0	0
K. Trade payables and other non-current liabilities		0	0
L. Non-current financial indebtedness (I + J + K)		(3,526)	(3,620)
M. Total financial position (H + L)		50,876	64,291

(*) Of which 2,397 thousand euros relating to current lease liabilities.

(**) Of which 3,059 thousand euros relating to non-current lease liabilities.

29. EQUITY

The equity attributable to the owners of the Parent at June 30, 2023 amounted to 251,377 thousand euros, marking a decrease of 12,676 thousand euros compared to December 31, 2022, mainly attributable to the distribution of dividends by SAES Getters S.p.A. (-11,543 thousand euros), exchange differences deriving from the translation of financial statements in foreign currency (negative for -3,535 thousand euros) and the ancillary charges incurred up to June 30, 2023 as part of the voluntary partial public tender offer approved by the Shareholders Meeting as at May 31, 2023⁴⁶ (-1,139 thousand euros), partially offset by the profit for the period (+3,432 thousand euros) and the fair value gain (+109 thousand euros) of investments in other companies (in particular, investment in the EUREKA! venture capital fund, details of which are provided Note no. 17).

Share Capital

At June 30, 2023 the share capital, fully subscribed and paid-up, amounted to 12,220 thousand euros and was made up of 22,049,969 shares divided into 14,671,350 ordinary shares and 7,378,619 savings shares. The composition of share capital was unchanged compared to December 31, 2022. The implicit carrying amount per share was 0.554196 euro at June 30, 2023, unchanged from December 31, 2022.

Please refer to the Report on corporate governance and ownership structure available at www.saesgetters.com/investor-relations/corporate-governance/corporate-governance-report for all the information required by Article 123-bis of the Consolidated Finance Act (TUF).

As indicated in the Report on corporate governance and ownership structure for the 2022 financial year, each share is entitled to a proportional part of the profit that it is decided to distribute, except the rights attached to savings shares.

More specifically, as described in Article no. 26 of the By-laws, savings shares are entitled to a preferred dividend equal to 25% of their notional carrying amount; if in one year a dividend of less than 25% of the notional carrying amount has been allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining profit that the Shareholders have resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the notional carrying amount higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

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

Share premium reserve

The item amounted to 25,724 thousand euros at June 30, 2023, unchanged compared to December 31, 2022, and refers to the sums paid by the shareholders upon subscription of new shares of the Parent exceeding their nominal value.

Treasury shares

⁴⁶ On May 31, 2023, the Shareholders' Meeting of SAES Getters S.p.A. approved a single transaction including a voluntary partial public tender offer for savings shares (VTO) and the mandatory conversion of the savings shares into ordinary shares (Mandatory Conversion), which was finalised on July 31, 2023 (for additional details, please refer to Note no. 48).

The item amounted to -94,521 thousand euros at June 30, 2023, with a change of -1,139 thousand euros compared to December 31, 2022, attributable to ancillary charges incurred up to June 30, 2023 as part of the voluntary partial public tender offer approved by the Shareholders' Meeting on May 31, 2023⁴⁷.

The table below shows the breakdown of the share capital, indicating the number of outstanding ordinary shares and treasury shares at June 30, 2023 (both unchanged compared to December 31, 2022).

	June 30, 2023
Outstanding ordinary shares	10,771,350
Treasury shares	3,900,000
Total ordinary shares	14,671,350
Outstanding savings shares	7,378,619
Total savings shares	7,378,619
Total shares	22,049,969

The treasury shares held at June 30, 2023, as a percentage both of the issue category and of the total number of shares that constitutes the share capital, are indicated below pursuant to Article 2357 of the Italian Civil Code (both percentages are unchanged compared to December 31, 2022).

	June 30, 2023
N. of ordinary treasury shares	3,900,000
% of total ordinary shares	26.6%
% of share capital	17.7%

As noted previously, on May 31, 2023 the Shareholders' Meeting approved a joint transaction including a voluntary partial public tender offer on 1,364,721 savings shares (**VTO**) and the mandatory conversion of the remaining⁴⁸ savings shares into ordinary shares (**Mandatory Conversion**) through the use of the 3,900,000 ordinary treasury shares of the Company and, for the difference, through the issue, with no share capital increase, of no. 2,113,898 new ordinary shares. The transaction was completed successfully on July 31, 2023. For further details, please refer to Note no. 48 "Events after the reporting period". The entire transaction is aimed at improving and simplifying the structure of the share capital of SAES Getters S.p.A., rationalising the financial instruments issued by the Company, increasing liquidity and the free float of ordinary shares, as well as standardising the rights of all shareholders.

Legal reserve

This item corresponds to the Parent's legal reserve, equal to 2,444 thousand euros at June 30, 2023, and unchanged compared to December 31, 2022, since the reserve has reached its legal limit.

Other items of equity

⁴⁷ On May 31, 2023, the SAES Getters S.p.A. Shareholders Meeting approved a single transaction including a voluntary partial public tender offer and the mandatory conversion of the savings shares into ordinary shares (Mandatory Conversion), which was finalised on July 31, 2023 (for additional details, please refer to Note no. 48).

⁴⁸ Savings shares remaining after the cancellation of the savings shares purchased through the above-mentioned VTO.

Translation reserve

This item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 14,808 thousand euros at June 30, 2023, against a positive balance of 18,343 thousand euros at December 31, 2022.

The decrease, equal to -3,535 thousand euros, is due exclusively to the overall effect on the consolidated equity of the translation into euros of the financial statements in foreign currency of the fully consolidated foreign subsidiaries. The negative change in the first half of 2023 is mainly attributable to the US subsidiaries and is a consequence of the depreciation of the dollar compared to December 31, 2022.

Other reserves and retained earnings

This item includes:

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

The change in the item "Other reserves and retained earnings" includes the distribution to shareholders of the 2022 dividend, resolved by the Parent's Shareholders (-11,543 thousand euros) and the carrying forward of the 2022 consolidated profit (+12,350 thousand euros), in addition to the fair value relating to investments in other companies (+109 thousand euros).

30. FINANCIAL LIABILITIES

At June 30, 2023, financial liabilities amounted to 52,001 thousand euros, a decrease of -212 thousand euros compared to December 31, 2022.

The following table shows the changes in the financial liabilities during the first half of 2023.

(Thousands of euros)	
Financial liabilities	
December 31, 2022	52,213
New loans	0
Accrued interest	55
Repayment of the principal amount	(209)
Interest payments	(56)
Translation differences on foreign currency loans	(2)
June 30, 2023	52,001

The item "Repayments of the principal amount" corresponds to the early repayment of the loan granted by the State of CT by the US subsidiary Memry Corporation.

The currency effect was insignificant (negative for 2 thousand euros): following the aforementioned early repayment of the loan in dollars granted by the State of CT, at June 30, 2023 the Group had no outstanding loans in currencies other than euros.

The following table shows the breakdown of the item by due date.

It should be noted that liabilities with a due date of less than one year are included in current liabilities under “Current portion of non-current loans and borrowings”.

(Thousands of euros)

Financial liabilities	June 30, 2023	December 31, 2022	Difference
Less than 1 year	52,001	52,094	(93)
Current portion of financial liabilities	52,001	52,094	(93)
Between 1 and 2 years	0	95	(95)
Between 2 and 3 years	0	24	(24)
Between 3 and 4 years	0	0	0
Between 4 and 5 years	0	0	0
Over 5 years	0	0	0
Non-current financial liabilities	0	119	(119)
Total	52,001	52,213	(212)

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

Description	Currency	Principal	Timing of principal repayment	Timing of covenants calculation	Interest rate	Effective interest rate	Amount as at June 30, 2023 (Thousands of euros)	Amount as at December 31, 2022 (Thousands of euros)
Memry Corporation <i>Soft financing granted by the State of CT</i>	USD	1 st tranche = 2 million dollars 2 nd tranche = 0,8 million dollars	monthly with last deadline March 1, 2025 (*)	n.a.	2.00%	2.00%	0	212
SAES Investments S.A. <i>J.P. Morgan Bank Luxembourg S.A.</i>	EUR	52 million euros	single solution with contractual expiry (December 28, 2023)	n.a.	0.21%	0.21%	52,001	52,001

(*) The remaining principal amount was fully repaid in early February 2023, ahead of the original repayment plan.

Covenants

None of the above-mentioned bank loans outstanding at June 30, 2023 are subject to compliance with financial covenants.

31. LEASE LIABILITIES

At June 30, 2023, the item “Lease liabilities” totalled 5,456 thousand euros, against 5,584 thousand euros at December 31, 2022. The breakdown of these liabilities between the current portion and the non-current portion is shown in the following table.

(Thousands of euros)

	June 30, 2023	December 31, 2022	Difference
Lease liabilities - current	2,397	2,545	(148)
Lease liabilities - non-current	3,059	3,039	20
Total lease liabilities	5,456	5,584	(128)

The following table shows the changes in the financial liabilities during the first half of 2023.

(Thousands of euros)

Lease liabilities	
December 31, 2022	5,584
New leases signed during the period	1,308
Early termination of leases	(52)
Interest on financial liabilities	135
Repayments of financial liabilities	(1,333)
Interest expense paid	(135)
Translation differences on foreign currency leases	(51)
June 30, 2023	5,456

The change compared to the end of last year is mainly attributable to the payment of fees and interest during the current year (-1,468 thousand euros), partially offset by the renewal of existing agreements and the signing of new agreements, net of early terminations (+1,256 thousand euros).

With regard to new agreements entered into in the first half of 2023, the leases on the production sites of Memry Corporation located Bethel (CT) and Menlo Park (CA) and the company vehicle fleet rental agreements of the Parent and the affiliate SAES Coated Films S.p.A. were renewed. Furthermore, this item includes a new office lease agreement entered into following the transfer of the Parent's Japanese branch and the renewal of the office lease for the German branch of Memry Corporation. For further details on other leases signed in the first half of 2023, please refer to Note no. 15.

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

(Thousands of euros)

Lease liabilities	June 30, 2023	December 31, 2022	Difference
Less than 1 year	2,397	2,545	(148)
Lease liabilities - current	2,397	2,545	(148)
Between 1 and 2 years	1,562	1,341	221
Between 2 and 3 years	858	831	27
Between 3 and 4 years	564	601	(37)
Between 4 and 5 years	75	256	(181)
Over 5 years	0	10	(10)
Lease liabilities - non-current	3,059	3,039	20
Lease liabilities	5,456	5,584	(128)

In order to aid understanding of the future cash-out relating to lease agreements in place at June 30, 2023, the table below provides information on the non-discounted future cash flows.

(Thousands of euros)

Cash flows for leases (not discounted)	June 30, 2023	December 31, 2022	Difference
Less than 1 year	2,674	2,789	(115)
Cash flows for leases (not discounted) - current	2,674	2,789	(115)
Between 1 and 2 years	1,754	1,531	223
Between 2 and 3 years	936	918	18
Between 3 and 4 years	640	674	(34)
Between 4 and 5 years	97	286	(189)
Over 5 years	0	12	(12)
Cash Flows for leases (not discounted) - non-current	3,427	3,421	6
Total	6,101	6,210	(109)

Below is the list of lease agreements that provide for a renewal option that was not considered for accounting purposes because the renewal was not considered to be reasonably certain:

- 1) lease agreement for the Parent's Milan offices (duration of seven years, with effect from July 1, 2020, renewable for a further six years);
- 2) lease agreement for the Strumenti Scientifici Cinel S.r.l. plant, Vigonza - PD (duration of six years, with effect from July 1, 2021, renewable for another six years);
- 3) lease agreement for the SAES RIAL Vacuum S.r.l. plant, Parma – PR (duration of six years, with effect from April 1, 2022, renewable for a further six years).

The potential future payments not reflected in the lease liability were equal to a total of 2,697 thousand euros (discounted amount).

	June 30, 2023	
	Potential cash flows for leases (not discounted)	Potential cash flows for leases (discounted)
(Thousands of euros)		
Extension option not included in lease liabilities	3,144	2,697

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognised during the first half of 2023 amounted to 5.01%.

32. POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

It should be noted that the item includes the liabilities to employees for **defined benefit plans** existing at the Group companies in relation to the contractual and legal obligations in force in the various countries, as well as the liability relating to the **incentive plan based on phantom shares (cash-settled share-based payment plan)** and intended for Executive Directors and some strategic employees of the Parent.

The breakdown of this item and its changes during the period are shown in the following table.

(Thousands of euros)

Post-employment and other employee benefits	Post-employment benefits	Other employee benefits	Phantom shares	Total
December 31, 2022	5,354	3,907	1,456	10,717
Accrual (release) to profit or loss	247	1,083	800	2,130
Indemnities paid	(196)	(364)	0	(560)
Other changes	0	(114)	0	(114)
Translation differences	0	(28)	0	(28)
June 30, 2023	5,405	4,484	2,256	12,145

Defined benefit plans (post-employment and other employee benefits)

With regard to defined benefit plans, the changes during the first half of 2023 are shown below.

(Thousands of euros)

	December 31, 2022	Financial expense	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Other movements	Release to profit or loss	Translation differences	June 30, 2023
Present value of defined benefit obligations	9,261	137	1,193	(560)	0	(114)	0	(28)	9,889
Fair value of plan assets	0	0	0	0	0	0	0	0	0
Costs not yet recognised deriving from past obligations	0	0	0	0	0	0	0	0	0
Value recognized for obligations for defined benefit plans	9,261	137	1,193	(560)	0	(114)	0	(28)	9,889

The item “Other movements” refers to the share of the long-term monetary incentive plans that will be paid out in the second half of 2023, the amount of which was therefore reclassified under “Sundry liabilities” to personnel.

The amounts recognised in the statement of profit or loss are broken down as follows.

(Thousands of euros)

	June 30, 2023	June 30, 2022	<i>of which:</i> Acquisitions following business combinations
Financial expense	137	224	0
Current service cost	1,193	1,116	5
Release to profit or loss	0	(38)	0
Expected return on plan assets	0	0	0
Recognised past service costs	0	0	0
Total net costs in profit or loss	1,330	1,302	5

The slight increase in the item “Current service cost” is mainly due to fluctuations during the period, while the change in the consolidation scope⁴⁹ generated an insignificant effect (5 thousand euros).

The item "Release to profit or loss", zero in the current half-year and equal to -38 thousand euros in the corresponding period of the previous year, referred at June 30, 2022 to the non-compete agreement of an employee of the subsidiary SAES Coated Films S.p.A., who was transferred to the Parent's workforce and to whom this form of incentive was no longer recognised.

The obligations under defined-benefit plans are measured on an annual basis only at the end of each year, by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

With regard to the Italian companies of the Group, the **post-employment benefits (TFR)** include the expected obligation, quantified using actuarial techniques, to pay a certain amount to their employees at the time the employment relationship comes to an end. Following the entry into force of the 2007 Financial Law and the related implementing decrees, in Group companies with more than 50 employees, the liability for past TFR continues to be considered a defined benefit plan and is consequently measured using actuarial assumptions. The portion paid to pension funds is instead considered a defined contribution plan and therefore it is not discounted.

The item “Other employee benefits” includes the provision for **Long-Term Cash Incentive Plans (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

⁴⁹ Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022.

plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group 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 long term indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

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

The portion of the provision for three-year incentive plans which, if confirmed at year-end due to the achievement of targets, will be paid during the following financial year, amounts to a total of 1,788 thousand euros.

Cash-settled share-based payment plan (phantom shares)

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 value⁵⁰. The events that may trigger the payment of the incentive are, for example: change in control of the Company; failure to renew the position of board director at the end of a term in office; revocation from the position of board director or substantial change in the related powers or in the position without just cause; dismissal for just cause; resignation for an objectively justified reason (key management only); reaching the age of retirement; permanent invalidity; death; delisting (key management only). In the case of key management only, the incentive is proportional to the overall length of service at the date of the event involving payment.

The maximum number of phantom shares that may be assigned is 1,760,562⁵¹. 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 table below shows the summary of the assignments of phantom shares made by the Board of Directors of SAES Getters S.p.A., at the proposal of the Remuneration and Appointments Committee, from the date of adoption of the plan to June 30, 2023, as well as the number of phantom shares that are still assigned at June 30, 2023 because they have not been sold or withdrawn.

⁵⁰ The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.

⁵¹ Of which 880,282 phantom shares reserved for Executive Directors.

	Assignment date	no. phantom shares assigned	assignment value (euro)
First assignment	October 17, 2018	1,467,136 (*)	16.451
Second assignment	February 13, 2020	195,618	21.140
Total phantom shares assigned to Board of Directors		1,662,754	
Phantom shares withdrawn	October 17, 2018	(195,618) (**)	16.451
Phantom shares sold	October 17, 2018	(195,618) (***)	16.451
Total phantom shares assigned as at June 30, 2023		1,271,518	

(*) Of which 880,282 phantom shares assigned to the Executive Directors.

(**) Phantom shares waiver by a strategic employee of Parent who left the workforce in the first half of 2021.

(***) Phantom shares provided to Heirs of a strategic employee of Parent in the first half of 2022.

The liability relating to the phantom shares plan (2,256 thousand euros at June 30, 2023, against 1,456 thousand euros at December 31, 2022) was assessed by an independent actuary with the Risk Neutral approach as set forth in IFRS 2. In particular, please refer to the Consolidated Financial Statements at December 31, 2022 for the economic and financial assumptions used for estimating the fair value of phantom shares at June 30, 2023, as they are unchanged from the previous year.

33. PROVISIONS FOR RISKS AND CHARGES

The “Provisions for risks and charges” amounted to 386 thousand euros at June 30, 2023 compared to 447 thousand euros at December 31, 2022.

The following table shows the breakdown and the changes in these provisions compared to December 31, 2022.

(Thousands of euros)

Provision for risks and charges	December 31, 2022	Increase	Utilisation	Release to profit or loss	Acquisitions following business combinations	Translation differences	June 30, 2023
Customer returns	74	0	0	0	0	0	74
Other provisions	373	215	(270)	0	0	(6)	312
Total	447	215	(270)	0	0	(6)	386

The **customer returns** is recognised at the time of sale of the goods, to cover probable costs for returns from customers. The related provision is determined on the basis of historical data and through the weighting of the probabilities associated with possible returns. At June 30, 2023, this provision, unchanged compared to December 31, 2022, was recorded exclusively by the manufacturing subsidiaries in the USA.

The item “**Other provisions**” at June 30, 2023 mainly refers to the recognition as an onerous contract of the **Group's irrevocable commitment** to pay 200 thousand euros, following the signing of a third amendment to the **convertible loan granted to Rapitag GmbH**. Given the uncertainty regarding the future development of Rapitag's business and since the convertible loan was simply due to the signing of the contractual amendment and not to the achievement of specific commercial objectives, the latter was accounted for at June 30, 2023 by recognising a current risk provision, with a balancing entry in financial expense (for further details, see Note no. 22).

This item also includes the implicit obligations of **Spectra-Mat, Inc.** calculated on the basis of agreements made with local authorities regarding the **costs to be incurred for pollution level monitoring activities** at the site where the company operates (83 thousand euros at June 30, 2023, compared to 117 thousand euros at December 31, 2022).

Lastly, a provision was also recognised 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 (risk provision of 7 thousand euros at June 30, 2023), as well as a provision for legal expenses relating to a **dispute with a supplier** of the Parent, whose invoices have not been paid due to the incorrect execution of the works assigned (10 thousand euros).

The "Utilisation" column refers to the use of the provisions set aside at the end of last year against the Group's irrevocable commitment to pay the first tranche of an additional convertible loan in favour of the joint venture Flexterra, Inc. in the amount of 250 thousand dollar. The risk provision was used in January 2023 against the payment made by the Parent and the simultaneous impairment loss recognised on the relative loan asset, given the uncertainty regarding the timing of the success of Flexterra's business initiatives.

A breakdown of provisions by current and non-current portion is provided below.

(Thousands of euros)

Provision for risks and charges	Current provisions	Non-current provisions	June 30, 2023	Current provisions	Non-current provisions	December 31, 2022
Customer returns	60	14	74	60	14	74
Other provisions	217	95	312	244	129	373
Total	277	109	386	304	143	447

With regard to the Report on Findings served on June 9, 2023 to SAES Getters S.p.A. following the tax audit by the Italian Revenue Agency on the income for the 2018 financial year (for further details, see Note no. 43), no risk provision was set aside at June 30, 2023 since the Company, also in the light of available tax losses, reserves the right to verify which and how many findings will be confirmed in the notice of assessment and, to date, considers them to be unfounded and its actions correct. In its conclusions, the Company was supported by a tax expert who assessed the liability arising from the Report on Findings as "possible".

34. OTHER FINANCIAL LIABILITIES

At June 30, 2023, "Other financial liabilities" amounted to 467 thousand euros compared to 492 thousand euros at December 31, 2022.

(Thousands of euros)

	June 30, 2023	December 31, 2022	Difference
Other financial liabilities - current	0	30	(30)
Other financial liabilities - non-current	467	462	5
Other financial liabilities	467	492	(25)

Other financial liabilities - **non-current** refer to the present value of the financial liability for the consideration still to be paid for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. This amount was withheld as a guarantee and will be paid in three annual instalments of the same amount, starting from the third anniversary following the closing date (i.e. starting from May 25, 2025).

Other financial liabilities - **current**, nil at June 30, 2023 and equal to 30 thousand euros at December 31, 2022, referred exclusively to bank commissions accrued and not yet paid.

The following table shows the changes in the other financial liabilities in the first half of 2023.

(Thousands of euros)	December 31, 2022	Increase	Payments	Translation differences	June 30, 2023
Bank commissions	30	188	(218)	0	0
Other financial liabilities - current	30	188	(218)	0	0
Deferred consideration SAES RIAL Vacuum S.r.l.	462	5	0	0	467
Other financial liabilities - non-current	462	5	0	0	467

With respect to the deferred consideration for the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., the effect deriving from the application of the amortised cost in the calculation of the present value of the consideration still to be paid generated an increase in that liability of 5 thousand euros.

35. TRADE PAYABLES

Trade payables amounted to 20,192 thousand euros at June 30, 2023, an increase of 3,187 thousand euros compared to December 31, 2022.

(Thousands of euros)			
Trade payables	June 30, 2023	December 31, 2022	Difference
Trade payables	20,192	17,005	3,187
Total	20,192	17,005	3,187

Not considering the negative effect of exchange rates (-81 thousand euros), the increase in the item of +3,268 thousand euros is primarily attributable to non-recurring legal and advisory costs in view of the possible sale of the US affiliates Memry Corporation and SAES Smart Materials, Inc., as well as the different timing of the acquisition of raw materials in the medical area.

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

The following table provides a breakdown of trade payables into those not yet due and past due at June 30, 2023 compared to December 31, 2022.

(Thousands of euros)							
Ageing of trade payables	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2023	20,192	19,152	975	6	0	19	40
December 31, 2022	17,005	16,286	373	160	17	87	82

The amount of overdue trade payables is immaterial with respect to the total of the item. Moreover, the total weight of payables more than 30 days overdue on total trade payables decreased compared to December 31, 2022 (from 2% at December 31, 2022 to 0.3% at June 30, 2023).

36. SUNDRY LIABILITIES

The item "Sundry liabilities" includes amounts that are not strictly classified as trade payables and which amounted to 17,147 thousand euros at June 30, 2023, compared to 19,206 thousand euros at December 31, 2022.

The table below shows the detail of the sundry liabilities, compared with the end of the previous year.

(Thousands of euros)

Sundry liabilities	June 30, 2023	December 31, 2022	Difference
Employees (holidays, wages, etc.)	9,126	6,258	2,868
Bonus	3,207	6,217	(3,010)
Social security bodies	1,659	2,330	(671)
Withholdings and tax (excluding income taxes)	1,196	1,764	(568)
Other	1,959	2,637	(678)
Total	17,147	19,206	(2,059)

The item “**Employees**” is mainly made up of the provisions for holidays accrued but not taken and for additional monthly pay, as well as of the liability for the post-employment benefits not yet paid to personnel who had left before the end of the half-year and of the monthly salaries for June and not yet paid at June 30, 2023.

The increase compared to December 31, 2022 was mainly due to the increased holidays accrued that will be used during the summer, as well as the higher accruals for the additional monthly salaries of the Group’s Italian companies (on the other hand, additional monthly salaries were fully paid at December 31, 2022). At June 30, 2023, the item also includes the amount due to both a US executive and an executive of the Parent, for the termination of employment, which will be paid by the end of the current year.

The item “**Bonus**” includes the provisions for the bonuses for the Group employees relating to the first half of 2023 (mainly relating to the Parent and the US subsidiaries⁵²). The decrease compared to December 31, 2022 was due to the payment of the variable remuneration accrued in the last year, carried out in May 2023, right after the approval of the financial statements by the Shareholders, net of the provisions made for bonuses accrued during the first half of 2023.

The item “**Social security bodies**” mainly includes the amounts owed by the Group’s Italian companies to the INPS (Italy’s social-security agency) for contributions to be paid on wages as well as the amount due to the treasury fund operated by the INPS and to the pension funds under the reformed post-employment benefits legislation.

The decrease was mainly due to the fact that at December 31, 2022, this item included the liability for the social security (INPS) withholdings on the thirteenth month’s pay, paid in January 2023.

The item “**Withholdings and tax**” primarily consists of the amounts owed by the Italian companies to the Italian Revenue Agency for withholding taxes on the pay of employees and contractors and local taxes due by the US affiliates other than income taxes.

The decrease was mainly due to the fact that at December 31, 2022, this item included the liability for IRPEF withholding taxes on the thirteenth month’s pay, paid in January 2023.

The item “**Other**” mainly includes liabilities of the Parent for both fixed and variable Directors’ remuneration (727 thousand euros), and for advances again received by SAES Getters S.p.A. for government grants for research (94 thousand euros).

The decrease compared to the end of last year is due to the fact that at December 31, 2022, the item included higher liabilities to the Executive Directors for the variable remuneration accrued for

⁵² As regards the US subsidiaries, the monetary incentive plan is related to the attainment of targets calculated both on the consolidated financial performance and on the performance of the individual companies.

the entire 2022 period (subsequently paid in the first half of 2023), whilst at June 30, 2023 the same amount refers to the half year only.

There are no accrued liabilities due after more than five years.

37. CURRENT TAX LIABILITIES

At June 30, 2023, current tax liabilities amounted to 375 thousand euros and include tax obligations accrued during the period, net of advances already paid, relating to the Group's foreign subsidiaries and the IRAP liability of the Italian companies, if any. With regard to IRES (corporate income tax), the Italian companies⁵³ engaged in national tax consolidation with the Parent in its position as consolidating company and, therefore, the positive taxable income is offset by both the negative amounts and the past tax losses carried forward; IRES only has to be paid on the remaining taxable amount, but since it was negative at the end of the current half-year, there are no liabilities to the tax authorities for IRES recognised in the consolidated financial statements at June 30, 2023 (similar to at December 31, 2022).

The slight decrease compared to current tax liabilities at December 31, 2022 is mainly attributable to the US subsidiary Memry Corporation (different advance payment timing⁵⁴ at June 30, compared to December 31) and the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. (last year the payment of part of the taxes was postponed to the first half of 2023, as a measure to support businesses during the Covid emergency).

38. DERIVATIVE FINANCIAL INSTRUMENTS

At June 30, 2023 the item "Derivative financial instruments" recorded a negative balance of 1,732 thousand euros compared to a positive balance of 259 thousand euros at December 31, 2022.

This item includes the fair value of derivative financial instruments subscribed by the Group to hedge the risk of exposure to the variability of expected cash flows originating from commercial and/or extraordinary transactions denominated in currencies other than the euros. Not having prepared the documentation required by IFRS 9 for the accounting of hedge instruments according to the hedge accounting method, derivative financial instruments are measured at fair value and the relative gains or losses deriving from such valuation are directly charged to the profit or loss.

On November 29, 2022, in order to protect the Group's profit for 2023 from exchange rate fluctuations, **forward contracts were taken out on the US dollar** for a notional amount of 12 million dollar. These contracts, with maturity throughout 2023, covered approximately 80% of the net flows in dollars estimated for the Group's Italian companies for that year, and at December 31, 2023 they had a positive fair value of 259 thousand euros.

At June 30, 2023, the contracts still outstanding have a notional amount of 6 million US dollar, with an average forward exchange rate of 1.0602 against the euro. The relative fair value at June 30, 2023 was positive for 162 thousand euros.

The fair value measurement was carried out by an independent third party, using technical bases for economic-financial evaluation aligned with those used last year.

Furthermore, in order to preserve the collection in dollars envisaged by this possible medical business sale transaction, on February 15, 2023 a **contingent derivative contract** was signed with a

⁵³ SAES Getters S.p.A., SAES Nitinol S.r.l., SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES RIAL Vacuum S.r.l. (the latter company included in the scope of the national tax consolidation starting from January 1, 2023).

⁵⁴ It should be noted that the tax advances are calculated by the US subsidiaries by applying the forecast method.

notional value of 415 million dollar, with a maximum €/€ forward exchange rate of 1.1037 against the euro. The last possible date for the exercise of the derivative is January 8, 2024 (Long Stop Date⁵⁵) and the exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. The derivative is subject to the favourable opinion issued by the Federal Trade Commission and if it expresses a negative opinion on the completion of the sale of the Nitinol business by the Long Stop Date, the derivative will lapse without producing any financial effect. At June 30, 2023, the negative fair value of that derivative is -1,894 thousand euros.

The following inputs were used by an independent third party to calculate the fair value of the contingent derivative:

- the forward exchange rate curve set forth in the agreement;
- the spot exchange rate on the measurement date;
- the risk-free interest rate curve for the euro and the dollar, respectively, obtained from Bloomberg.

The final present value of the derivative was obtained as the weighted average of the individual fair values calculated for each possible settlement date, using the probabilities of closure as weights and considering a probability of the transaction occurring (i.e. obtaining a favourable opinion from the US Antitrust Authority) equal to 70%.

The following table provides a breakdown of the forward contracts entered into and their fair value at June 30, 2023 and December 31, 2022.

Contract type	Currency	June 30, 2023		December 31, 2022	
		Notional (amount in currency)	Fair value (Thousands of euros)	Notional (amount in currency)	Fair value (Thousands of euros)
forward	thousand of USD	415,000	162	12,000	259
contingent derivative	thousand of USD	6,000	(1,894)	0	0
		Total	(1,732)	Totale	259

The Group enters into derivative financial instruments with various counterparties, mainly with leading financial institutions. At June 30, 2023, the derivative instruments held by the Group belong to Level 2 of the fair value hierarchy and during the first half of 2023 there were no transfers from one level to another.

39. BANK LOANS AND BORROWINGS

At June 30, 2023, "Bank loans and borrowings" amounted to 71,463 thousand euros compared to 65,302 thousand euros at December 31, 2022.

Details and changes during the first half of 2023 are provided below.

⁵⁵ Should the expiry of the Nitinol business sale agreement be extended, the contingent derivative's long stop date could be extended if the Company deemed this appropriate, in order to align it with the new sale agreement expiry. As a result, the new forward exchange rate would need to be updated on the basis of currency market conditions at the amendment date.

(Thousands of euros)	December 31, 2022	Increase	Decrease	Other accruals	Translation differences	Reclassifications	June 30, 2023
"Hot money" financing	35,625	97,000	(93,401)	664	0	0	39,888
Import financing	1,135	0	(608)	17	0	0	544
Financing for advance invoices	143	0	(143)	0	0	0	0
Revolving credit lines (RCF)	28,030	122,000	(119,888)	557	0	0	30,699
Bank overdrafts	369	0	(37)	0	0	0	332
Bank loans and borrowings	65,302	219,000	(214,077)	1,238	0	0	71,463

Bank loans and borrowings consisted of short-term liabilities owed by the Parent and by the subsidiary SAES Coated Films S.p.A. in the form of **"hot money" financing** (39,888 thousand euros at June 30, 2023 compared to 35,625 thousand euros at December 31, 2022), whose average interest rate, spread included, was around 3.27%.

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

- for an amount of 20,180 thousand euros, use of the revolving credit line taken out with Unicredit S.p.A. in March 2020⁵⁶, with an average interest rate, spread included, of around 3.55% (used at December 31, 2022 in the amount of 21,023 thousand euros);
- for an amount of 10,519 thousand euros, of the revolving credit line taken out with Intesa Sanpaolo S.p.A. in May 2023, with an average interest rate, spread included, of around 3.69%. In particular, following the maturity of the revolving credit line for 30 million euros taken out from Intesa Sanpaolo S.p.A. in April 2020 (of which 7,007 thousand euros had been used at December 31, 2022), on May 29, 2023 an analogous credit line was opened in the same amount, maturing on July 31, 2024. The contract provides for the payment of interest indexed at the one/three-month Euribor rate, plus a spread of 1.20%, and a financial covenant (consolidated net financial position/EBITDA ratio of less than 1) reviewed every six months.

Lastly, the item includes:

- the liabilities of SAES Coated Films S.p.A. related to **short-term financing for import of goods** (544 thousand euros at June 30, 2023 to be compared with 1,135 thousand euros at December 31, 2022), signed with primary financial institutions to increase the financial resources available to facilitate its procurement activities;
- **bank overdrafts** (332 thousand euros at June 30, 2023, compared to 369 thousand euros at December 31, 2022) mainly pertaining to SAES Coated Films S.p.A.

The liabilities of SAES RIAL Vacuum S.r.l. related to **short-term financing for advance invoices** (143 thousand euros as at December 31, 2022) were instead fully repaid during the first half of 2023.

Covenants

As already stated earlier, at June 30, 2023 the Parent has two revolving cash credit lines in place, respectively with Unicredit S.p.A. and Intesa Sanpaolo S.p.A., each for a maximum amount of 30 million euros and maturing on December 31, 2023 and July 31, 2024, respectively.

Both credit lines provide for compliance with only one financial covenant subject to half-yearly verification. As better shown in the table below, at June 30, 2023 this covenant had been met for both credit lines.

⁵⁶ On February 22, 2023, the original maturity of the revolving cash credit line was extended from March 6, 2023 to December 31, 2023.

			RCF Unicredit (*)	RCF Intesa (**)
			Amount as at June 30, 2023	Amount as at June 30, 2023
Net financial position	thousands of euros	> 0	8,455	n.a.
(Net financial position) EBITDA (***)	thousands of euros	≤ 1	n.a.	(0.02)

(*) Net financial position calculated by excluding derivate financial instruments, leases liabilities, cash and cash equivalents of the Parent subject to pledge against the consideration for completing the public tender offer and restricted deposit subscribed by SAES Investments S.A. with Mediobanca and not released until maturity.

(*) Net financial position calculated by excluding cash and cash equivalents of the Parent subject to pledge against the consideration for completing the public tender offer and restricted deposit subscribed by SAES Investments S.A. with Mediobanca and not released until maturity.

(***) The calculation of annualised EBITDA excludes non-recurring costs.

40. OTHER CURRENT LIABILITIES

The item “Other current liabilities” amounted to 5,305 thousand euros at June 30, 2023 compared with a balance of 4,414 thousand euros at December 31, 2022.

This item is broken down as follows.

(Thousands of euros)

	June 30, 2023	December 31, 2022	Difference
Other liabilities	286	176	110
Customer contracts	5,019	4,238	781
Total other current liabilities	5,305	4,414	891

The item “**Other liabilities**” includes deferred amounts for public capital grants granted to the Parent, for the investments made to enhance production lines at the Avezzano facility and for the purchase of operating assets 4.0. The increase compared to December 31, 2022 is due to these latter incentives.

The item “**Customer contracts**” primarily relates to sales revenue received from customers pertaining to future years. The increase compared to December 31, 2022 is mainly related to the higher advances collected by the Italian subsidiaries Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l. At December 31, 2022, this item also included the negative balance determined as the difference between the amount invoiced to the customer and the share of revenue for performance obligations recognised over-time at the reporting date with reference to the long-term contract in the high vacuum segment (50 thousand euros at December 31, 2022, zero at June 30, 2023).

There are no accrued liabilities due after more than five years.

41. STATEMENT OF CASH FLOWS

The cash flows generated by **operating activities** were positive for 7,686 thousand euros compared to 10,699 thousand euros in the same period of the previous year: the decrease in **self-financing**, in line with that recorded in the consolidated gross operating profit, was only partially offset by the

lower increase in **net working capital** (in particular, more limited increase in **inventories**, which in the first half of 2022 grew significantly due to the generalised recovery in demand after the pandemic).

With regard to the **net working capital**, the following are noted:

- 1) the increase in **trade receivables** due to higher sales in the second quarter of 2023 compared to the final months of 2022, especially in the medical business (Medical Nitinol operating segment) and in that of advanced materials for telecom applications (Chemicals operating segment);
- 2) the increase in **inventories**, concentrated specifically in the medical business (Medical Nitinol operating segment), which at December 31, 2022 had a particularly low semi-finished product inventories due to some supply chain delays, as well as the high vacuum business (High Vacuum operating segment), which was penalised at June 30, 2023 by the postponement of several deliveries. There was also a slight increase in the Parent's inventories for the new B!POD project;
- 3) the increase in trade receivables and inventories is partially offset by the growth in **trade payables**, mainly due to non-recurring legal and advisory costs in view of the possible sale of US affiliates Memry Corporation and SAES Smart Materials, Inc., as well as the different timing of the acquisition of raw materials in the medical area.

Investing activities used cash flows amounting to 47,718 thousand euros (cash flows of -10,253 thousand euros generated in the corresponding period of 2022).

In the first half of 2023 the cash outflows for **investments in property, plant and equipment** came to 4,235 thousand euros (-6,147 thousand euros in the corresponding period of 2022); on the other hand, **purchases of intangible assets** were not significant (180 thousand euros compared to -248 thousand euros at June 30, 2022). During the period, investments in property, plant and equipment included investments intended to expand the production capacity of the medical business, the high vacuum business and the sintered materials segment (Industrial operating segment). Furthermore, the Parent acquired process instruments for R&D laboratories and made investments to replace traditional lighting systems with smart lighting systems that use less energy, at the Lainate facility, and also acquired plants for the Avezzano facility. Investments in intangible assets during the period were mainly correlated with IT projects of the affiliates Strumenti Scientifici Cinel S.r.l. and Memry Corporation. Please refer to Notes no. 12 and no. 13 for further details.

With regard to the **disposals of property, plant and equipment and intangible assets**, proceeds from the disposal of assets were of an insignificant amount both in the current half year (+12 thousand euros) and in the first half of 2022 (+4 thousand euros).

Again in regard to investing activities, proceeds from disinvestment of **securities**, net of purchases made during the period, were equal to 129,322 thousand euros⁵⁷ (net purchases of -283 thousand at June 30, 2022) and coupon income, net of management commissions on the securities portfolio, was equal to 823 thousand euros (+870 thousand euros at June 30, 2022). For further details on changes in securities, see Note no. 18.

During the half-year, the following should also be noted:

- **investments in the EUREKA! venture capital fund** totalling -315 thousand euros (-143 thousand euros at June 30, 2022);
- cash outflows for the subscription of **bank time deposits**, in which part of the liquidity deriving from the above-mentioned disposal of the securities was invested (-77,449 thousand euros);
- cash outflows for the **convertible loans** granted to the start-up **Rapitag** (-200 thousand euros, compared to -148 thousand euros at June 30, 2022) and the joint venture **Flexterra** (-465 thousand euros);
- **other interest and financial income received**, equal to 405 thousand euros (+79 thousand euros at June 30, 2022).

⁵⁷ Disinvestments of securities amounted to 131,212 thousand euros, net of acquisitions amounting to 1,890 thousand euros.

Cash flows in the first half of the previous year instead included the cash outflows, net of cash and cash equivalents acquired, equal to 4,287 thousand euros, for the **purchase of the entire quota capital of SAES RIAL Vacuum S.r.l.**, preceded by the **repayment of the loan** granted in the past to the same company (+50 thousand euros, including both the principal and interest).

The amount for **financing activities** was negative and equal to -9,673 thousand euros, against a positive amount equal to 2,274 thousand euros in the corresponding period of the previous year.

Financial management for the period was characterised by:

- the **payment of dividends** (-11,543 thousand euros, compared with -8,530 thousand euros at June 30, 2022);
- the taking out, net of repayments, of both short-term and long-term **loans** and the payment of the relative interest (+4,695 thousand euros, compared to +12,370 thousand euros at June 30, 2022);
- the cash outflows, for **ancillary charges**, especially consultancy costs, **for the voluntary partial public tender offer on savings shares** (-1,139 thousand euros);
- the payment of financial liabilities for lease **agreements** and the relative interest (-1,468 thousand euros, compared to -1,335 thousand euros at June 30, 2022);
- **other interest and financial expense paid** for -218 thousand euros (-231 thousand euros at June 30, 2022).

The **exchange rate effect** was negative in the amount of -1.3 million euros, primarily due to the impact of the devaluation of the renminbi and the dollar at June 30, 2023, compared to the end of 2022, on cash and cash equivalents in these currencies held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and the US subsidiaries.

The following is a reconciliation of the cash and cash equivalents shown in the statement of financial position and in the statement of cash flows.

(Thousands of euros)

	June 30, 2023	June 30, 2022
Cash and cash equivalents	86,540	35,135
Cash and cash equivalents - from Statement of Financial Position	86,540	35,135
Impairment losses on other financial assets (pursuant to IFRS 9)	65	29
Bank overdrafts (included in "Bank debts")	(331)	(765)
Cash and cash equivalents - from Statement of Cash Flows	86,274	34,399

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions at June 30, 2023 and December 31, 2022, with the changes arising from monetary and non-monetary flows.

(Thousands of euros)	December 31, 2022	Cash flows	Non-cash flows					June 30, 2023
			Translation differences	Change in fair value	Accrued interest	Signing (termination) of lease contracts	Other movements	
Financial liabilities	119	0	(2)	0	0	0	0	0
Leases liabilities	3,039	0	(24)	0	0	1,182	0	3,059
Other financial liabilities	462	0	0	0	0	0	5	467
Non-current liabilities, deriving from financial activities	3,620	0	(26)	0	0	1,182	5	3,526
Derivative financial instruments	0	0	0	1,991	0	0	0	1,732
Current portion of non-current loans and borrowings	52,094	(265)	0	0	55	0	0	52,001
Other financial liabilities	30	(218)	0	0	0	0	188	0
Leases liabilities	2,545	(1,468)	(27)	0	135	74	0	2,397
Bank loans and borrowings, net of bank overdrafts	64,933	4,960	0	0	1,238	0	0	71,131
Current liabilities, deriving from financial activities	119,602	3,009	(27)	1,991	1,428	74	188	127,261

The "Other movements" column includes the effect on the statement of profit or loss, related to the passage of time, on the present value of the financial liabilities for the consideration still to be paid for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. (for further details, see Note no. 34), as well as bank fees accrued and not yet paid.

42. FINANCIAL RISK MANAGEMENT

The main financial risks to which the SAES Group is exposed and the mitigating actions undertaken in response to these risks are listed below.

Interest rate risk

If the Group's financial indebtedness, both short- and long-term, is structured on a variable interest rate basis, they are subject to the risk of interest rate fluctuations.

With regards to long-term financial 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.

In order to mitigate the risk of fluctuations in interest rates, also with the aim of improving the result of financial management, at June 30, 2023 the Group has no variable rate loans in place and at the same time there are no Interest Rate Swaps in place. For more information on the Group's bank loans, please refer to Note no. 30.

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

With reference to securities, in order to reduce the Group's exposure to financial market volatility, almost all securities were sold during the first half of the year. The unsold securities have a conservative investment profile and, if actually held to maturity, make it possible to face the risk of negative returns correlated with market turbulence.

Currency risk

The Group is exposed to currency risk on foreign commercial transactions. Such exposure is mainly generated by sales in currencies other than the reference currency: during the first half of 2023 around 78% of the Group's sales and only around 56% of the Group's operating costs were denominated in a currency other than the euro.

In order to manage the financial impact resulting from fluctuations in exchange rates against the euro, primarily of the US dollar, the Group has hedging contracts for values determined by the Board of Directors at the beginning of the year (or at the end of the previous year) according to the net currency cash flows expected to be generated by the Italian companies of the Group⁵⁸. The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

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

On November 29, 2022, forward sales contracts were entered into on the US dollar for a notional value of 12 million dollars, with an average forward exchange rate of 1.0537 against the euro,

⁵⁸ The other Group companies are not included in this valuation as they have operating revenue and costs mainly in the same functional currency of the financial statements and, therefore, are characterised by natural hedging.

hedging approximately 80% of the net flows in USD estimated for the Italian companies of the Group for 2023. Please refer to Note no. 38 for details on the agreements not yet expired at June 30, 2023. No new forward contracts were entered into after June 30, 2023.

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

In this regard, in order to preserve the collection in dollars expected from the possible sale of the subsidiaries Memry Corporation and SAES Smart Materials, Inc., in February 2023 SAES Getters S.p.A. signed a contingent derivative contract with a notional value of 415 million dollars with a maximum €/€ forward exchange rate of 1.1037 against the euro. The last possible date for the exercise of the derivative is January 8, 2024 (Long Stop Date) and the exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval of the sale by the US Antitrust Authority. The derivative is subject to the favourable opinion issued by the Federal Trade Commission and if it expresses a negative opinion on the completion of the sale of the Nitinol business by the Long Stop Date, the derivative will lapse without producing any financial effect. For further details on the contract and its fair value at June 30, 2023, please refer to Note no. 38.

Risk of changes in the price of production factors (for example, raw materials)

The Group's exposure to raw materials and other production factor price risks is usually moderate. The procurement procedure requires the Group to have more than one supplier for each raw material 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 raw material price volatility. In some specific cases, the increase in the cost of production factors can be transferred to the price agreed with the customer.

Lastly, the Group monitors the trends of the price of the main raw materials subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of limiting the price volatility of its raw materials.

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 amounts receivable is constantly monitored so as to minimise the risk of potential losses, particularly given the current difficult macroeconomic and geopolitical situation.

The credit risk associated with other financial assets, including cash and cash equivalents, time deposits maturing in more than 90 days and securities, is not significant due to the nature of the counterparties. Bank deposits and time deposits are held with leading Italian and foreign credit institutions with internationally recognised financial and capital stability. Also with reference to the securities, investments are never made directly, but instead with leading specialist financial operators, mainly with the aim of maintaining capital in view of potential future loans. In addition, the Administration Finance and Control Division carefully and constantly monitors investments and the amount of resources invested, periodically reporting on these monitoring activities to the Board of Directors.

Liquidity risk

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

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

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

For further information about the Group's financial debts at June 30, 2023 and about the maturity date of these debts please refer to the Notes no. 30 and no. 39.

At June 30, 2023, the Group was not significantly exposed to liquidity risk, considering the availability of bank deposits, time deposits and readily marketable securities, as well as taking account of the unused credit lines to which it has access. Please refer to Notes no. 27 and no. 28 for additional details.

Equity management

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

No changes were made to equity management objectives or policies during the first half of 2023.

43. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The table below shows the guarantees that the Group has granted to third parties.

(Thousands of euros)

Guarantees given by the Group	June 30, 2023	December 31, 2022	Difference
Guarantees	10,410	11,889	(1,479)

The decrease compared to December 31, 2022 is mainly related to the lower guarantees given by SAES Getters S.p.A. on the lines of credit granted by the banks to the joint venture Actuator Solutions GmbH following the reduction in their nominal value, as well as the expiry of both the guarantee taken out by the Parent on the supply agreement signed in 2021 with the RFX Consortium of Padua, and the guarantees in favour of suppliers taken out by the Italian subsidiary Strumenti Scientifici Cinel S.r.l. (in both cases, High Vacuum operating sector).

The following table shows information on contractual commitments for short-term and low-value lease payments, as well as ancillary charges as at June 30, 2023.

(Thousands of euros)

	Less than 1 year	1-5 years	Over 5 years	Total
June 30, 2023	497	496	0	993
December 31, 2022	518	636	0	1,154

On June 23, 2020, the Group finalised an agreement with EUREKA! Venture SGR S.p.A. under which SAES has invested in the venture capital fund EUREKA! Fund I - Technology Transfer, a closed-end

alternative mutual investment fund, qualified as a EuVECA fund, pursuant to EU Regulation 345/2013. The maximum commitment of SAES is 3 million euros, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. SAES' residual commitment at June 30, 2023 was equal to 2.1 million euros, against capital contributions already finalised equal to 0.9 million euros (for further details, see Note no. 17).

On December 7, 2022, the Board of Directors of SAES approved the disbursement to the joint venture Flexterra, Inc. of an additional convertible loan for a total of 1 million dollars, with the same characteristics as the two already granted previously (July 2020 and August 2021). The first two tranches of this loan, of equal amounts and each for 250 thousand dollars, were paid during the first half of 2023 (for further details, see Note no. 20), while the subsequent two tranches (again amounting to 250 thousand dollars each) will be paid in the second half of the current year, upon the achievement of specific commercial objectives (for further details on the payment of the third tranche, please refer to Note no. 48).

On June 30, 2023, the Group signed a third amendment to the convertible loan granted to Rapitag GmbH. The new agreement calls for the disbursement of 200 thousand euros, in order to guarantee the continuation of the German start-up's development activities, pending the materialisation of several significant business opportunities. The loan was disbursed on July 4, 2023, but, given the uncertainty regarding the future commercial success of the German start-up, the Group's irrevocable commitment was accounted for as an onerous contract already at June 30, 2023, by recording a current risk provision, with a financial expense as a balancing entry (see Notes no. 6 and no. 33).

The bank time deposits made by SAES Investments S.A. with JP Morgan (roughly 67.6 million euros at June 30, 2023, see Note no. 27) were subject to a guarantee for the Lombard loan (Note no. 30), the maturity of which is planned by the end of 2023 (maturity date December 28, 2023). The bank deposit held by the Parent with Mediobanca (Note no. 28) is subject to a lien amounting to 40 million euros, corresponding to the cash outflows for the voluntary partial public tender offer on savings shares approved by the Shareholders on May 31, 2023 and finalised on July 31, 2023.

Finally, SAES is in possession of a lien on the intellectual property (IP) of Flexterra, as a guarantee for the loans granted by the Group to the joint venture, for the details of which please refer to Note no. 20.

SAES Getters S.p.A. was subject to an assessment by the Italian Revenue Agency in relation to income for the 2018 tax year. Following this assessment, on June 9, 2023, the Company received a Report on Findings indicating a higher taxable amount for IRES of 21.8 million euros, as well as a higher taxable amount for IRAP amounting to 13.2 million euros. If these higher taxes are confirmed in a subsequent tax deed, with reference to the 2018 tax period, the higher IRAP tax would be equal to 405 thousand euros, plus penalties and interest, while, with regard to IRES, the tax losses for this and previous periods would be sufficient to offset the higher tax.

The Company reserves the right to verify which and how many findings will be confirmed in the notice of assessment and, to date, evaluates them as unfounded and considers its actions to be correct. Therefore, also in light of the tax losses available to offset the higher IRES tax and having consulted with a tax expert who assessed the liability deriving from the Report on Findings as "possible", no risk provision was recognised in the financial statements at June 30, 2023.

44. RELATED PARTY TRANSACTIONS

Related parties are the following at June 30, 2023:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that at June 30, 2023 held 34.44%⁵⁹ of the ordinary shares of SAES Getters S.p.A. On May 10, 2023, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. for a total of 2.8 million euros.

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

- **Actuator Solutions GmbH**, a joint venture 50% jointly controlled by SAES Nitinol S.r.l. and SMA Holding, aimed at the development, assembly and marketing of actuator devices based on SMA technology.

With regard to Actuator Solutions GmbH, in the first half of 2023 the SAES Group had a commercial relationship (in particular, the sale of raw materials and purchase of semi-finished products in the context of the new BIPOD project) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract. There is a sales agreement in place between the Parent and Actuator Solutions GmbH that envisages payment to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions (nil in the first half of 2023).

Lastly, SAES Nitinol S.r.l. granted several interest-bearing loans to the joint venture Actuator Solutions GmbH, for the details of which please refer to Note no. 20. At June 30, 2023, the financial liabilities of Actuator Solutions GmbH towards SAES Nitinol S.r.l. totalled 8.1 million euros, including 0.1 million euros of interest accrued and not yet paid. In this regard, in April 2023, to ensure the operational continuity of the joint venture and accelerate the reconstruction of its equity, SAES Nitinol S.r.l. waived the residual amount due for interest accrued up to the end of 2022 (total amount of the waiver equal to 1.6 million euros, which joins the two waivers totalling 0.8 million euros, granted respectively in June 2021 and March 2022). This waiver had no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired at December 31, 2022. Furthermore, in parallel with the last financial year, at June 30, 2023 the financial asset corresponding to the interest accrued in the first half of the year was additionally impaired (79 thousand euros) as it was deemed difficult to recover by SAES management.

- **Flexterra, Inc.**, a joint venture of SAES Getters S.p.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialisation of materials and devices used in flexible displays.

- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the SAES Group provides administrative, legal, and financial and tax support services, as well as assistance in the joint venture's research and development activities, including the management of patents. These services are charged back under a service fees contract.

Furthermore, until June 30, 2023, the SAES Group granted three convertible loans to the joint venture Flexterra, Inc. for a total of 6 million dollars, to be repaid in cash or in the form of equity when certain conditions are met, with 8% annual interest (for more details, see Note no. 20). The first tranche, equal to 250 thousand dollars, of the last additional convertible loan granted on December 7, 2022 (total of 1 million dollars) was disbursed in January 2023, while the second tranche, in the same amount, was paid on June 1, 2023 following the positive evaluation by SAES of the joint venture updated business plan. The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current period, as a provision for risks and charges had already been recognised as at December 31, 2022 against the SAES Group's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the second tranche instead generated a financial expense in the statement of

⁵⁹ no. 5,018,486 ordinary shares held by S.G.G. Holding had accrued the voting rights increase and, therefore, S.G.G. Holding held 51.15% of the total voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

profit or loss for the first half of 2023 of 234 thousand euros. Furthermore, the financial asset corresponding to the interest accrued in the first half of 2023 on all of the various tranches of convertible loans granted to the joint venture, amounting to 195 thousand euros, was also impaired, as it was considered difficult to recover.

Lastly, as a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Also considered key managers are the Group Human Resources Manager and the Group Research Lab Manager.

Their close relatives are also considered related parties. In this respect, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES Getters S.p.A. and SAES Coated Films S.p.A., while Livia della Porta and Giulio della Porta, children of the non-executive Director Luigi Lorenzo della Porta, were employed by the Parent in June 2022 and early December 2022, respectively.

With regard to **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., aimed at the design and construction of vacuum chambers for accelerators, synchrotrons and for industry, it should be noted that SAES Getters S.p.A. completed the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. on May 25, 2022. Starting from that date the company is wholly owned by the SAES Group and was consolidated on a line-by-line basis, rather than with the equity method used previously and, therefore, has ceased to be a related party for the purposes of the consolidated financial statements.

The following tables show the total amounts of the related party transactions at June 30, 2023 compared with those at June 30, 2022 (for the profit or loss amounts) and December 31, 2022 (for the financial position amounts).

(Thousands of euros)

	1H 2023							June 30, 2023					
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Financial income (expense)	Impairment losses on loan assets	Property, plant and equipment	Trade receivables	Trade payables	Financial assets with related parties	Loss allowance related to loan assets with related parties	Provisions for risks and charges
Actuator Solutions GmbH	28	(190)	20 (*)	0	21 (*)	79	(79)	0	60	0	8,079 (**)	(8,079)	0
Flexterra, Inc.	0	0	12 (*)	0	25 (*)	195	(429)	0	37	0	5,992 (***)	(5,992)	0
Total	28	(190)	32	0	46	274	(508)	0	97	0	14,071	(14,071)	0

(*) Costs recovery.
(**) Loan assets fully impaired (both principal and interest).
(***) Loan assets related to convertible notes fully impaired (both principal and interest).

(Thousands of euros)

	1H 2022							December 31, 2022					
	Revenue	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Financial income (expense)	Impairment losses on loan assets	Property, plant and equipment	Trade receivables	Trade payables	Financial assets with related parties	Loss allowance related to loan assets with related parties	Provisions for risks and charges
SAES RIAL Vacuum S.r.l. (****)	100	(118)	0	4 (*)	4 (*)	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Actuator Solutions GmbH	0	(121)	20 (*)	0	21 (*)	79	(79)	1	41	(71)	9,621 (**)	(9,621)	0
Flexterra, Inc.	0	0	18 (*)	0	25 (*)	194	(194)	0	91	0	5,437 (***)	(5,437)	(234)
Total	100	(239)	38	4	50	273	(273)	1	132	(71)	15,058	(15,058)	(234)

(*) Costs recovery.
(**) Loan assets fully impaired (both principal and interest).
(***) Loan assets related to convertible notes fully impaired (both principal and interest).
(****) On May 25, 2022, the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l. was acquired by the SAES Group and the company was fully consolidated.

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 euros)

Guarantees given by the Group	June 30, 2023	December 31, 2022	Difference
Guarantees in favour of the joint venture Actuator Solutions GmbH	370	1,250	(880)
Guarantees in favour of the joint venture Flexterra	0	0	0
Total guarantees in favour of the joint ventures	370	1,250	(880)

As already mentioned above, the decrease compared to December 31, 2022 is mainly related to the reduction in the nominal amount of the credit lines granted by the banks to the joint venture Actuator Solutions GmbH.

The following table shows the remuneration of key managers as identified above⁶⁰.

(Thousands of euros)

Total remuneration to key management	1H 2023	1H 2022
Short-term employee benefits	2,138	2,051
Post-employment benefits	755	749
Other long-term benefits	338	338
Termination benefits	0	0
Share-based payments	782	201
Total	4,012	3,339

The item **"Short-term employee benefits"** mainly consists of fixed and variable remuneration of the key managers. The slight increase at June 30, 2023 compared to the corresponding period of 2022 is mainly attributable to the salary increases recognised starting from the beginning of the current year.

The item **"Other long-term benefits"**, perfectly aligned in the two half-years, includes provisions for the three-year monetary incentive plans recognised to both Executive Directors and key managers.

The item **"Share-based payments"** includes the provision for the phantom shares incentive plan: the higher provision compared to the first half of 2022 is correlated with the higher SAES share value starting from the beginning of the year (for further details on phantom shares, please refer to Note no. 32).

At June 30, 2023, amounts due to key managers, as defined above, were equal to 5,345 thousand euros, to be compared with 4,743 thousand euros at December 31, 2022. The increase is mainly related to the provision in the first half of 2023 for phantom shares and for the three-year monetary incentive plans, only partially offset by the lower amount due for variable remuneration (at June 30, 2023 the provision for bonuses refers only to six months, while at December 31, 2022 it referred to the entire year).

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as IAS 24, also in the first half of 2023 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

45. PUBLIC GRANTS – DISCLOSURE PURSUANT TO ARTICLE 1, ITALIAN LAW NO. 124/2017

Article 1, paragraph 125, of Italian Law No. 124 of August 4, 2017 introduced the obligation for companies that receive grants from the Public Administrations to publish the amounts of the grants received during the year in the notes to the financial statements and any consolidated financial statements.

The following table provides information regarding the disbursements received by SAES Getters S.p.A. and the other fully consolidated Italian companies of the Group from Italian public bodies

⁶⁰ Also included in this amount is the remuneration received by Ginevra della Porta, Lorenzo della Porta, Livia della Porta and Giulio della Porta under the terms of their employment contracts with the SAES Group.

and entities in the first half of 2023. The disbursements are identified according to the cash criterion and are reported only if they exceed 10 thousand euros.

(Thousands of euros)

Granting body	Reason for the grant	Amount received in 1H 2023
INPS	Grants for employment in disadvantaged areas - "Decontribuzione Sud" (articolo 27 del D.L. 104/2020)	427
MISE	Tax credit for research and development	215
CSEA - "Cassa per i servizi energetici e ambientali"	Facilities for enterprises with an electricity-intensive business	504

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

46. GROUP WORKFORCE

The following table shows the number of employees by category.

Group's employees	June 30, 2023	December 31, 2022	Average 1H 2023	Average 1H 2022
Managers	110	104	111	106
White-collars and junior managers	361	374	363	367
Blue-collars	732	687	716	691
Total (*)	1,203	1,165	1,190	1,164

(*) The figure does not include the employees of the joint ventures.

The number of employees at June 30, 2023 amounted to 1,203 units (of which 657 abroad), compared with 1,165 employees at December 31, 2022 (of which 621 abroad): the growth (+38 units) was mainly recorded at all of the US manufacturing affiliates (in particular, strengthening of the manufacturing workforce of the affiliates Memry Corporation and SAES Smart Materials, Inc.). This figure does not include 72 resources employed by Group companies with contracts other than employment contracts, compared to 61 resources at December 31, 2022, with an increase of 11 resources due to the higher number of temporary workers at US subsidiaries Memry Corporation and SAES Smart Materials, Inc. (increase in sales in the Medical Nitinol operating segment) and at the Avezzano plant (in anticipation of the increase in sales in the Chemicals operating segment, estimated for the second half of the current year).

The increase in the average number of employees during the first half of 2023 (1,190 units) compared to the same period of the previous year (1,164 units) is primarily associated with the US production affiliates (in particular, strengthening of production staff of the affiliates Memry Corporation, SAES Smart Materials, Inc. and Spectra-Mat, Inc.) and the Parent (slight increase across all operating segments).

The following table provides the number of employees broken down by category of the joint ventures Actuator Solutions GmbH and Flexterra, based on the percentage of ownership held by the Group.

Actuator Solutions GmbH	June 30, 2023	December 31, 2022
	50%	50%
Managers	1	1
Employees and middle management	13	13
Workers	1	1
Total (*)	15	15

(*) The figure excludes personnel employed with contracts other than employment contracts, equal to 1 unit as of June 30, 2023 and equal to 1 unit as of December 31, 2022 (according to the percentage of ownership held by the Group).

Flexterra	June 30, 2023	December 31, 2022
	47.10%	46.84%
Managers	2	2
Employees and middle management	3	3
Workers	0	0
Total	5	5

The number of employees at June 30, 2023 was in line with the end of 2022.

This figure does not include resources employed at the joint ventures with contracts other than employment contracts (1 unit at June 30, 2023 and at December 31, 2022, according to the percentage owned by the Group).

47. BINDING AGREEMENT FOR THE SALE OF THE US SUBSIDIARIES MEMRY CORPORATION AND SAES SMART MATERIALS, INC.

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

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

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

The agreed sale price is 900 million dollar (cash/debt free amount), corresponding to approximately 17 times the adjusted EBITDA relating to the scope of the agreement in the period October 1, 2021 - September 30, 2022. The final price will be subject to possible adjustments, according to a

calculation mechanism typical of this type of transaction and linked to the actual values of working capital and net financial position of the companies concerned at the closing date.

The conclusion of the transaction is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned. In particular, at the end of March 2023, SAES received, together with Resonetics, a request for additional information from the Federal Trade Commission (FTC). The procedure, known as a "Second Request" pursuant to the Hart Scott-Rodino Antitrust Improvements Act, extends the period available to the FTC to evaluate the merits of the transaction and, therefore, the waiting period before the parties may be able to close the transaction, up to 30 days from when SAES Getters and Resonetics (and some of their associated) will have complied with all requests for additional information made by the FTC. SAES Getters and Resonetics have continued to actively cooperate with the US Antitrust Authority in providing all the requested information.

Today, the Company received a favourable opinion from the FTC regarding the sale transaction. Consistent with the assessments carried out at December 31, 2022, obtaining this authorisation is considered a decisive element for the purpose of applying IFRS 5 to the Nitinol business and, therefore, having received this authorisation today, the Nitinol business will now be considered a "disposal group held for sale" pursuant to paragraph 12 of IFRS 5.

The transaction will allow SAES to have a significant injection of liquidity, which will allow the Group to develop a business plan for organic and inorganic growth, consistent with the technical-scientific skills of the Group, with a particular focus in the areas of advanced packaging and new functional materials (chemicals), without however giving up any opportunities that may arise in the Group's more traditional business segments. Finally, part of the liquidity may be used to guarantee a return to stakeholders.

The business in question recorded revenue of 64.3 million euros in the first half of 2023, EBITDA of 20.7 million euros (32.2% in percentage terms of revenue) and a profit of 11 million euros. The total workforce was 549 people at June 30, 2023 (502 employees at Memry Corporation and 47 employees at SAES Smart Materials, Inc., excluding temporary workers). The net assets amounted to approximately 117.2 million euros at June 30, 2023.

The breakdown of the consolidated revenue for each business segment and the pro-forma consolidated statement of profit or loss for the first half of 2023 are provided below, with an indication of the profit or loss relating to the net assets sold on a single line called "Profit (loss) from discontinued operations".

(Thousands of euros)

Divisions and Businesses	1H 2023	1H 2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	22,871	23,292	(421)	-1.8%	-0.1%	-1.7%	0.0%
Sintered Materials	4,460	5,590	(1,130)	-20.2%	0.9%	-21.1%	0.0%
SMA Materials	9,032	5,875	3,157	53.7%	1.0%	52.7%	0.0%
SAES Industrial	36,363	34,757	1,606	4.6%	0.2%	4.4%	0.0%
High Vacuum Solutions	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
SAES High Vacuum	13,859	13,209	650	4.9%	-0.2%	-12.8%	17.9%
Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
SAES Medical Nitinol	0	0	0	0.0%	0.0%	0.0%	0.0%
Functional Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
SAES Chemicals	4,912	7,447	(2,535)	-34.0%	0.0%	-34.0%	0.0%
Packaging Solutions	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
SAES Packaging	2,907	7,366	(4,459)	-60.5%	0.0%	-60.5%	0.0%
Not Allocated	17	8	9	112.5%	0.0%	112.5%	0.0%
Consolidated Revenue	58,058	62,787	(4,729)	-7.5%	0.1%	-11.4%	3.8%

(Thousands of euros)

Statement or profit or loss	SAES Industrial			SAES High Vacuum	SAES Medical Nitinol			SEAS Chemicals	SAES Packaging	Not Allocated	Total		
	1H 2023	Reclas. for disposal	1H 2023 pro-forma	1H 2023	1H 2023	Reclas. for disposal	1H 2023 pro-forma	1H 2023	1H 2023	1H 2023	1H 2023	Reclas. for disposal	1H 2023 pro-forma
Revenue	37,287	(924)	36,363	13,859	63,350	(63,350)	0	4,912	2,907	17	122,332	(64,274)	58,058
Cost of sales	(19,110)	949	(18,161)	(7,494)	(35,101)	35,101	0	(4,136)	(2,850)	(125)	(68,816)	36,050	(32,766)
Gross profit	18,177	25	18,202	6,365	28,249	(28,249)	0	776	57	(108)	53,516	(28,224)	25,292
% of revenue	48.7%	-2.7%	50.1%	45.9%	44.6%	44.6%	n.a.	15.8%	2.0%	n.a.	43.7%	43.9%	43.6%
Total operating costs	(7,228)	171	(7,057)	(3,940)	(10,040)	10,040	0	(1,129)	(1,608)	(17,041)	(40,986)	10,211	(30,775)
Net other income (expense)	(20)	0	(20)	(46)	62	(62)	0	(21)	(1)	(131)	(157)	(62)	(219)
Operating profit (loss)	10,929	196	11,125	2,379	18,271	(18,271)	0	(374)	(1,552)	(17,280)	12,373	(18,075)	(5,702)
% of revenue	29.3%	-21.2%	30.6%	17.2%	28.8%	28.8%	n.a.	-7.6%	-53.4%	n.a.	10.1%	28.1%	-9.8%
Financial income											6,630	0	6,630
Financial expense											(5,048)	116	(4,932)
Impairment losses on loan assets and other financial assets											(793)	0	(793)
Share of profit (loss) of equity-accounted investees											0	0	0
Net exchange losses											(1,999)	1,890	(109)
Pre-tax profit (loss)											11,163	(16,069)	(4,906)
Income taxes											(7,731)	5,089	(2,642)
Profit (loss) from continuing operations											3,432	(10,980)	(7,548)
Profit (loss) from discontinued operations											0	10,980	10,980
Profit for the period											3,432	0	3,432

48. EVENTS AFTER THE REPORTING PERIOD

Regarding the **investment made in the EUREKA! venture capital fund**, on July 7, 2023 a **payment of 79 thousand euros** was made, including both the portion of fund costs and the portion for the continuation of the investment in the companies already in the portfolio Phononic Vibes S.r.l.⁶¹ and INTA Systems S.r.l.⁶²

A **further payment, equal to 167 thousand euros**, was made on August 2, 2023 to cover the investment in BeDimensional S.p.A.⁶³, as well as two additional Proofs of Concept (POC), in collaboration with the National Research Council and with the University of Bologna, respectively.

On July 13, 2023, the Board of Directors of SAES Getters S.p.A. approved a **capital increase of 200 thousand euros for the joint venture Actuator Solutions GmbH**. A contribution in the same amount will also be made by the German shareholder. The capital increase aims to guarantee financial support to ensure the operational continuity of the business.

On July 13, 2023 the Board of Directors approved the **closure of the German Branch of SAES Getters S.p.A.**

On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. **provided to Flexterra the third tranche** of 250 thousand dollars of the **additional convertible loan** granted on December 7, 2022.

On July 31, 2023 the **voluntary partial public tender offer**⁶⁴ on no. 1,364,721 SAES Getters savings shares concluded successfully. At the closing, the public tender offer had been accepted for a total of no. 4,807,155 savings shares, equal to approximately 352.245% of the savings shares subject to the offer, 65.150% of the savings shares and 21.801% of the share capital of SAES Getters. Since the number of savings shares offered in acceptance of the public tender is higher than the number of savings shares subject to the offer, a distribution coefficient of 28.389% was applied. The

⁶¹ A deep-tech company established in 2018 as a spin-off of the Milan Polytechnic, **Phononic Vibes S.r.l.** designs and produces innovative solutions in the field of acoustic and vibro-acoustic metamaterial technologies for the attenuation of noise and vibrations and for the improvement of sound quality.

⁶² **INTA Systems S.r.l.** is the first spin-off of the Consiglio Nazionale delle Ricerche Istituto Nanoscienze of Pisa and the Scuola Normale Superiore of Pisa. INTA develops and manufactures ultra-sensitive and portable on-chip laboratories for rapid fluid analysis, with biomedical, safety, industry 4.0 and food-analysis applications.

⁶³ **BeDimensional S.p.A.** is a spin-off of the Italian Institute of Technology, active in the production of 2D crystals with few atomic layers which, through its patented production process, is capable of producing a wide range of two-dimensional materials, including in particular the graphene.

⁶⁴ The Offer Document was approved by Consob on July 6, 2023.

consideration due to the holders of savings shares for which the public tender was accepted and purchased by SAES Getters, equal to 29.31 euros for each savings share, was paid on August 4, 2023, for a total of 39,999,972.51 euros, against the simultaneous transfer of ownership of these savings shares to the Company and their ensuing automatic cancellation.

The public tender is part of the broader context of an inseparable unitary transaction including, in addition to the public tender, the **mandatory conversion** of the no 6,013,898 savings shares not purchased by the Company into ordinary shares, which took place automatically on August 4, 2023 on the basis of the ratio of 1 ordinary share for each 1 savings share of the Company. On the same date, the savings shares were then cancelled and delisted. For the mandatory conversion, no. 6,013,898 ordinary shares of the Company were used, corresponding to all of the no. 3,900,000 ordinary treasury shares and no. 2,113,898 newly issued ordinary shares, with no share capital increase. The Company's share capital is now made up of no. 16,785,248 ordinary shares, for a total number of 21,803,734 exercisable voting rights (taking into account the no. 5,018,486 ordinary shares with increased voting rights pursuant to Article 11 of the Articles of Association). The notional carrying amount per share is now approximately 0.72802 euros per share.

Following the transaction, as of today S.G.G. Holding S.p.A. owns 30.11% of the total shares of SAES Getters S.p.A. and 46.19% of the voting rights.

On August 28, 2023 the **1 savings share** that SAES Getters S.p.A. **purchased from the only shareholder who exercised the right of withdrawal**, subsequently converted into an ordinary share, was **sold** at a price of 28.15 euros.

On September 12, 2023, SAES Getters S.p.A. received a **favourable opinion** from the **Federal Trade Commission (FTC)** regarding the **sale of the Nitinol business for medical applications** to the US company Resonetics, LLC. The sale of the medical business is expected to close by the end of the year. See Note no. 47 for further details.

Lainate (Milan), September 12, 2023

on behalf of the Board of Directors
Massimo della Porta
Chairman

CERTIFICATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his position as Vice President and Managing Director and in his capacity of Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., confirms, also in accordance with the provisions of article 154-bis, paragraphs 3 and 4 of Legislative decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures adopted in the preparation of the Condensed Interim Consolidated Financial Statements for the period January 1 - June 30, 2023.

2. A riguardo, si segnala quanto segue:

- Regarding the Administrative - Accounting Control Model of the SAES Group and its implementation, the provisions of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the financial period ended on December 31, 2022 are confirmed since no changes were made.
- With regard to the results of the internal confirmation process for the accounting period from January 1 to June 30, 2023, it is confirmed that the controls illustrated in the aforementioned paragraph were also put in place and checked for the Interim Consolidated Financial Statements.
- As of today's date, the Manager responsible had received all the representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries involved in the processes chosen as significant following the risk assessment.

The correct application of the administrative-accounting control system was confirmed by the positive result of the inspections carried out by the Internal Audit Department in its support of the Manager responsible for the preparation of the corporate financial reports.

3. The following is also confirmed:

3.1. The Condensed Interim Consolidated Financial Statements as at June 30, 2023:

- a) were drawn up in accordance with the applicable international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council, of July 19, 2002 and more especially, by IAS 34 revised - Interim Financial Reporting;
- b) correspond to the accounting books and records;
- c) provide a true and faithful account of the capital, financial position and operating results of the issuer and the group of enterprises included in the consolidation.

3.2. The Interim report on operations includes a reliable analysis of the performance and operating result and the situation of the group of enterprises included in the consolidation, along with a description of the main risks and uncertainties that it is exposed to.

Lainate (MI), September 12, 2023

Vice President and Managing Director and
Manager responsible for the preparation of the corporate financial reports
Giulio Canale

**INDEPENDENT AUDITORS' REPORT ON THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
SAES Getters S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the SAES Getters Group, comprising the statement of financial position as at 30 June 2023, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



SAES Getters Group

Report on review of condensed interim consolidated financial statements

30 June 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the SAES Getters Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 12 September 2023

KPMG S.p.A.

(signed on the original)

Daniele Urso
Director of Audit

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