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DIGITAL SIGN

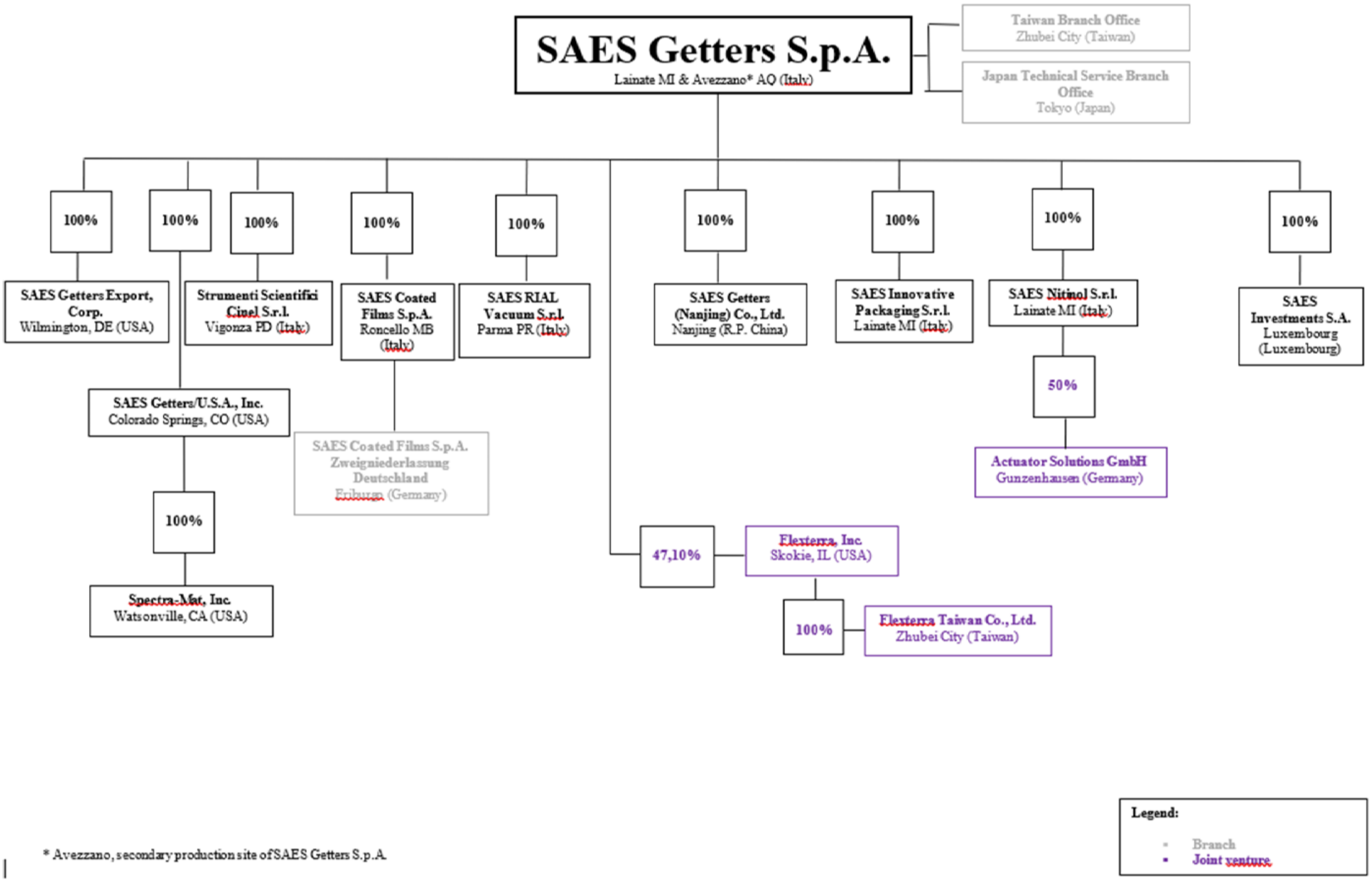
ANNUAL FINANCIAL REPORT

SAES Getters S.p.A.

2023

making
innovation
happen,
together

saes



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

2023 Annual Financial Report

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

SAES Getters S.p.A

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

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

Registered with the Milan Court Companies Register No. 00774910152

Company bodies as at December 31, 2023

Board of Directors

Chairman	Massimo della Porta
Deputy Chairman and Managing Director	Giulio Canale
Directors	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 (1) (2) (5) (6) (8) (9)

Board of Statutory Auditors

Chairman	Vincenzo Donnamaria
Statutory Auditors	Maurizio Civardi Sara Anita Speranza (8)
Alternate Statutory Auditors	Massimo Gabelli Silvia Olivotto (11)

Independent Auditors

KPMG S.p.A. (10)

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(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 at December 31, 2023.
(10) Appointed for the years 2022-2030 by the Shareholders' Meeting held on April 21, 2022.
(11) 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 ended 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 ended 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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LETTER TO SHAREHOLDERS

Dear Shareholders,

2023 was a year of extreme importance for the Group, marked by the successful conclusion of the negotiations for the sale of the Medical Division which, as you well know, was the most important transaction during the year in terms of value created.

The divestment also marks the third discontinuity in the Group's history, which is now seeing sharply reduced revenue and operating results far from what we were used to, but this should not be a concern because the Group has excellent prospects for organic growth.

The enormous value created will make it possible, on the one hand, to remunerate shareholders through the distribution of dividends and the already announced repurchase of treasury shares, which I hope will be approved by you at the Shareholders' Meeting; on the other hand, it will make it possible to launch an ambitious expansionary strategy program consistent with the new competencies of the Group, combining the usual organic growth with complementary inorganic growth.

The transition of knowledge from fine metallurgy to unconventional chemistry is now complete and the Group is now ready to start a close marketing and commercial activity in new sectors, such as cosmetics, with the clear objective of affirming itself also in these new areas with the same characteristics of innovation and leadership that have always distinguished us.

Inorganic development will be used to complete the expansionary program to increase turnover and strengthen our market position both in sectors in which we already operate, such as packaging or industrial applications, and in the new sectors in which we are preparing to enter, related to unconventional chemistry.

The Group has also launched an important project to rejuvenate the organization that will lead to the gradual replacement of first-line management over the next few years: I take this opportunity, with this letter, to officially thank all those who will leave us, after having contributed to the success of our Group for many years.

The next three years are therefore very important for the Group which, in addition to being strongly committed to growth, will have to face the generational handover, but I am confident that both objectives will be achieved without any difficulty.

Massimo della Porta
SAES Group CEO

REPORT ON OPERATIONS OF THE SAES GROUP

Group Financial Highlights

Statement of profit or loss figures (Thousands of euros)	**2023**	**2022** (1)	**Difference**	**Difference %**
REVENUE				
- SAES Industrial	70,864	70,209	655	0.9%
- SAES High Vacuum	31,865	30,967	898	2.9%
- SAES Chemicals	13,293	14,714	(1,421)	-9.7%
- SAES Packaging	5,502	10,641	(5,139)	-48.3%
- Not Allocated (2)	63	32	31	96.9%
Total	**121,587**	**126,563**	**(4,976)**	**-3.9%**
GROSS PROFIT (LOSS)				
- SAES Industrial	34,758	34,681	77	0.2%
- SAES High Vacuum	13,549	14,915	(1,366)	-9.2%
- SAES Chemicals	2,297	2,824	(527)	-18.7%
- SAES Packaging	(966)	1,307	(2,273)	-173.9%
- Not Allocated (3)	(208)	(149)	(59)	39.6%
Total	**49,430**	**53,578**	**(4,148)**	**-7.7%**
% of revenue	*40.7%*	*42.3%*		
EBITDA (GROSS OPERATING PROFIT (LOSS))	**(11,955)**	**6,346**	**(18,301)**	**-288.4%**
% of revenue	*-9.8%*	*5.0%*		
OPERATING PROFIT (LOSS)	**(22,249)**	**(3,413)**	**(18,836)**	**551.9%**
% of revenue	*-18.3%*	*-2.7%*		
PRE-TAX PROFIT (LOSS)	**(12,743)**	**(19,893)**	**7,150**	**-35.9%**
% of revenue	*-10.5%*	*-15.7%*		
PROFIT (LOSS) from continuing operations	**(11,020)**	**(22,242)**	**11,222**	**-50.5%**
% of revenue	*-9.1%*	*-17.6%*		
PROFIT (LOSS) from discontinued operations, net of taxes	**643,316**	**34,592**	**608,724**	**1,759.7%**
% of revenue	*529.1%*	*27.3%*		
PROFIT (LOSS) FOR THE YEAR	**632,296**	**12,350**	**619,946**	**5,019.8%**
% of revenue	*520.0%*	*9.8%*		

Statement of financial position figures (Thousands of euros)	**December 31, 2023**	**December 31, 2022**	**Difference**	**Difference %**
Property, plant and equipment	53,851	92,697	(38,846)	-41.9%
Equity attributable to the owners of the parent	823,190	264,053	559,137	211.8%
Net financial position	773,334	64,291	709,043	1,102.9%

Other information	**2023**	**2022**	**Difference**	**Difference %**
(Thousands of euros)				
Cash flows from operating activities	(39,723)	37,173	(76,896)	-206.9%
Research and development expenses	(10,915)	(10,120)	(795)	7.9%
Personnel expense	(67,185)	(54,216)	(12,969)	23.9%
Acquisition of property, plant and equipment	(9,983)	(15,293)	5,310	-34.7%
(Number)				
Employees as at December 31 (4)	655	1,226	(571)	-46.6%

***

(1) Some comparative amounts do not coincide with what is reported in the 2022 Annual Financial Report as they were reclassified to reflect the effects of the sale of the Nitinol business and in particular, the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023. Following this sale, the SAES Medical Nitinol Division ceased to exist and, therefore, the revenue/costs relating to the companies sold, up to the date of sale (revenue/costs for the period January 1 - October 2, 2023), together

with the income and the accessory costs related to the extraordinary transaction, were classified, in compliance with IFRS 5, under the specific statement of profit or loss item "Profit (loss) from discontinued operations, net of tax effects". The balances for the year 2022 were reclassified accordingly, to ensure comparability between the two years (the reclassifications of the comparative balances are detailed in Note no. 6, paragraph "Reclassifications of the 2022 balances", to the Consolidated Financial Statements at December 31, 2023).

(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 application sectors.

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

(4) At December 31, 2023, this item includes:

- 641 employees (1,165 at December 31, 2022);
- 14 persons employed at Group companies with contract types other than salaried employment agreements (61 at December 31, 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 22 units at December 31, 2023 (21 units at the end of the previous year, again according to the percentage of ownership held by the Group). Lastly, it should be noted that the personnel (employees and temporary workers) of the US associates Memry Corporation and SAES Smart Materials, Inc., whose sale was finalized on October 2, 2023, consisted of 541 and 59 units, respectively, at that date of sale.

Alternative performance indicators

In order to allow a better assessment of the performance of 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)

	2023	2022
Revenue	**121,587**	**126,563**
Raw materials and change in raw materials	(24,995)	(33,843)
Direct labour	(13,583)	(13,565)
Manufacturing overheads	(29,661)	(29,527)
Change in work in progress and finished goods	(3,918)	3,950
Cost of sales	**(72,157)**	**(72,985)**
Gross profit	**49,430**	**53,578**
Gross profit margin	***40.7%***	***42.3%***

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)

	2023	2022
Revenue	**121,587**	**126,563**
Profit for the year	**632,296**	**12,350**
Profit (loss) from discontinued operations, net of taxes	643,316	34,592
Income taxes	1,723	(2,349)
Net exchange losses	694	(531)
Share of profit (loss) of equity-accounted investees	(200)	(433)
Impairment losses on loan assets and other financial assets	(2,230)	(2,364)
Net financial income (expense)	11,242	(13,152)
Operating loss	**(22,249)**	**(3,413)**
Depreciation of property, plant and equipment and amortisation of intangible assets	(9,131)	(8,405)
Depreciation of right-of-use assets	(1,152)	(1,259)
Impairment losses on property, plant and equipment and intangible assets	(11)	(95)
EBITDA	**(11,955)**	**6,346**
Percentage EBITDA	***-9.8%***	***5.0%***

EBITDA (gross operating profit) is not deemed an accounting measure under International Financial Reporting Standards (IFRSs); however, it is believed that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be the same as that adopted by other Groups. EBITDA is calculated as "Pre-tax profit (loss) for the year, before the profit (loss) from discontinued operations, 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)

	December 31, 2023	June 30, 2023	December 31, 2022
Cash	9	9	10
Cash equivalents	101,103	86,531	42,129
Cash and cash equivalents	**101,112**	**86,540**	**42,139**
Securities	15,035	18,006	145,484
Derivative financial instruments	0	0	259
Other financial assets with third parties	653,660	77,449	0
Current financial assets	**668,695**	**95,455**	**145,743**
Bank loans and borrowings	(3,007)	(71,463)	(65,302)
Current portion of non-current financial liabilities	0	(52,001)	(52,094)
Derivative financial instruments	0	(1,732)	0
Other financial liabilities	0	0	(30)
Lease liabilities	(1,088)	(2,397)	(2,545)
Current financial indebtedness	**(4,095)**	**(127,593)**	**(119,971)**
Current net financial position (indebtedness)	**765,712**	**54,402**	**67,911**
Financial assets with related parties	0	0	0
Other financial assets with third parties	9,749	0	0
Non-current financial assets	**9,749**	**0**	**0**
Financial liabilities	0	0	(119)
Lease liabilities	(1,654)	(3,059)	(3,039)
Other financial liabilities	(473)	(467)	(462)
Non-current financial indebtedness	**(2,127)**	**(3,526)**	**(3,620)**
Non-current net financial position (indebtedness)	**7,622**	**(3,526)**	**(3,620)**
Net financial position	**773,334**	**50,876**	**64,291**

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

(Thousands of euros)

			Note	December 31, 2023	June 30, 2023	December 31, 2022
A.	Cash		37	101,112	66,864	34,695
B.	Cash equivalents		37	0	19,676	7,444
C.	Other current financial assets		35/36	668,695	95,455	145,743
D.	**Liquidity (A + B + C)**			**769,807**	**181,995**	**187,882**
E.	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt).		43/47	(3,007)	(73,195)	(65,332)
F.	Current portion of non-current financial debt	(*)	39/40	(1,088)	(54,398)	(54,639)
G.	**Current financial indebtedness (E + F)**			**(4,095)**	**(127,593)**	**(119,971)**
H.	**Net current financial position (G + D)**			**765,712**	**54,402**	**67,911**
I.	Non-current financial debt (excluding current portion and debt instruments)	(**)	39/40/43	(2,127)	(3,526)	(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)**			**(2,127)**	**(3,526)**	**(3,620)**
M.	**Total financial position (H + L)**			**763,585**	**50,876**	**64,291**

(*) Of which 1,088 thousand euros relating to current lease liabilities.

(**) Of which 1,654 thousand euros relating to non-current lease liabilities.

(Thousands of euros)

	December 31, 2023	June 30, 2023	December 31, 2022
Total financial indebtedness - in accordance to ESMA guidance	**763,585**	**50,876**	**64,291**
Other non-current financial assets with third parties	9,749	0	0
Net financial indebtedness - included in Report on Operations	**773,334**	**50,876**	**64,291**

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(Thousands of euros)

	December 31, 2023	December 31, 2022
Inventories	22,871	44,436
Trade receivables	14,745	34,519
Trade payables	(11,043)	(17,005)
Net Working Capital	**26,573**	**61,950**

Exchange rate effect and organic change

It should be noted that the **exchange rate effect** reported in the comments on the various items of the statement of profit or loss is in no way linked to the currency risk and the management of contracts to hedge this risk, but is a consequence of the effect of the fluctuations in exchange rates (in particular, of the US dollar) on the translation of foreign currency revenue and costs incurred by Group companies.
In particular, to obtain the **organic change**, the costs and revenue in currencies[1] of the current year, net of the difference attributable to **changes in the scope of consolidation**, are reconverted into euros at the progressive average exchange rate of the year and subsequently compared with those in euros of the previous year. The **exchange rate effect**, on the other hand, is calculated as the difference between the overall change (net of the effects attributable to changes in the scope of consolidation) 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 for accelerators and synchrotrons 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 are used today for 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.
SAES also offers functional acoustic composites for the consumer electronics market and new functional materials developed from two main technological platforms are currently in the validation stage: special zeolites and microcapsules. These new developments can be applied in various sectors, from cosmetics to the paint & coatings segment, as well as that of polymers of natural origin.

Among the Group's most recent application sectors, that of advanced packaging is particularly strategic, 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 across eight manufacturing plants, a worldwide commercial and technical assistance network, and about 700 employees allow the Group to combine multicultural skills with experience to form a group 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.

As at December 31, 2023, S.G.G. Holding S.p.A. with registered office in Milan, via Santa Maria Fulcorina No. 2, is the main shareholder of SAES Getters S.p.A. but does not hold the majority of the voting rights that can be exercised at the Shareholders' Meeting[2] and does not exercise management and coordination activities over 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 Structures for 2023, S.G.G. Holding S.p.A., despite having the relative majority of the voting rights of SAES Getters S.p.A., does not exercise management and coordination activities in respect of the latter in view of the fact that S.G.G. Holding S.p.A., in management,

[2] At December 31, 2023, S.G.G. Holding S.p.A. held 30.11% of the shares of SAES Getters S.p.A. and has 46.19% of the voting rights (percentage calculated taking into account that 5,018,486 shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right).

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 (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 better specified in Note no. 38 to the Consolidated Financial Statements at December 31, 2023, following the joint partial voluntary public offer for 1,364,721 savings shares and subsequent mandatory conversion of savings shares not purchased into ordinary shares, completed between the end of July and the beginning of August 2023, at the end of the year SAES Getters S.p.A. does not hold ordinary shares (as at December 31, 2022, ordinary treasury shares held were 3,900,000). Also as a result of this transaction, starting from the beginning of August 2023, the savings shares were cancelled and are therefore no longer traded on the market. No subsidiary holds shares in SAES Getters S.p.A., not even through a trust company or a third party. 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 four Divisions: Industrial, High Vacuum, 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 four 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	High and ultra-high vacuum getter pumps, vacuum chambers and components and scientific instrumentation for accelerators, integrated vacuum mechanics solutions and getter technologies for industry and research
SAES Chemicals Division	
Functional Chemicals	Functional acoustic composites for consumer electronics applications and new functional materials being validated at prospects in different application sectors
SAES Packaging Division	
Packaging Solutions	Advanced lacquers and plastic films for the sustainable packaging sector

Compared with the previous year, to be noted is that the organizational structure has changed following the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023. Therefore, the SAES Medical Nitinol Division has ceased to exist and, therefore, the revenue/costs relating to the companies sold, up to the date of sale, together with the income and the accessory costs related to the extraordinary transaction, were classified, in compliance with IFRS 5, under the specific statement of profit or loss item "Income (loss) from discontinued operations, net of tax effects". The figures for the year 2022 were reclassified accordingly, to ensure comparability in the two years (the reclassifications are detailed in Note no. 6, paragraph "Reclassifications of the 2022 balances", to the Consolidated Financial Statements at December 31, 2023).

SAES Industrial Division

Getters & Dispensers

The SAES Group provides innovative technological solutions used in various industrial sectors, ranging from consumer electronics, to security and defence, medical imaging diagnostics, vacuum thermal insulation and traditional high and low pressure discharge lamps.
To meet the different technical and process requirements of these applications, the SAES product portfolio includes multiple types and formats of non-evaporable getters (including compressed pills, porous getters and thin films for MEMS applications), as well as alkaline metal and mercury dispensers with reduced environmental impact.
Recently, the SAES offer has been enriched with a new generation of dispensable getters based on functionalised polymers, which find their use in OLED displays, optoelectronic applications, advanced photonics and telecommunications (5G).

Sintered Materials

Through its US subsidiary Spectra-Mat, Inc., the SAES Group provides advanced technological solutions for a wide range of markets including avionics, medical, scientific instrumentation for various industrial applications, telecommunications, and security and defence.
The product portfolio includes electron sources based on dispenser cathodes for a wide variety of microwave tubes, X-ray tubes, and gas lasers, for the most advanced applications. In addition, SAES provides advanced materials and solutions for the thermal management of high-power solid state lasers, and advanced semiconductor devices for radio-frequency and microwave systems.

SMA Materials

The SAES Group produces semi-finished products, components and devices in shape memory alloy, a special alloy made of nickel-titanium (Nitinol) characterised by super-elasticity (a property that enables the material to withstand even large deformations and then return to its original form) and by the property of assuming predefined forms when heated.
Due to this characteristic, the shape memory alloy is used in the production of a variety of industrial devices (open and close valves, proportional valves, actuators, release systems, mini-actuators and dispensers) that use its distinctive characteristics (noiseless, compact, light, low power consumption, speed, precision of proportional control). SMA devices are used across the board in the industrial field, in areas of application such as domotics, the white goods industry, consumer electronics, medical business, and the automotive and luxury sector.

SAES High Vacuum Division

High Vacuum Solutions

The skills acquired in the vacuum and getter alloy technologies are the basis for the development of non-evaporable getter materials (NEG) pumps, with both industrial and scientific applications (in particular in analytical instrumentation, in vacuum systems for research purposes and in particle accelerators). The NEXTorr® family of high and ultra-high vacuum pumps integrates both getter and ion technology in a single, extremely compact and high-performing device. This line was then joined by the CapaciTorr® HV line, high-vacuum pumps using an innovative alloy with greater gaseous absorption capacity.
The Division's core offering was enriched through the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. in May 2022. Strumenti Scientifici Cinel S.r.l. is a leading company in the supply of scientific instrumentation for accelerators and

research, and has made it possible to strengthen the SAES's leadership in the research market, expanding the technological and product offering from pumps to vacuum chambers, to beamlines, to synchrotron scientific instrumentation and to accelerators. SAES RIAL Vacuum S.r.l. is active in the supply of coated getter vacuum chambers and various vacuum devices for synchrotrons and accelerators as well as vacuum engineering services, for both industrial and research customers.
Recent acquisitions have enabled SAES to develop important skills in the design of systems that integrate vacuum mechanics, pumping units and control electronics. During 2022, the Division began supplying the NEG pump for the RFX Consortium, an important Italian contribution linked to the ITER project. The pump, conceived, engineered and built entirely by SAES, will be supplied together with the power supply and control system and will guarantee a vacuum in the RFX ion source.

SAES Chemicals Division

Functional Chemicals
The SAES Chemicals Division offers the market the new functional materials developed within the Group's research laboratories, starting from two main technological platforms: special zeolites and microcapsules.
Having passed the prototype stage, some of these materials are being validated by prospective customers, who are evaluating their use as functional additives in various application sectors, from paint & coatings segment to that of polymers of natural origin. A line of additives for the sector of personal care is also at an advanced stage of development.
Increasingly consolidated, on the other hand, is the business of functional acoustic composites for the consumer electronics market, a segment in which new materials are also beginning to be offered, complementing and expanding the Division's product portfolio.

SAES Packaging Division

Packaging Solutions
The functional chemicals technological platform has been used to develop the application of advanced functional coatings on innovative plastic films for food packaging, an area in which SAES operates through the company SAES Coated Films S.p.A., a well-established player in the advanced packaging sector. In the high-performance packaging market, in terms of protection and durability of the product to be stored, SAES competes with innovative solutions that add to the technological functionality the sustainability of materials designed for recycling and composting. The market to which the Division's activities are aimed is undergoing major expansion, under a European legislative pressure to convert plastic packaging into solutions with high recycling potential. Thanks to the experience gained through years of interaction with the plastic transformer industry and the food industry, SAES Coated Films S.p.A. is now able to design and develop innovative packaging solutions, taking advantage of the versatility of its technologies and products. Thanks to this strategic positioning, SAES is able to convey to the market the added value enabled by its technological portfolio and to further increasing awareness of its brand.

Significant events in 2023

The material event that most characterized the year 2023 is the **sale of the Nitinol business** and, in particular, of the **US subsidiaries Memry Corporation and SAES Smart Materials, Inc.** to the company Resonetics, LLC. 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 company is focused on the production and assembly of high-tech components and provides customers with a wide range of solutions and services, from design and development to large-volume prototyping.
On January 9, 2023, the SAES Group signed a binding agreement for the sale of the two US subsidiaries, while the favourable opinion from the *Federal Trade Commission* (FTC) regarding the transaction was received on September 12, 2023, upon conclusion of the "Second Request" procedure pursuant to the *Hart Scott-Rodino*

Antirtrust Improvements Act, launched at the end of March 2023. The closing of the transaction was finalized on October 2, 2023.
The scope of the sale by SAES includes the entire production process in the Nitinol business, 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 will continue to be managed by SAES Getters S.p.A., was excluded from the scope of the sale. To this end, a specific contract was 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 sale.

The sale price was 880.1 million dollars, which is the contractually agreed upon price of 900 million dollars (approximately 17 times the adjusted EBITDA related to the sale scope during the period October 1, 2021-September 30, 2022), corrected following a negative adjustment of -19.9 million dollars calculated on the basis of the working capital, debt, cash and tax assets of the sold US companies as of the closing date. This adjustment is still subject to a verification procedure by the buyer and will be finalized by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 by Memry Corporation and SAES Smart Materials, Inc. It should be noted that 15 million dollars was deposited by way of escrow, as normal practice in this type of transaction, to cover any tax liabilities that may arise in the future for the US companies subject to sale. The financial asset related to escrow as at December 31, 2023, is recorded in the financial statements at 10.8 million dollars (9.7 million euros), reduced by 4.2 million dollars (3.8 million euros), to keep considering the possible effects of some tax risks on the sale price.

The carrying amount in euro of the net assets sold was 96 million euros. The net capital gain generated by the transaction for 615.3 million euros, consisting of a gross gain of 735.8 million euros, from which the costs related to the transaction were deducted (including legal and consulting, costs for incentives for Executive Directors and employees and costs relating to the contingent derivative subscribed to cover the collection in dollars) of 120.5 million euros. This net capital gain, together with the profit generated by the business subject to the sale in the period January 1 - October 2, 2023, the closing date (for 28 million euros), was classified under the statement of profit or loss item "Income (loss) from discontinued operations, net of tax effects" (643.3 million euros).

Thanks to this transaction, SAES now has a significant injection of liquidity. The **guidelines on the use of proceeds from the sale** were approved by the Board of Directors of SAES Getters S.p.A. held on October 2, 2023 and the following shall be submitted for approval at the next Shareholders' Meeting of April 23, 2024:
- the distribution of a dividend for the year 2023 of 12.51 euros per share, for a total dividend income, relating to the year 2023, of approximately 210 million euros;
- the promotion by SAES Getters of a partial voluntary public offer (OPA) of up to 5,700,325 ordinary shares at a consideration of 24.56 euros per share (ex-dividend 2023) for a total maximum consideration of approximately 140 million euros.

It should be noted that the completion of the repurchase of treasury shares will take place at the same time as the cancellation of the treasury shares repurchased, without reducing the amount of the share capital.
The public offer is not conditioned by reaching a minimum number of subscriptions. If the number of shares brought to the Public Offer exceeds the maximum 5,700,325 shares being offered, an allocation will be made according to the *"pro-rata"* method. It is expected that, once the necessary approvals and authorizations have been obtained, the public offer may be finalized after the payment of the 2023 dividend and, in any case, by the first half year of 2024.
The remaining net proceeds from the sale, indicatively 350 million, will be used to implement a new industrial plan for growth, both organic and inorganic, consistent with the SAES Group's technical and scientific expertise.

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With reference to the **current scope of consolidation,** i.e. net of the aforementioned business sold, **consolidated revenue** for 2023 amounting to 121.6 million euros, down 3.9% compared to 126.6 million euros in 2022, penalized above all by the negative exchange rate effect (-2.1 million euros) and the decline in the Packaging Division, which has suffered a contraction in consumption due to the inflationary crisis and overstock of raw materials in the converting market. The decline in the Chemicals Division, mainly in the first half of the year due to the slowdown in the consumer electronics market, was offset by the growth of the Industrial Division (higher sales of SMA alloys in the mobile sector) and the High Vacuum Division (thanks to the acquisition of the 100% of SAES RIAL Vacuum S.r.l.).

Consolidated gross profit was also down (49.4 million euros in 2023, compared to 53.6 million euros in 2022). The decline is again mainly attributable to the Packaging Division, but also to the High Vacuum Division, which, despite the increase in sales, closed the year with a lower gross profit, penalized by inflationary effects on raw material costs.

Consolidated EBITDA (gross operating loss of 12 million euros in 2023, compared to gross operating profit of 6.3 million euros in 2022) was strongly impacted by non-recurring costs (in total 14.3 million euros in 2023), net of which the decrease would have been much more contained and in line with that of the gross profit.

Finally, despite the fact that non-recurring items had a negative impact on 2023, the **loss from continuing operations** was significantly improved (-11 million euros in 2023, compared to -22.2 million euros in 2022), since the previous year had been significantly penalized by the reduction in the value of the investment portfolio.

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The main additional events that occurred in 2023 are described 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.

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 was not renewed and the related reduction in personnel expense was approximately 101 thousand euros.

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).

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.[3] and INTA Systems S.r.l.[4]

A **further payment, equal to 167 thousand euros**, was made on August 2, 2023 to cover the investment in BeDimensional S.p.A.[5], as well as two additional Proofs of Concept (POC), in collaboration with the National Research Council and with the University of Bologna, respectively.

On September 18, 2023, **a payment of 72 thousand euros** was made, to continue the investment in the companies already in the portfolio Endostart S.r.l., which has reached the milestone agreed with the investors, and INTA Systems S.r.l., which will thus be able to start the industrialization of its own *lab-on-chip*, as well as to cover the operating expense of the fund.

Lastly, on December 7, 2023, the amount of **126 thousand euros was paid** to cover the Investments carried out in the companies:

- NOVAC S.r.l., to allow the continuation of technological development activities;
- Active Label S.r.l., after the positive outcome of the proof of concept;
- RePET S.r.l., whose technology allows the recovery and revaluation of the post-consumer PET thermoplastic polymer from packaging, through innovative green chemical recycling procedures;
- 3DNextech S.r.l., which has developed a patented chemical treatment capable of giving significant aesthetic, mechanical and functional improvements to items made through additive manufacturing.

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 business plan.

On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. paid Flexterra the **third tranche**, also in the amount of 250 thousand dollars, while the **fourth and final tranche**, in the same amount, was approved on October 12, 2023.

The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, as a provision 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 has instead generated a financial expense in the statement of profit or loss in 2023.

At the beginning of February 2023, Memry Corporation **repaid in advance the loan granted by the State of Connecticut (CT)** (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.

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

[3] 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.

[4] **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.

[5] **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.

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 **Audit, 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 1,621 million euros[6], to ensure business continuity and accelerate the replenishment of equity. The above waiver, finalized in April, 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, 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. The start-up entered phase 2 of the project on September 26, 2023, following the positive outcome of phase 1, and therefore the second round of contribution by SAES was activated.
In June 2023, a second company was added to the acceleration program, **Vortex S.r.l. – Società Benefit**, 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 can 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 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.
In the second call, with over 30 applications received, two start-ups were selected with which the contract finalization phase began: **BacFarm**, a Sardinian biotech start-up that extracts innovative active ingredients from extremophilic bacteria for cosmetic applications (UV filters) and **Flux Polymer**, a Finnish-German start-up that develops smart coatings potentially applicable to the products of SAES Coated Films S.p.A.

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,

[6] 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.

in office for the 2020-2022 three-year period, had come to an end. His mandate ended in August 2023 following the conversion of the outstanding post-public offer savings shares into ordinary shares.

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). Specifically, the contract 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 as such targets were not met. The financial asset corresponding to the first tranche of 200 thousand euros was impaired because it was deemed difficult to recover.
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 disbursement of an additional 200 thousand euros, paid on July 4, was aimed at ensuring the continuation of the development activities of the German start-up. Again, the loan was impaired because it was judged difficult to recover.

The **tax return for the 2018 tax year of SAES Getters S.p.A.** was subject to an **assessment by the Italian tax authority**, following which, on June 9, 2023, the Company received a **preliminary assessment report** 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 Assessment Notice has not yet been issued by the competent tax authority.
Lastly, on September 25, 2023, the Italian tax authority, through the notice of a questionnaire, requested information on the same issues on which the aforementioned preliminary assessment report is concerned also with reference to the 2017 tax period.

In order to reduce the Group's exposure to financial market volatility, **all securities were sold** during the first half of 2023, **with the exception of the two Credit Link Certificates** (*CLC*) maturing respectively in January 2024 and June 2026.

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 capital injection of 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 31, 2023 the **voluntary partial public offer**[7] on 1,364,721 SAES Getters savings shares concluded successfully. At the closing, the public offer had been accepted for a total of 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 offer is higher than the number of savings shares subject to the offer, a distribution coefficient of 28.389% was applied. The consideration due to the holders of savings shares under the public offer and purchased by SAES Getters, equal to 29.31 euros for each savings share, was paid on August 4, 2023, for a total of about 40 million euros, against the simultaneous transfer of ownership of these savings shares to the Company and their ensuing automatic cancellation.
The Public Offer was accompanied by the **mandatory conversion** of 6,013,898 savings shares, not purchased by the Company, into ordinary shares, which automatically took place on August 4, 2023, based on the conversion ratio of 1 ordinary share for every 1 savings share of the Company. On the same date, the savings shares were then cancelled and delisted. For the mandatory conversion, 6,013,898 ordinary shares of the Company were used, corresponding to all of the 3,900,000 ordinary treasury shares and 2,113,898 newly issued ordinary shares, with no share capital increase.

[7] The Offer Document was approved by Consob on July 6, 2023.

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.
The Company's share capital is now made up of 16,785,248 ordinary shares, for a total number of 21,803,734 exercisable voting rights (taking into account the 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 approximately 0.72802 euros per share.

On October 17, 2023 the **closure of the German Branch of SAES Getters S.p.A.** was completed.

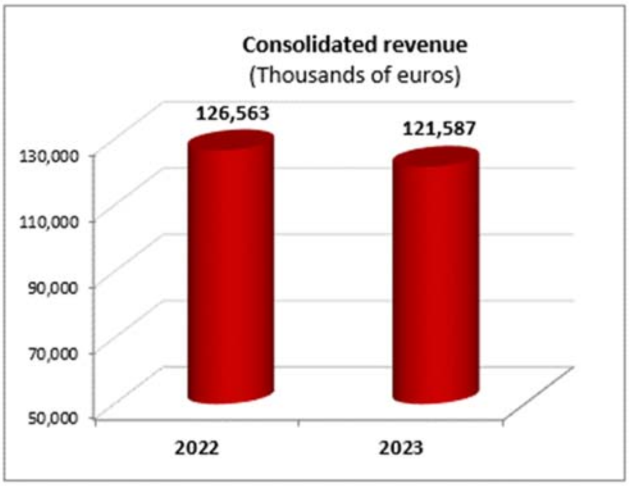
On December 14, 2023, SAES Getters S.p.A. signed a union agreement with Federmanager/Assolombarda to incentivize the voluntary redundancy of up to a maximum of 15 executives who will reach the regulatory requirements for pension in the next 7 years, using the tool under Article 4 of Italian Law No. 92/2012 (**Isopension**). For the benefit of executives who join the Plan, which is scheduled to end on December 31, 2026, SAES will pay a benefit in an amount equal to the pension that they would be entitled to under current rules and will pay INPS the related notional contribution, until they reach the minimum requirements for retirement, which is expected to be within a maximum period of 7 years from the termination of employment.
This initiative, after the sale of the Nitinol business, is part of the new phase undertaken by SAES for the transformation and reconfirmation of its technological value, also through a program of alignment and adjustments of the organizational structures, in all its areas and functions, to the current market context.
In relation to the Isopension agreement, SAES reports that it has made a provision as at December 31, 2023 for 11.4 million euros, par to the best estimate of the resources necessary to meet the undertaken obligation. The transaction, once completed, will allow savings in annual personnel expense for an approximate estimate of 4 million euros.

In December 2023, SAES participated in the equity fundraising **promoted by Cambridge Mechatronics Limited**, of which it is already a minority shareholder as of the end of 2020, following the subscription of 159,745 preferred ordinary shares. In particular, on December 18, 2023, SAES acquired, for a consideration of 840 thousand pounds, 456,423 newly issued class B1 preferred shares. These shares are granted certain preferential rights, including priority over capital redemption and a preferred dividend if actually distributed. SAES has also received 117,325 ordinary shares to compensate for the fact that the rights of the preferred ordinary shares acquired in 2020 were subordinated to those of the newly issued class B1 preferred shares. Upon completion of the transaction, SAES's stake in Cambridge Mechatronics Limited is 1.83%.

It should be noted that, using the cash from the sale of the Nitinol business, **both revolving loans outstanding with Unicredit S.p.A.[8] and Intesa Sanpaolo S.p.A.[9] and the Parent's short-term loans in the form of "hot money" were repaid** in October 2023. It should be noted that the **Lombard loan** taken out with JP Morgan (principal par of 52 million euros) was also **repaid** on its natural due date, i.e. on December 28, 2023.

Revenue and results for 2023

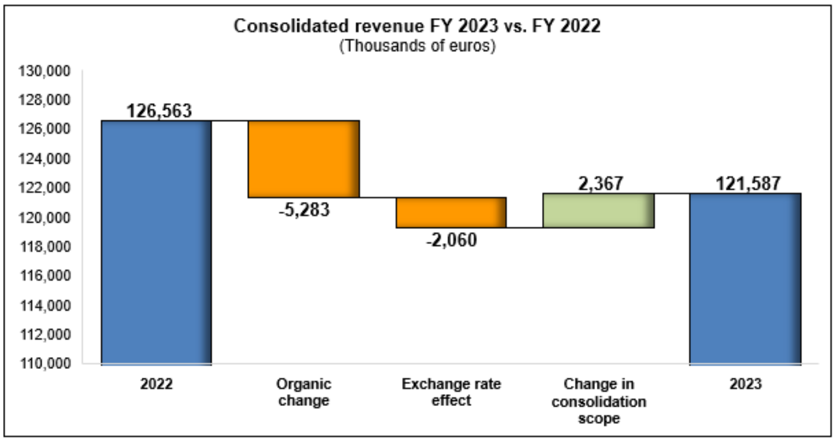
[8] Revolving credit line of 30 million euros signed on March 6, 2023 and postponed until February 22, 2023.
[9] Revolving credit line of 30 million euros signed on May 29, 2023.



Consolidated revenue in 2023 amounting to 121,587 thousand euros, down 3.9% compared to 126,563 thousand euros in 2022, also penalized by the **negative exchange rate effect** (-1.6% or -2,060 thousand euros). The **change in the scope of consolidation** [10]instead led to a positive difference of + 1.9%, or 2,367 thousand euros.

Excluding both the exchange rate effect and the scope effect, the **organic change** was negative for -4.2% (-5,283 thousand euros): the organic decrease coincides with that recorded by the **Packaging Division** (contraction in consumption due to the inflation crisis, with negative repercussions on the entire packaging supply chain, and from raw material inventory in the converting market due to excessive purchases made in 2022 in anticipation of significant cost increases). The organic losses recorded by the **Chemicals Divisions** (decrease in sales especially in the first half of the year, attributable to the slowdown in the consumer electronics market) and **High Vacuum** (lower sales of pumps related to the project with the RFX consortium of Padua, active in the field of experimental nuclear fusion, however more than offset by the scope effect) were substantially absorbed by the organic growth of the **Industrial Division** (driven by the sales of SMA alloys in the mobile sector).

The following chart shows the **change in consolidated revenue** in 2023, highlighting the exchange rate **effect**, the growth due to the **change in the scope of consolidation** and the differences attributable to the changes in selling prices and sales volumes (**organic change**).

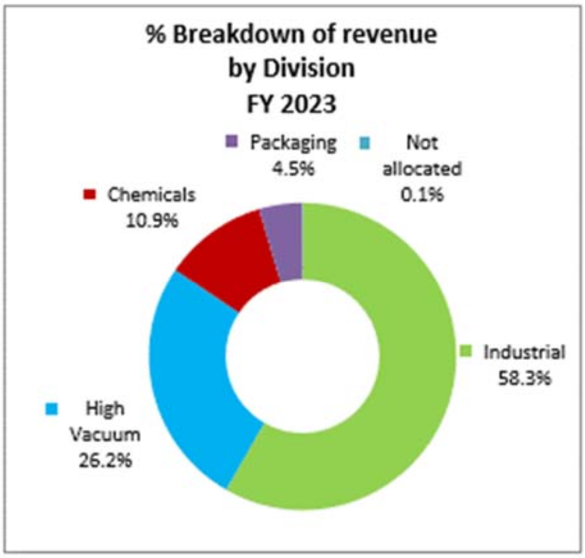


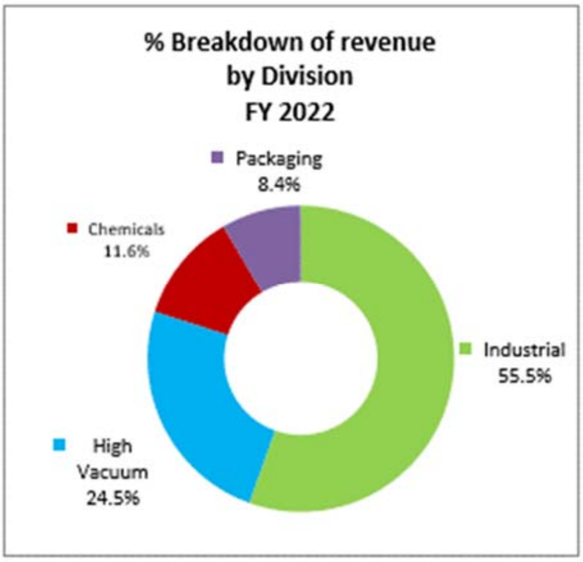
The following graphs show the **percentage weight** of the **revenue of each Division** both for 2023 and for the previous year (2022).

To be noted is the growth in the percentage incidence on consolidated revenue in the **Industrial** and **High Vacuum Divisions**, both characterized by an increase in sales in absolute value (in the first case, thanks to

[10] Sales relating to the January – May 2023 period of SAES RIAL Vacuum S.r.l.

higher revenue in the *SMA Materials* segment, in the second case thanks to the purchase of the control unit of SAES RIAL Vacuum S.r.l.). On the other hand, revenue and the percentage weight of the **Packaging Division** were down, while the percentage of the **Chemicals Division** remained substantially stable.





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

(Thousands of euros)

Divisions and Businesses	2023	2022	Total difference	Total difference %	Exchange rate effect %	Organic change %	Change in consolidation scope %
Getters & Dispensers	41,134	46,578	(5,444)	-11.7%	-2.2%	-9.5%	0.0%
Sintered Materials	9,827	10,634	(807)	-7.6%	-2.5%	-5.1%	0.0%
SMA Materials	19,903	12,997	6,906	53.1%	-2.5%	55.6%	0.0%
SAES Industrial	**70,864**	**70,209**	**655**	**0.9%**	**-2.3%**	**3.2%**	**0.0%**
High Vacuum Solutions	31,865	30,967	898	2.9%	-1.4%	-3.3%	7.6%
SAES High Vacuum	**31,865**	**30,967**	**898**	**2.9%**	**-1.4%**	**-3.3%**	**7.6%**
Functional Chemicals	13,293	14,714	(1,421)	-9.7%	0.0%	-9.7%	0.0%
SAES Chemicals	**13,293**	**14,714**	**(1,421)**	**-9.7%**	**0.0%**	**-9.7%**	**0.0%**
Packaging Solutions	5,502	10,641	(5,139)	-48.3%	0.0%	-48.3%	0.0%
SAES Packaging	**5,502**	**10,641**	**(5,139)**	**-48.3%**	**0.0%**	**-48.3%**	**0.0%**
Not Allocated	**63**	**32**	**31**	**96.9%**	0.0%	**96.9%**	**0.0%**
Consolidated Revenue	**121,587**	**126,563**	**(4,976)**	**-3.9%**	**-1.6%**	**-4.2%**	**1.9%**

Consolidated revenue of the **Industrial Division** totalled 70,864 thousand euros, up 0.9% from 70,209 thousand euros last year. The performance of the euro against the major foreign currencies led to a negative exchange rate effect equal to -2.3%, net of which revenue organically grew by 3.2%. The organic growth in revenue was driven by the excellent performance of ***SMA Materials*** sales in the furniture device segment, which offset the general decline in the other two segments (***Getters & Dispensers*** and ***Sintered Materials***), penalized above all by the inventory situation.

Consolidated revenue of the *Getters & Dispensers Business* totalled 41,134 thousand euros in 2023, down 11.7% from 46,578 thousand euros in 2022. Net of the negative exchange rate effect (-2.2%), the organic decrease was -9.5%, mainly due to overstock and competition factors in the most recent application sectors (organic electronics and security), as well as the trend of structural negative growth in the more mature businesses (lamps and thermal insulation).

Consolidated revenue of the *Sintered Materials Business* totalled 9,827 thousand euros in the year 2023, down 7.6% from 10,634 thousand euros in 2022. Net of the negative exchange rate effect (-2.5%), the organic decrease was -5.1%, mainly due to a slowdown in demand from some main players.

Consolidated revenue of the *SMA Materials Business* totalled 19,903 thousand euros in 2023, up sharply (+53.1%) from 12,997 thousand euros in 2022. Excluding the negative exchange rate effect (-2.5%), organic growth was 55.6%, mainly due to the mobile device sector.

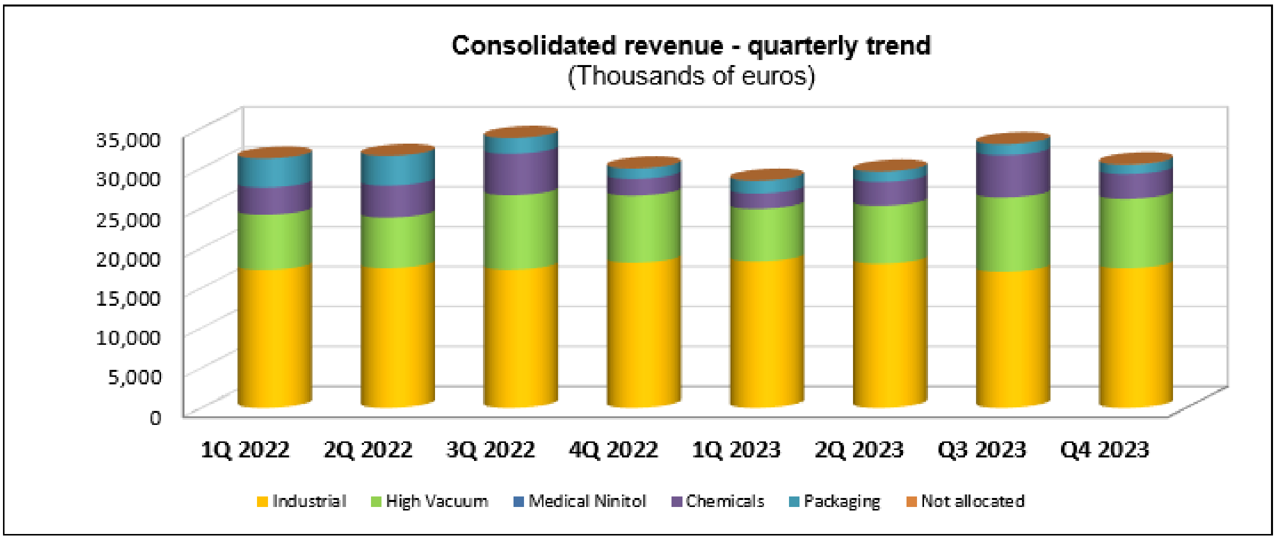
Consolidated revenue of the **High Vacuum Division** totalled 31,865 thousand euros, up 2.9% from 30,967 thousand euros in the previous year. After deducting the negative exchange rate effect (-1.4%),
the increase related to the full consolidation of SAES RIAL Vacuum S.r.l. (+7.6%, or 2,367 thousand euros), more than offset the organic reduction (-3.3%, or -1,034 thousand euros), which was penalized by slower times in the fulfilment of the order with the RFX Consortium in Padua, active in experimental nuclear fusion, despite higher sales to industrial customers.

Consolidated revenue of the **Chemicals Division** totalled 13,293 thousand euros, down 9.7% from 14,714 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2023 figure was affected by a contraction in sales in the first half of the year, attributable to the slowdown in the consumer electronics segment which today constitutes the main outlet market for the products of this division. A recovery in sales in the second half of the year should be noted, despite the natural drop in orders in December.

The consolidated revenue of the **Packaging Division** in 2023 amounted to 5,502 thousand euros, almost halved (-48.3%) from 10,641 thousand euros in the previous year. Sales are exclusively denominated in euro. The decrease is essentially due to two 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 some plastic materials, alternative to the SAES offer.
In general, in 2023, the average price of raw materials fell considerably, due to saturated warehouses and low demand, generating strong pressure on prices, a market condition not adequate for those who, like SAES Coated Films S.p.A., operate in a niche, higher value-added segment.
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* (*PPWR*), which is expected to further the establishment of SAES Coated Films S.p.A.'s coating technology.

Not-allocated consolidated revenue amounted to 63 thousand euros during 2023 (32 thousand euros in the previous year) and refer exclusively to initial sales related to the B!POD project, developed by the *Design House* of SAES, for which new sales events are planned during 2024.

The **quarterly performance of the consolidated revenue** in financial year 2023 and in the previous year, with details by Division and type of business, is provided in the following chart and in the table below.



(Thousands of euros)

Divisions and Businesses	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Getters & Dispensers	8,941	9,322	11,408	11,463	12,299	10,987	11,554	11,738
Sintered Materials	2,773	2,594	2,182	2,278	2,326	2,718	3,030	2,560
SMA Materials	5,754	5,117	4,449	4,583	3,529	3,594	2,899	2,975
SAES Industrial	**17,468**	**17,033**	**18,039**	**18,324**	**18,154**	**17,299**	**17,483**	**17,273**
High Vacuum Solutions	8,694	9,312	7,265	6,594	8,430	9,328	6,322	6,887
SAES High Vacuum	**8,694**	**9,312**	**7,265**	**6,594**	**8,430**	**9,328**	**6,322**	**6,887**
Functional Chemicals	3,092	5,289	2,989	1,923	2,084	5,183	4,024	3,423
SAES Chemicals	**3,092**	**5,289**	**2,989**	**1,923**	**2,084**	**5,183**	**4,024**	**3,423**
Packaging Solutions	1,202	1,393	1,299	1,608	1,302	1,973	3,728	3,638
SAES Packaging	**1,202**	**1,393**	**1,299**	**1,608**	**1,302**	**1,973**	**3,728**	**3,638**
Not Allocated	**43**	**3**	**6**	**11**	**14**	**10**	**8**	**0**
Consolidated revenue	**30,499**	**33,030**	**29,598**	**28,460**	**29,984**	**33,793**	**31,565**	**31,221**

To be noted is the gradual growth in the quarterly evolution of revenue in 2023, especially in the first nine months, driven in particular by the **Chemicals Division** (recovery of the consumer electronics market, especially in the second half of the year, after the contraction of the first months) and by revenue of the **High Vacuum Division** (gradual growth in sales of pumps for industrial applications and vacuum chambers for particle accelerators). The growth trend stabilized only in the fourth quarter of the year, due to the decrease in revenue in the **Chemicals Division** (natural decline in the consumer electronics market in December) and in the **High Vacuum Division** (slight slowdown in sales of vacuum chambers and scientific instrumentation, only partially offset by higher sales of pumps, especially in accelerators and research).

The following table provides the breakdown of consolidated revenue for the various business sectors, in the fourth quarter of 2023, compared with the previous quarter of the same year, as well as the relative percentage change at current and comparable exchange rates.

(Thousands of euros)

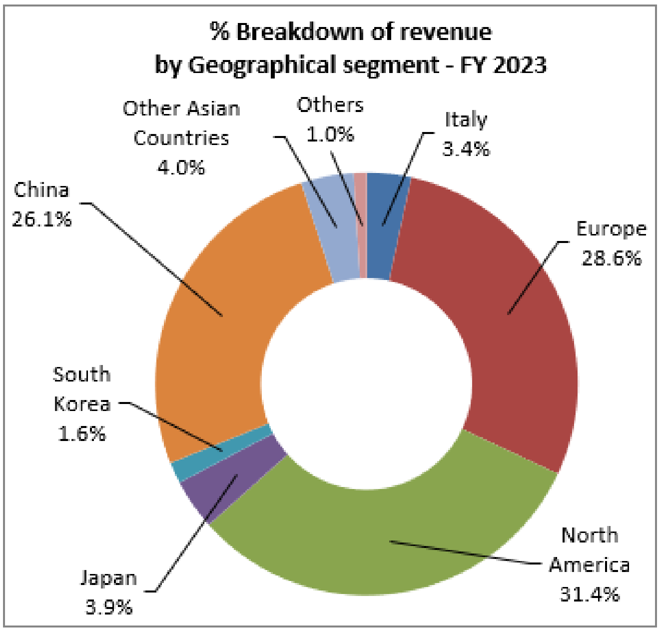
Divisions and Businesses	4Q 2023	3Q 2023	Total difference	Total difference %	Exchange rate effect %	Organic change %
Getters & Dispensers	8,941	9,322	(381)	-4.1%	0.7%	-4.8%
Sintered Materials	2,773	2,594	179	6.9%	1.3%	5.6%
SMA Materials	5,754	5,117	637	12.4%	0.9%	11.5%
SAES Industrial	**17,468**	**17,033**	**435**	**2.6%**	**0.8%**	**1.8%**
High Vacuum Solutions	8,694	9,312	(618)	-6.6%	0.3%	-6.9%
SAES High Vacuum	**8,694**	**9,312**	**(618)**	**-6.6%**	**0.3%**	**-6.9%**
Functional Chemicals	3,092	5,289	(2,197)	-41.5%	0.0%	-41.5%
SAES Chemicals	**3,092**	**5,289**	**(2,197)**	**-41.5%**	**0.0%**	**-41.5%**
Packaging Solutions	1,202	1,393	(191)	-13.7%	0.0%	-13.7%
SAES Packaging	**1,202**	**1,393**	**(191)**	**-13.7%**	**0.0%**	**-13.7%**
Not Allocated	**43**	**3**	**40**	**1333.3%**	**0.0%**	**1333.3%**
Consolidated revenue	**30,499**	**33,030**	**(2,531)**	**-7.7%**	**0.5%**	**-8.2%**

Comparing the consolidated revenue of the fourth quarter of 2023 with those of the previous quarter, the decrease of -7.7% is mainly attributable to the **Chemicals Division** (organic change of -41.5%) which, after a particularly brilliant third quarter, was penalized by a slowdown attributable to the usual lower orders in December. The **High Vacuum Division** was also down (organic decline of -6.9%) with a last quarter characterized by a slowdown in vacuum chambers and scientific instruments, partly offset by higher sales of pumps, especially in accelerators and research. In the **Packaging Division**, revenue was substantially in line, with a slight negative change attributable to the mix of products viewed, volumes remaining the same. On the other hand, the **Industrial Division** recorded slight organic growth (+ 1.8%), driven by SMA Industrial sales in the telecom and automotive segments and, to a lesser extent, by Sintered Materials.

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

(Thousands of euros) *of which:*

Geographical segment	2023	%	2022	%	Total difference	Total difference %	Change in consolidation scope
Italy	4,148	3.4%	5,331	4.2%	(1,183)	-22.2%	296
Europe	34,736	28.6%	39,662	31.3%	(4,926)	-12.4%	761
North America	38,202	31.4%	39,933	31.6%	(1,731)	-4.3%	1,288
Japan	4,718	3.9%	5,856	4.6%	(1,138)	-19.4%	0
South Korea	1,984	1.6%	1,881	1.5%	103	5.5%	0
China	31,725	26.1%	26,393	20.9%	5,332	20.2%	22
Other Asian countries	4,885	4.0%	5,373	4.2%	(488)	-9.1%	0
Others	1,189	1.0%	2,134	1.7%	(945)	-44.3%	0
Consolidated revenue	**121,587**	**100.0%**	**126,563**	**100.0%**	**(4,976)**	**-3.9%**	**2,367**



With regard to the **geographical distribution of consolidated revenue**, the year 2023 shows an increase in sales in the **Chinese market**, thanks mainly to SMA materials products for the mobile sector, 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).
Sales in **North America** are penalized by the slowdown in demand for getters in the electronic devices and security sectors, also caused by an overstock factor. The decline in **Japan** is instead attributable to the different geographical distribution of revenue from high vacuum devices (higher sales in North America and the Asian continent, especially South Korea, but lower sales in Japan and Europe).

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The **consolidated gross profit** was 49,430 thousand euros in 2023, compared to 53,578 thousand euros in 2022: the decrease is mainly attributable to the **Packaging Division**, penalized by the decline in sales and the consequent unsaturation of the lines, as well as to the **High Vacuum Division**, which, despite the increase in sales, closed the year with a lower gross profit margin, adversely affected by the different mix and by inflationary impacts on raw material costs.
The **exchange rate effect** was negative and amounted to -1,516 thousand euros, while the **purchase of the entire quota capital of SAES RIAL Vacuum S.r.l.** at the end of May 2022 contributed +645 thousand euros.
Finally, there are **non-recurring costs** of 684 thousand euros for the redundancy of employees.

The **gross profit margin** fell slightly (from 42.3% to 40.7%), again penalized by the **Packaging Division** (volumes not sufficient to cover fixed costs) and to a lesser extent by the **High Vacuum Division** (dilutive effect of consolidation of SAES RIAL Vacuum S.r.l. and the aforementioned increase in raw material costs).

The following table shows the consolidated gross profit and gross profit margin in 2023 by Division, compared with the previous year.

(Thousands of euros)							of which:
Divisions			2023	2022	Total difference	Difference %	Change in consolidation scope
SAES Industrial		(*)	34,758	34,681	77	0.2%	0
	% of the Division revenue		*49.0%*	*49.4%*			*n.a.*
SAES High Vacuum		(**)	13,549	14,915	(1,366)	-9.2%	645
	% of the Division revenue		*42.5%*	*48.2%*			*27.2%*
SAES Chemicals		(***)	2,297	2,824	(527)	-18.7%	0
	% of the Division revenue		*17.3%*	*19.2%*			*n.a.*
SAES Packaging		(****)	(966)	1,307	(2,273)	-173.9%	0
	% of the Division revenue		*-17.6%*	*12.3%*			*n.a.*
Not Allocated			(208)	(149)	(59)	39.6%	0
	% of the Division revenue		*-330.2%*	*-465.6%*			*n.a.*
Gross profit		(*****)	**49,430**	**53,578**	**(4,148)**	**-7.7%**	**645**
	Gross profit margin		***40.7%***	***42.3%***			***27.2%***

(*) Including non-recurring severance costs equal to -427 thousand euros in 2023.
(**) Including non-recurring severance costs equal to -46 thousand euros in 2023.
(***) Including non-recurring severance costs equal to -187 thousand euros in 2023.
(****) Including non-recurring severance costs equal to -24 thousand euros in 2023.
(*****) Including non-recurring severance costs equal to -684 thousand euros in 2023.

Gross profit in the **Industrial Division** amounted to 34,758 thousand euros in 2023, in line with 34,681 thousand euros in 2022. However, excluding non-recurring severance costs (427 thousand euros), both the gross profit and the gross profit margin would have been up (respectively at 35,185 thousand euros and 49.7%), driven by the *SMA Materials* segment, which saw the gross profit practically doubled, thanks to the growth in revenue in the mobile business.
On the other hand, the ***Getters & Dispensers*** and ***Sintered Materials*** segments showed a decrease in both gross profit and profit margin, caused by the drop in revenue, mainly due to an overstock factor.

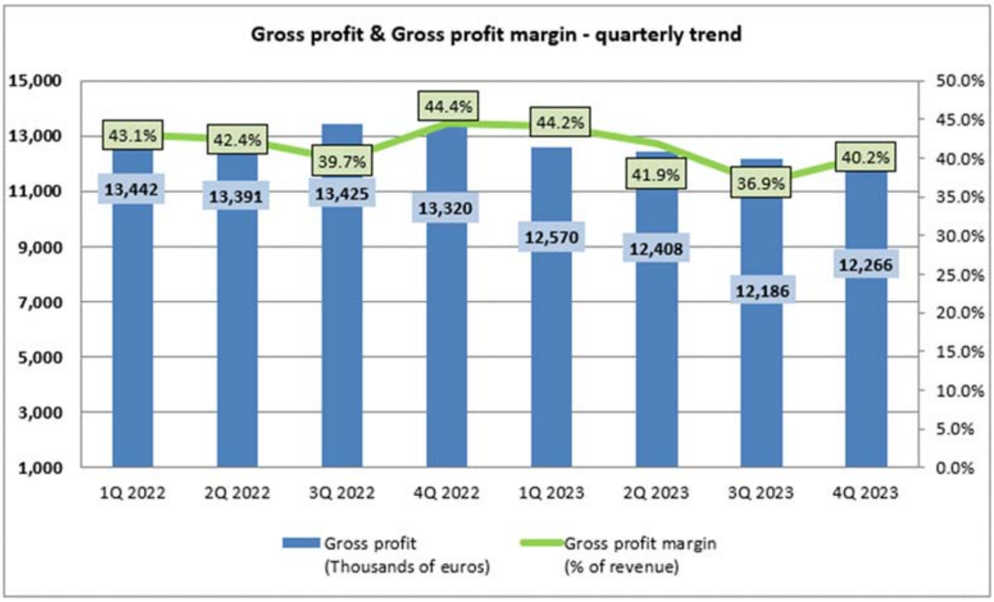
In the **High Vacuum Division**, the gross profit stood at 13,549 thousand euros in 2023, compared to 14,915 thousand euros in 2022, while the margin was 42.5% compared to 48.2% in the previous year: despite the slight increase in revenue, mainly due to the consolidation of SAES RIAL Vacuum S.r.l., the gross profit fell, due both to the dilutive effect of the latter and to inflationary factors on raw material costs. The non-recurring severance costs were non-material (46 thousand euros).

The **Chemicals Division** closed the year 2023 with a gross profit of 2,297 thousand euros (17.3% of revenue), down compared to 2,824 thousand euros in the previous year (19.2% of revenue). Excluding the severance costs for the year (187 thousand euros), gross profit in 2023 would have been 2,484 thousand euros, in line with the decline in revenue, while the gross profit margin would have been substantially in line (18.7%).

The **Packaging Division** closed the year 2023 with a gross industrial loss of -966 thousand euros (compared to a profit of 1,307 thousand euros in the previous year), penalized by lower sales volumes, as well as by production oversaturation. The severance costs were 24 thousand euros.

The **unallocated** gross loss of -208 thousand euros in 2023, refers exclusively to the B!POD project developed by the SAES *Design House*, for which new sales events are planned during 2024.

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



In 2023, there was substantial stability in the quarterly performance of **gross profit,** with a reduction in **gross profit margin** concentrated in the third quarter, especially in the **Packaging** and **High Vacuum Divisions**, both penalized by an increase in raw material costs.

The **consolidated operating loss** in 2023 was -22,249 thousand euros, compared to -3,413 thousand euros in the previous year. The loss for the year 2023 was impacted by the **exchange rate effect** (-1,168 thousand euros), but above all by **non-recurring costs** of -14,265 thousand euros, related to:

- the provision for the Executives Isopension agreement signed with Federmanager/Assolombarda at the end of the year, to incentivize the voluntary redundancy of up to a maximum of 15 Executives of the Parent (-11,400 thousand euros);
- costs for the redundancy of employees for -2,078 thousand euros;
- consulting costs related to governance (-787 thousand euros).

Please note that in 2022, non-recurring costs were -2,369 thousand euros (costs for the settlement to the heirs of a key employee of the Parent, amounting to -1,890 thousand euros, and costs for the liquidation of the Korean subsidiary, amounting to -479 thousand euros).
Excluding both the exchange rate effect and non-recurring costs in both years, as well as the **scope effect** related to the consolidation of SAES Rial Vacuum S.r.l. as of May 2022 (+101 thousand euros), the remaining change was -5,873 thousand euros and reflects the decrease in gross profit, as well as a slight increase in operating expenses (higher personnel expense, especially of the Parent, both for normal salary increases and for staff expansion to support future growth; higher commissions on sales of SMA trained wire; marketing expenses for the B!POD project; consulting costs for new business expansion opportunities).

The following table shows **consolidated operating profit** for 2023 **by Division**, compared with the previous year.

(Thousands of euros) *of which:*

Divisions	2023	2022	Total difference	Difference %	Change in consolidation scope
SAES Industrial (*)	20,671	19,106	1,565	8.2%	0
SAES High Vacuum (**)	5,392	7,220	(1,828)	-25.3%	101
SAES Chemicals (***)	(47)	849	(896)	-105.5%	0
SAES Packaging (****)	(4,002)	(1,967)	(2,035)	103.5%	0
Not Allocated (*****)	(44,263)	(28,621)	(15,642)	54.7%	0
Operating profit (******)	**(22,249)**	**(3,413)**	**(18,836)**	**551.9%**	**101**
Operating profit margin	*-18.3%*	*-2.7%*			*4.3%*

(*) Including non-recurring costs equal to -794 thousand euros in 2023 (severance) and equal to -1,890 thousand euros in 2022 (settlement to the heirs of a strategic employee).
(**) Including non-recurring costs equal to -49 thousand euros in 2023 (severance).
(***) Including non-recurring costs equal to -187 thousand euros in 2023 (severance).
(****) Including non-recurring costs equal to -93 thousand euros in 2023 (severance).
(*****) Including non-recurring costs equal to -13,142 thousand euros in 2023 (-955 thousand euros due to severance costs, -11,400 thousand euros due to Executives Isopensione costs, -787 thousand euros due to governance costs) and equal to -479 thousand euros in 2022 (Korean subsidiary's liquidation costs).
(******) Including non-recurring costs equal to -14,265 thousand euros in 2023 (-2,078 thousand euros due to severance costs, -11,400 thousand euros due to Executives Isopensione costs, -787 thousand euros due to governance costs) and equal to -2,369 thousand euros in 2022 (-1,890 thousand euros due to settlement to the heirs of a strategic employee and -479 thousand euros due to Korean subsidiary's liquidation).

The operating profit of the **Industrial Division** in the amount of 20,671 thousand euros in 2023, compared to 19,106 thousand euros in 2022, up slightly (+ 2.5%) excluding both the severance of the current year (-794 thousand euros), and non-recurring costs in 2022 for the settlement to the heirs of a key employee of the Parent (-1,890 thousand euros, classified as selling expenses), in line with the slight increase in revenue and gross profit.

The operating profit of the **High Vacuum Division** for 5,392 thousand euros, was down compared to 7,220 thousand euros in the previous year, mainly due to the reduction in gross margins to be attributed to inflationary effects, with operating expenses substantially in line.
Lastly, in the current year, non-recurring costs for the redundancy of personnel amounted to -49 thousand euros.

The **Chemicals Division** closed the year 2023 substantially at operating breakeven (-47 thousand euros) compared to an operating profit of 849 thousand euros: the slight decrease in revenue was added to the increase in selling expenses (in particular, higher personnel expense for staff expansion to ensure future growth in the most innovative businesses).
Lastly, in the current year, non-recurring costs for the redundancy of personnel amounted to -187 thousand euros.

The operating loss of the **Packaging Division** was -4,002 thousand euros, compared to an operating loss of -1,967 thousand euros in the previous year: the decrease is exclusively attributable to the contraction in sales, due to the inflationary crisis and the consequent contraction in consumption across the entire packaging production chain.
Lastly, in the current year, non-recurring costs for the redundancy of personnel amounted to -93 thousand euros.

The not allocated operating loss (**Not allocated**) amounted to -44,263 thousand euros, compared to -28,621 thousand euros in 2022, and includes in both years the costs that cannot be directly attributed or reasonably allocated to any business sector, but which refer to the Group as a whole (corporate costs), and the costs related to basic research projects, aimed at diversification into innovative businesses. The deterioration is mainly attributable to non-recurring costs for the year (cost for Executives' Isopension, amounting to -11,400 thousand euros; costs for employee termination, amounting to -955 thousand euros; costs related to governance, amounting to -787 thousand euros). Excluding both the latter and the non-recurring costs of the previous year (-479 thousand euros for the liquidation of the Korean subsidiary), the decrease is reduced to -2,979 thousand euros, mainly due to the increase in general and administrative expenses (especially higher personnel expense of the Parent).

Consolidated operating expenses were 71,558 thousand euros (58.9% of revenue), compared with 56,925 thousand euros (45% of revenue) in the previous year. Excluding the exchange rate effect (which reduced operating expenses by -346 thousand euros), that related to the change in the scope of consolidation [11](+517 thousand euros), and the above-mentioned non-recurring operating expenses (amounting to 13,581 thousand euros[12] in 2023 and 2,369 thousand euros in the previous year[13]), operating expenses would have increased by only 3,250 thousand euros. The increase is mainly concentrated in **selling expenses**[14] (+1,416 thousand euros net of non-recurring costs, due to higher commissions on sales of SMA trained wire; marketing expenses for the B!POD project; consulting costs for new business expansion opportunities; travel expenses for the resumption of commercial activities at full capacity) and in **general and administrative expenses** (+1,180 thousand euros net of non-recurring costs, due to higher personnel expense, especially for the Parent).
On the other hand, the increase in **R&D expenses** (+654 thousand euros net of non-recurring costs due to a slight increase in the costs of personnel working in research at the Parent; contributions to start-ups as part of the RedZone project; consulting costs for research activities).

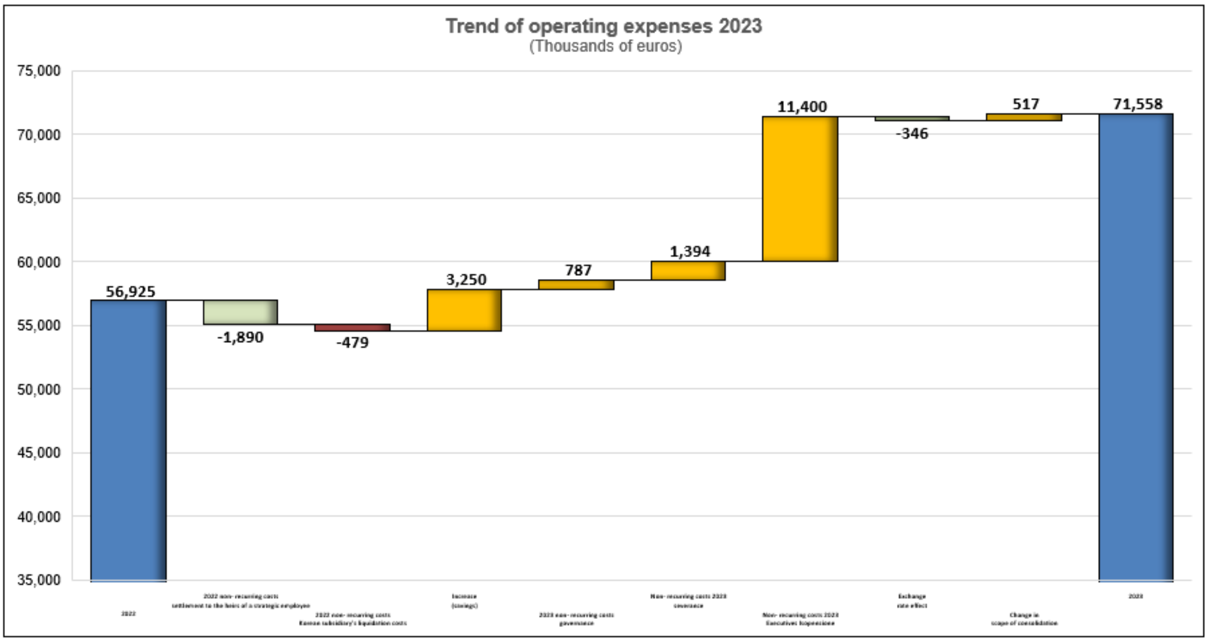
(Thousands of euros) *of which:*

	2023	2022	Total difference	Difference %	Change in consolidation scope
Research & development expenses (*)	(10,915)	(10,120)	(795)	7.9%	(55)
Selling expenses (**)	(16,777)	(17,077)	300	-1.8%	(238)
General & administrative expenses (***)	(43,896)	(29,589)	(14,307)	48.4%	(224)
(Impairment losses) reversal of impairment losses on trade receivables	30	(139)	169	-121.6%	0
Total operating costs (****)	**(71,558)**	**(56,925)**	**(14,633)**	**25.7%**	**(517)**
% of revenue	***58.9%***	***45.0%***			***21.8%***

(*) Including non-recurring costs equal to -105 thousand euros in 2023 (severance).
(**) Including non-recurring costs equal to -69 thousand euros in 2023 (severance) and equal to -1,973 thousand euros in 2022 (-1,890 thousands euros due to the settlement to the heirs of a strategic employee and -83 thousand euros due to Korean subsidiary's liquidation).
(***) Including non-recurring costs equal to -13,407 thousand euros in 2023 (-11,400 thousand euros due to Executives Isopensione costs, -1,220 thousand euros due to severance costs and -787 thousand euros due to governance costs) and equal to -396 thousand euros in 2022 (Korean subsidiary's liquidation).
(****) Including non-recurring costs equal to -13,581 thousand euros in 2023 (-11,400 thousand euros due to Executives Isopensione costs, -1,394 thousand euros due to severance costs and -787 thousand euros due to governance costs) and equal to -2,369 thousand euros in 2022 (-1,890 thousand euros due to settlement to the heirs of a strategic employee and -479 thousand euros due to Korean subsidiary's liquidation).

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

[11] Acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. at the end of May 2022.
[12] Isopension for Executives cost, for -11,400 thousand euros; employee severance costs of 1,394 thousand euros; governance-related costs of 787 thousand euros.
[13] Costs for the settlement to the heirs of a key employee of the Parent, amounting to 1,890 thousand euros, and costs for the liquidation of the Korean subsidiary, amounting to 479 thousand euros.
[14] Including (impairment losses) reversal of impairment losses on trade receivables (+30 thousand euros in 2023, compared to -139 thousand euros in 2022).



Overall, **personnel expense** was 67,185 thousand euros in 2023, compared with 54,216 thousand euros in 2022. Excluding the exchange rate effect (-385 thousand euros) and the scope effect[15] (+719 thousand euros), as well as non-recurring costs in both years (in 2023: Executives' Isopension costs of 11,400 thousand euros and severance costs of 2,078 thousand euros; in 2022: settlement to heirs of a key employee of the Parent in the amount of 1,890 thousand euros and personnel severance costs of the Korean subsidiary amounting to 419 thousand euros), the increase (+1,466 thousand euros) is mainly attributable to inflation-related salary increases as well as the slight increase in the average number of employees at the Parent. Adversely, to be noted are lower variable remuneration amounts, set aside following a pro-rata methodology based on the results of the first nine months of the year 2023, i.e., before the sale of the Nitinol business, and the reduced use of temporary workers at the Avezzano plant and in SAES Coated Films S.p.A. as a result of declining volumes and high inventory levels.

The profit for the year takes into account **amortization/depreciation** of both **property, plant and equipment** and **intangible assets**, as well as **right-of-use assets** amounting to 10,283 thousand euros, compared to 9,664 thousand euros in the previous year: net of the exchange rate effect (-34 thousand euros) and the scope effect[16] (+346 thousand euros), the increase of 307 thousand euros is mainly attributable to the Parent (renovation of the laboratories and offices in Lainate carried out during 2022, as well as depreciation over the entire year of the emulsification pilot plant) and the associate Spectra-Mat, Inc. (depreciation related to new process tool).

Consolidated EBITDA was a loss of -11,955 thousand euros in 2023, compared to a profit of 6,346 thousand euros in 2022. Net of the negative exchange rate effect (-1,204 thousand euros), the change in the scope of consolidation[17] (+447 thousand euros) and non-recurring costs in both years (in 2023: Executives' Isopension costs of 11,400 thousand euros and severance costs of 2,078 thousand euros, as well as governance-related costs of 787 thousand euros; in 2022: settlement to heirs of a key employee of the Parent of 1,890 thousand euros and costs for the closure of the Korean subsidiary amounting to 479 thousand euros), the negative change on EBITDA would have been much smaller and amounting to -5,648 thousand euros, in line with that of operating income (organic change net of non-recurring costs) and mainly attributable to the downturn in

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

[16] 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.

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

the **Packaging** and **High Vacuum** Divisions, as well as to the increase in **unallocated** general and administrative expenses (in particular, higher personnel expense of the Parent).

The table below shows the **reconciliation of EBITDA and operating loss** in 2023, together with a comparison with last year.

(Thousands of euros)	2023	2022	Total difference	Difference %	*of which:* Change in consolidation scope
Operating loss (*)	(22,249)	(3,413)	(18,836)	551.9%	101
Depreciation of property, plant and equipment and amortisation of intangible assets	(9,131)	(8,405)	(726)	8.6%	(318)
Depreciation of right-of-use assets	(1,152)	(1,259)	107	-8.5%	(28)
Impairment losses on property, plant and equipment and intangible assets	(11)	(95)	84	-88.4%	0
EBITDA (*)	**(11,955)**	**6,346**	**(18,301)**	**-288.4%**	**447**
% of revenue	***-9.8%***	***5.0%***			***18.9%***

(*) Including non-recurring costs equal to -14,265 thousand euros in 2023 (-2,078 thousand euros for severance costs, -11,400 thousand euros due to Executives Isopensione costs, -787 thousand euros for governance costs) and equal to -2,369 thousand euros in 2022 (-1,890 thousand euros due to the settlement to the heirs of a strategic employee and -479 thousand euros due to the liquidation of the Korean subsidiary).

Net **other expense** were -121 thousand euros, compared to -66 thousand euros in 2022: the slight decrease is mainly due to the lower income allocated by the Parent for the tax credit aimed at supporting research and innovation. The amount for the current year 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 31 thousand euros for donations to support Emilia-Romagna. In the previous year, however, there was a cost of 100 thousand euros for donations to support Ukraine.

Net **financial income** was +11,242 thousand euros, compared with net financial expense of -13,152 thousand euros in 2022. This improvement (+24,394 thousand euros) is mainly attributable to gains on securities (+3,737 thousand euros in 2023, compared to a loss of -12,871 thousand euros in the previous year) and to interest income accrued on the time deposits in which the Group's liquidity from the sale of the Nitinol business was invested, as well as from the almost total disposal of the securities portfolio. It should also be noted that the previous year included a cost, amounting to -234 thousand euros, for the accounting of the onerous contract related to the Group's irrevocable commitment to pay to the joint venture Flexterra, Inc. the first tranche of the additional convertible loan granted on December 7, 2022.
This positive change was only partially offset by higher interest expense accrued especially in the first nine months of the year and mainly attributable to the increase in rates. Furthermore, the year 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.

Impairment losses on loan assets and other financial assets amounted to -2,230 thousand euros, broadly in line with -2,364 thousand euros in 2022: the higher impairment losses on convertible loans granted during the year to the joint venture Flexterra, Inc. as well as the impairment related to expected losses on liquidity under IFRS 9 (increase related to the Group's higher liquidity after the sale of the Nitinol business), are offset by the lower impairment losses on loans to the start-up Rapitag GmbH, operating in the industrial SMA business.

The **share of profit/loss of equity-accounted investees** was negative and equal to -200 thousand euros, correspondent to the value of the capital increase carried out in favour of the joint venture Actuator Solutions GmbH in July 2023, for guaranteeing its continued operations. This loss was accounted for with the objective

of reducing the carrying amount of SAES's investment to zero, as the equity of the joint venture was negative, without setting up any provision for risks, as there is no legal obligation for further recapitalisation by the Group at the end of the year.
In 2022, the amount was also negative and amounted to -433 thousand euros and included:
- the share of the profit of the joint venture SAES RIAL Vacuum S.r.l., amounting to +167 thousand euros, referring to the period from January 1 to May 25, 2022 (date when the SAES Group finalized the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l.);
- the negative change is mainly attributable to the loss of the joint venture Actuator Solutions GmbH and corresponds to the share capital increases of 600 thousand euros made by SAES in 2022.

Net exchange gains amounted to +694 thousand euros in 2023, an improvement from a net exchange losses of -531 thousand euros in 2022. The positive change is mainly due to the gains realized in the translation into euro of the cash and cash equivalents in USD deriving from the sale of the Nitinol business.

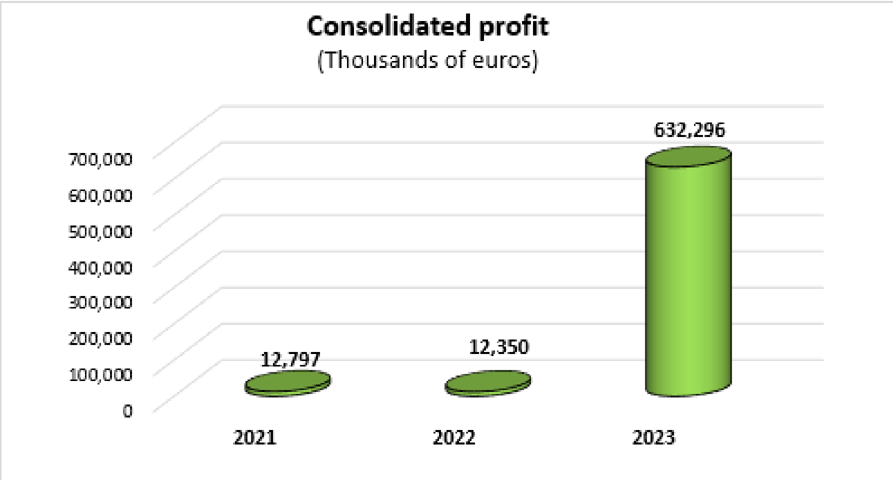
The **pre- tax loss** was -12,743 thousand euros, compared to -19,893 thousand euros in 2022: despite the decrease in the operating profit, there was an improvement mainly attributable to financial management, which saw net financial income in 2023 compared with net financial expense, due to losses on securities, in the previous year.

The income tax benefit amounted to 1,723 thousand euros, compared with income tax expense of 2,349 thousand euros in the previous year. The change is mainly attributable to income for deferred taxes recognized by the Parent on the Isopension for Executives, set aside at the end of the 2023 financial year.

Loss from continuing operations was -11,020 thousand euros in 2023, compared to -22,242 thousand euros in the previous year: again, despite a declining operating income, the loss from continuing operations is clearly improving, thanks to the better performance of financial management, which was penalized last year by the sharp decline in the fair value of securities in the portfolio, along with the income tax benefit recorded.

Profit from discontinued operations, net of tax effects amounted to +643,316 thousand euros in 2023 and was mainly composed of the **gross capital gain** (735,836 thousand euros) generated by the **sale of the Nitinol business**, from which **transaction costs** of -120,524 thousand euros were deducted (mainly legal and advisory fees, incentive costs to both the personnel of the sold companies and to the Executive Directors and corporate employees involved in the finalization of this extraordinary corporate transaction, as well as exchange rate effects, costs of the contingent derivative stipulated in support of the divestment and taxes). Finally, this item includes the **profit generated by the Nitinol business from January 1 to October 2, 2023** (effective date of sale), amounting to 28,004 thousand euros.
In 2022, the profit from discontinued operations amounted to 34,592 thousand euros, mainly coinciding with the profit of the Nitinol segment (36,770 thousand euros), in addition to costs related to the sale of -2,187 thousand euros (especially consultancy).

The **consolidated profit** for 2023 amounted to 632,296 thousand euros, compared to 12,350 thousand euros in 2022: the increase is mainly due to the aforementioned net capital gain on the sale of the Nitinol business.



Financial position – Investments – Other information

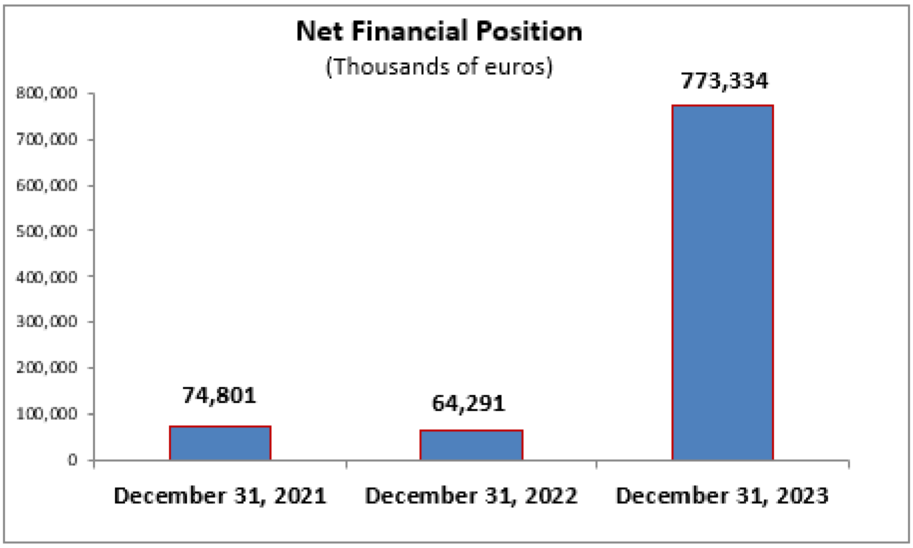
A breakdown of the items making up the consolidated net financial position is provided below.

(Thousands of euros)

	December 31, 2023	June 30, 2023	December 31, 2022
Cash	9	9	10
Cash equivalents	101,103	86,531	42,129
Cash and cash equivalents	**101,112**	**86,540**	**42,139**
Securities	15,035	18,006	145,484
Derivative financial instruments	0	0	259
Other financial assets with third parties	653,660	77,449	0
Current financial assets	**668,695**	**95,455**	**145,743**
Bank loans and borrowings	(3,007)	(71,463)	(65,302)
Current portion of non-current financial liabilities	0	(52,001)	(52,094)
Derivative financial instruments	0	(1,732)	0
Other financial liabilities	0	0	(30)
Lease liabilities	(1,088)	(2,397)	(2,545)
Current financial indebtedness	**(4,095)**	**(127,593)**	**(119,971)**
Current net financial position (indebtedness)	**765,712**	**54,402**	**67,911**
Financial assets with related parties	0	0	0
Other financial assets with third parties	9,749	0	0
Non-current financial assets	**9,749**	**0**	**0**
Financial liabilities	0	0	(119)
Lease liabilities	(1,654)	(3,059)	(3,039)
Other financial liabilities	(473)	(467)	(462)
Non-current financial indebtedness	**(2,127)**	**(3,526)**	**(3,620)**
Non-current net financial position (indebtedness)	**7,622**	**(3,526)**	**(3,620)**
Net financial position	**773,334**	**50,876**	**64,291**

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

The **consolidated net financial position** (**NFP**) as of December 31, 2023 is 773,334 thousand euros (cash and cash equivalents of +101,112 thousand euros, securities in portfolio of +15,035 thousand euros and net financial assets of +657,187 thousand euros) and compares with net financial position as at December 31, 2022 of 64,291 thousand euros (cash and cash equivalents of +42,139 thousand euros and securities in portfolio of +145,484 thousand euros, against net financial liabilities of -123,332 thousand euros).



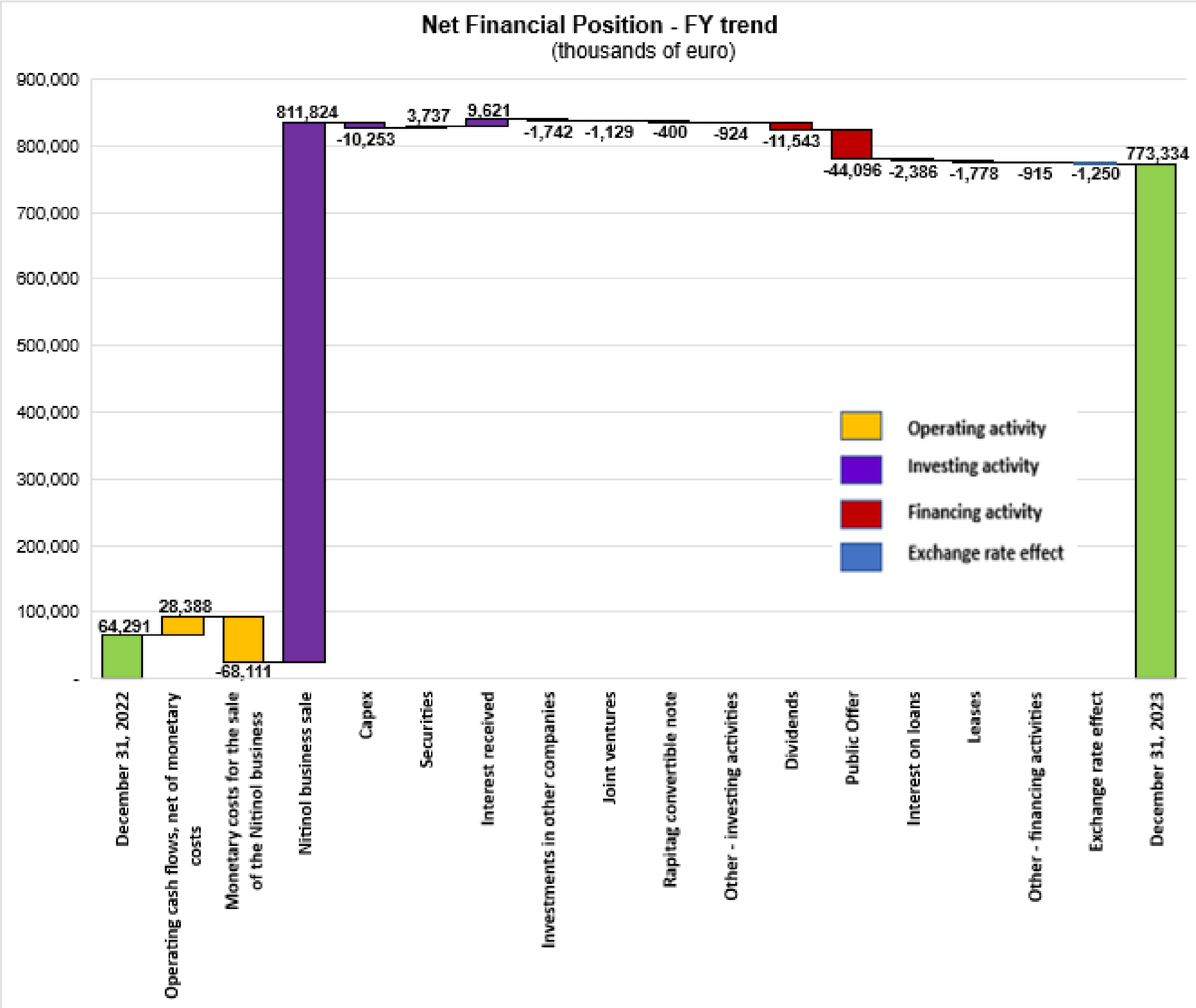
Compared to December 31, 2022, the very strong increase in the net financial position is a consequence of the extraordinary sale of the Nitinol business, which had a positive effect of 811,824 thousand euros. Excluding also the costs pertaining to SAES[18] for the sale, and already paid as December 31, 2023, in the amount of 68,110 thousand euros and included in operating activities, the net effect of the sale on the net financial position was 743,714 thousand euros.

With regard to **operating activities** (net cash outflows of -39,723 thousand euros), again excluding the aforementioned monetary costs related to the extraordinary sale (68,110 thousand euros), the effect on the net financial position would have been positive for 28,387 thousand euros[19].
In terms of **investment activities**, in addition to the effect of the extraordinary transaction already highlighted above (+811,824 thousand euros), the following should be noted:
- net capex of -10,253 thousand euros;
- investments in the EUREKA! fund, as well as participation in the equity fundraising of Cambridge Mechatronics Limited, for a total of -1,742 thousand euros
- convertible loans granted to Rapitag GmbH and Flexterra, Inc. in the amount of -1,329 thousand euros, as well as the share capital increase in favour of Actuator Solutions GmbH for -200 thousand euros
- positive securities performance of +3,737 thousand euros
- interest collected, mainly in the last part of the year, on cash and cash equivalents and on bank time deposits in which the available cash was invested (+9,621 thousand euros);
- other charges for -924 thousand euros.

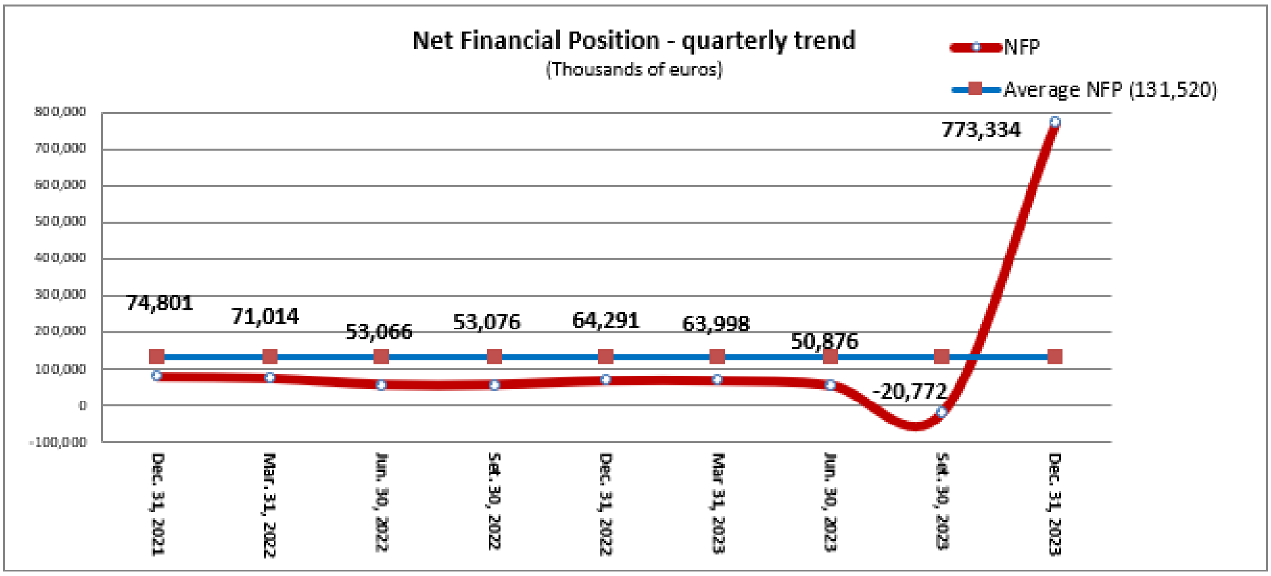
Finally, within **financing activities**, the following are also highlighted:
- the disbursement related to the public offer, including the related accessory costs (-44,096 thousand euros);
- disbursements of dividends (-11,543 thousand euros);
- interest accrued especially in the first half of the year on bank loans (-2,386 thousand euros);
- financial liabilities for new or renewed lease contracts (including interest accrued and the financial effect of the early termination of some contracts) totalling -1,778 thousand euros;
- interest and other financial expense, equal to -915 thousand euros.

The **exchange rate effect** was negative in the amount of -1,250 thousand euros, mainly due to the effect of the devaluation of the renminbi on cash and cash equivalents held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and, to a lesser extent, the impact of the dollar on the cash held by the US subsidiaries.

[18] The costs incurred by Resonetics after the closing and already adjusted on the actual collection of the sale (in particular, incentives to the Top Management of the US companies sold, including the tax effects), are excluded.
[19] It should be noted that this amount also includes the effect on the net financial position generated by the US companies subject to sale from the beginning of the year until the actual closing date.

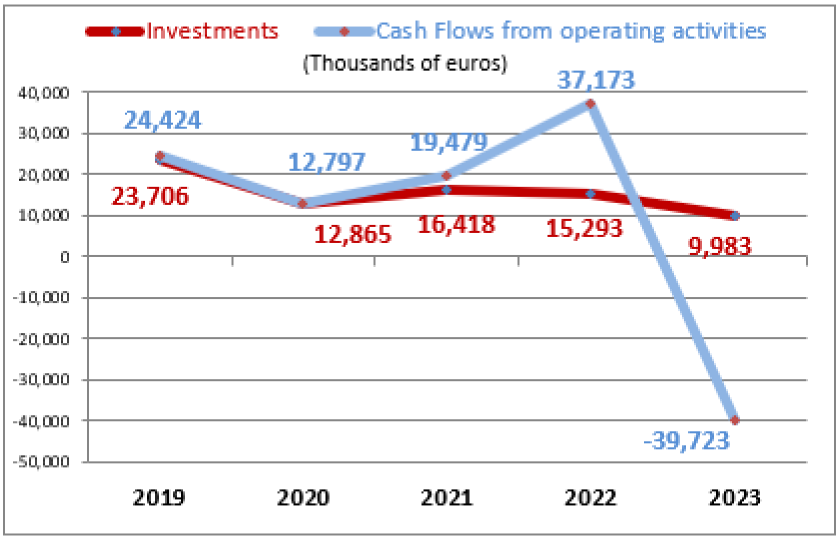


The chart below shows the **quarterly trend of the net financial position** during the last two years.



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[20], 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 offer on savings shares (-1,139 thousand euros) and capex for the period (-1,995 thousand euros)[21].
In the **third quarter of 2023**, the decrease is mainly attributable to the disbursement for the partial purchase of the savings shares (-42,926 thousand euros) and the negative change in the fair value of the contingent contract signed for the Nitinol business divestment transaction (-13,240 thousand euros), as well as the reclassification of the net financial assets of the two US associates being sold to "assets held for sale" (-20,504 thousand euros). Also in the quarter, there were additional charges for the sale of the Nitinol business in the amount of -6,540 thousand euros.
In the **fourth quarter of 2023**, the very strong increase is attributable to the aforementioned sale of the Nitinol business (+790,753 thousand euros, the effect net of costs related to the sale). Finally, interest income was collected on cash and cash equivalents and on bank time deposits, amounting to +8,140 thousand euros, as well as cash flows deriving from post-sale operations for +2,410 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 used in operations** amounted to -39,723 thousand euros. However, it should be noted that this amount is not comparable with previous years, as it includes the cash flows generated by the Nitinol business only for the period January 1 - October 2, the actual date of sale, as well as the monetary charges related to this extraordinary transaction (-68,110 thousand euros).

[20] The amount includes the negative effect of monetary costs related to the sale of the Nitinol business for -1,285 thousand euros.
[21] Note the negative effect, for -5,471 thousand euros, of the costs incurred for the sale of the Nitinol business.

In 2023, cash outflows from **investments for the purchase of property, plant and equipment** amounted to 9,983 thousand euros (15,293 thousand euros those in 2022); however, **investments in intangible assets** were not significant (302 thousand euros, to be compared with 602 thousand euros as of December 31, 2022).
In 2023, capex includes investments aimed at expanding production capacity in the sintered materials sub-fund, in the security and defence area and in the industrial SMA business (Industrial Division), as well as in the high vacuum division (High Vacuum Division). Investments also include work on upgrading the fire prevention system at the Roncello plant; the refurbishment of the offices in Lainate; investments by the Parent to replace traditional lighting systems with smart lighting systems with a lower energy impact; the purchase of new equipment for the R&D laboratories; and the purchase of plant engineering, including seismic retrofitting, at the Avezzano plant.
Lastly, investments in the amount of 3,023 thousand euros were made by Memry Corporation and SAES Smart Materials, Inc. up to the sale date.
Increases in intangible assets during the year are mainly related to projects in the IT field of the Parent and its associate Strumenti Scientifici Cinel S.r.l. Lastly, investments of 52 thousand euros were made by Memry Corporation up to the sale date.
For further details on the capex, please refer to Notes no. 19 and no. 20 to the Consolidated Financial Statements at December 31, 2023.
With regard to the **disposals of non-current assets**, the collections for the disposal of assets were of an immaterial amount in both years (+32 thousand euros in 2023, compared with +31 thousand euros in 2022).

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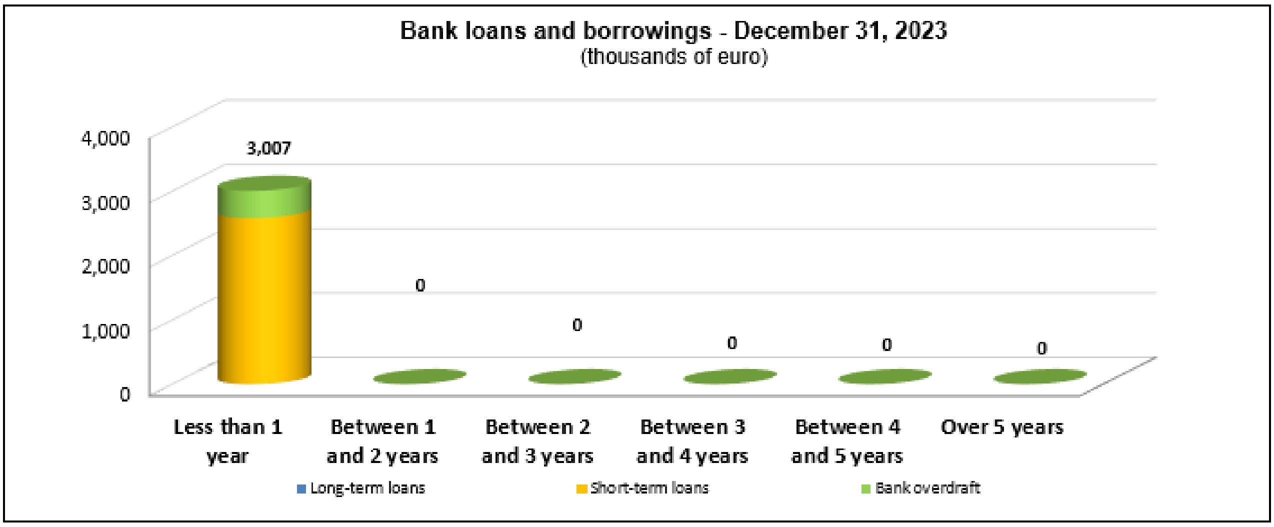
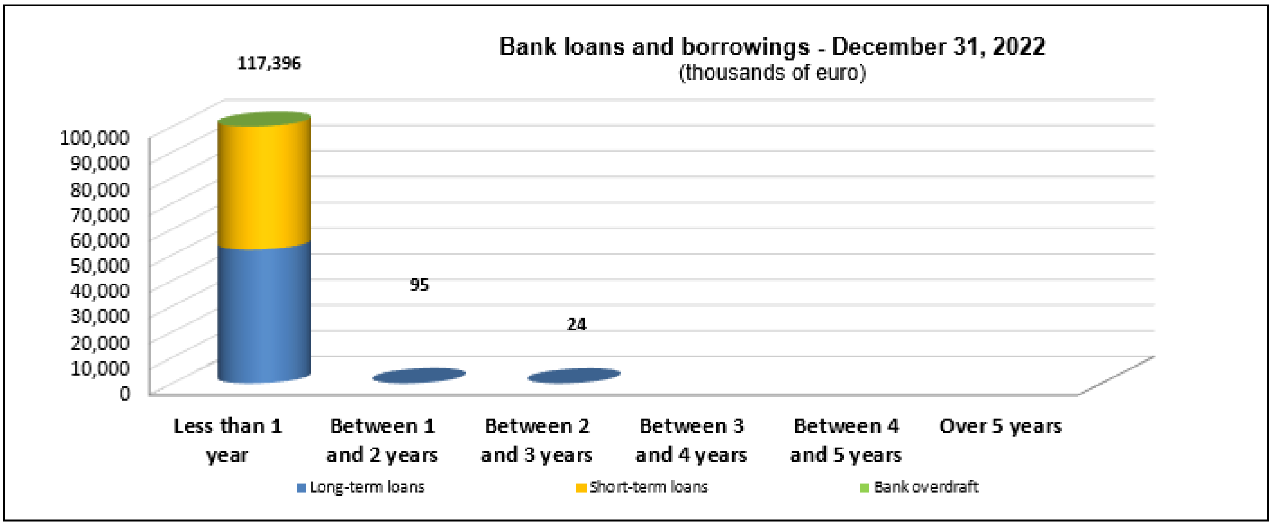
The following chart shows the **maturity profile** of **consolidated bank debt** at December 31, 2023 compared with the end of the previous year.

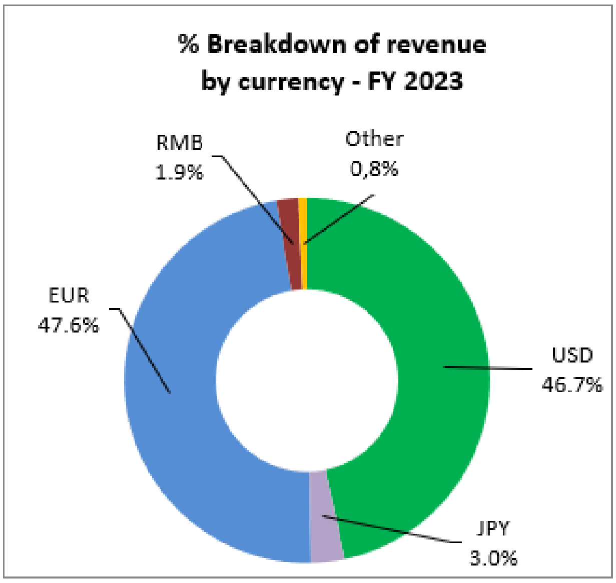


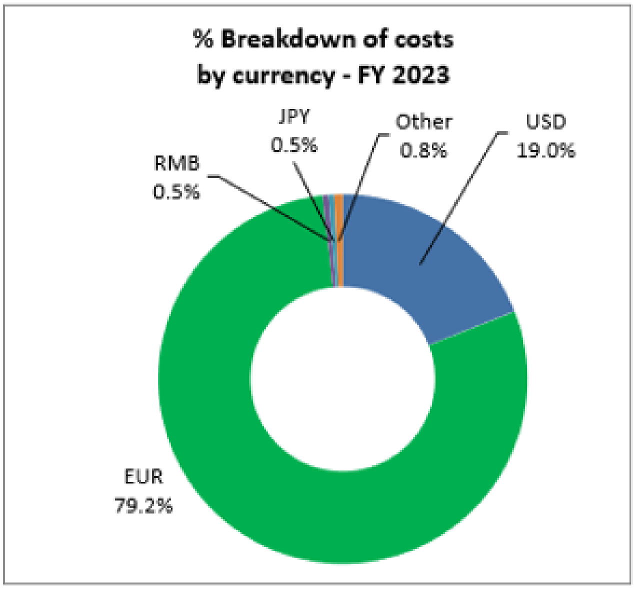


Due to the strong cash generation resulting from the sale of the Nitinol business, at the end of the year SAES Getters S.p.A. repaid the outstanding revolving loans with Unicredit S.p.A.[22] and Intesa Sanpaolo S.p.A.[23] and the short-term "hot money" type loans.
It should also be noted that on December 28, 2023, the long-term *Lombard* loan taken out by SAES Investments S.A. with JP Morgan (principal amount of 52 million euros) was also repaid.

Revenue and costs by currency

The **breakdown of revenue** and **costs** (cost of sales and operating expenses) **by currency**[24] in 2023 is provided below.



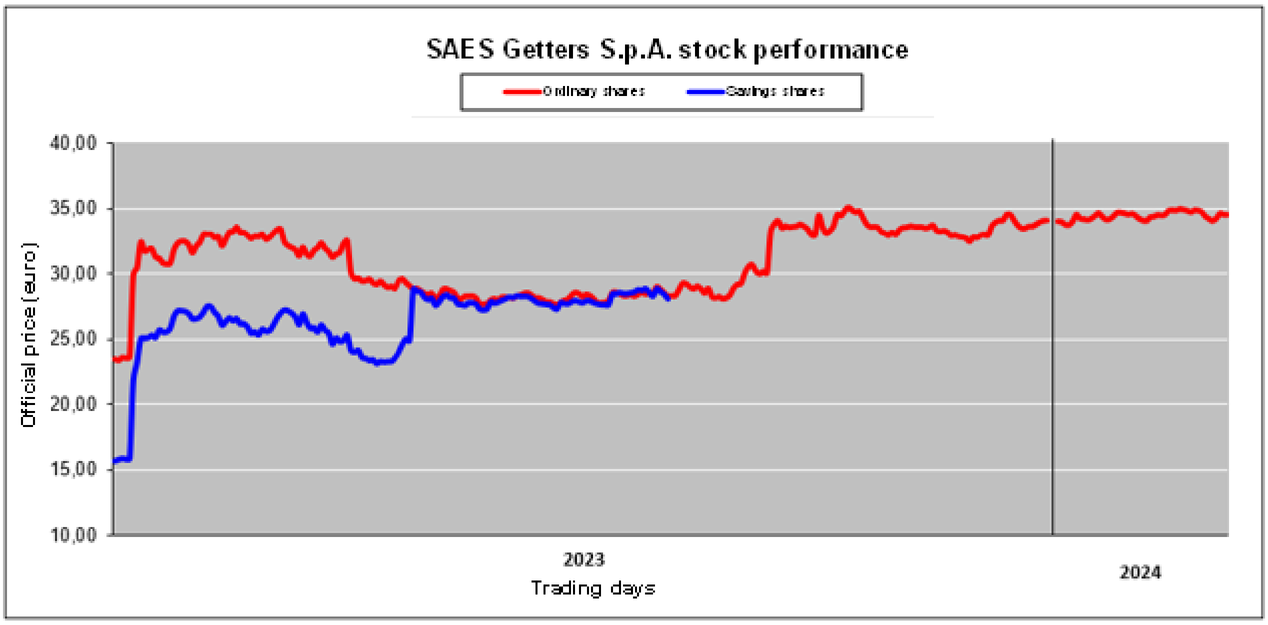


Listing of SAES Getters S.p.A. shares

The following chart shows the trend of the **official prices of ordinary and savings shares** in 2023 and in the first few weeks of 2024. It should be noted that the savings shares were suspended from trading starting from August 4, 2023 at the conclusion of the partial voluntary public offer concerning 1,364,721 SAES Getters

[22] Revolving cash credit facility for 30 million euros, subscribed on March 6, 2020 and extended on February 22, 2023.
[23] Revolving credit facility worth 30 million euros taken out on May 29, 2023.
[24] Original currency of the transactions.

savings shares, subsequently cancelled, and the following mandatory conversion of the 6,013,898 savings shares, not previously purchased, into ordinary shares.



The value of ordinary shares, listed on the Euronext STAR Segment of the Mercato Telematico Azionario (electronic equity market) of Borsa Italiana S.p.A., rose by 45.3% during the financial year 2023, a much greater increase than that recorded by the FTSE MIB index (+25.6%) and that recorded by the FTSE Italia STAR index (+3%).
It should be noted that the performance of the SAES share recorded two strong positive changes at the beginning of January and in October, following the announcement of the subsequent closing of the extraordinary transaction for the sale of the Nitinol business.
The listing of the savings shares was aligned with the ordinary share price at the end of April, following the announcement of the aforementioned public offer and subsequent conversion.

Financial statements ratios

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

Ratios		2023	2022 (*)
Operating profit (loss)/Revenue	%	-18.3	-2.7
Pre-tax profit (loss)/Revenue	%	-10.5	-15.7
Profit (loss) from continuing operations/Revenue	%	-9.1	-17.6
Profit (loss) from continuing operations/Average equity (ROAE)	%	146.1	5.0
Research & development expenses/Revenue	%	9.0	8.0
Depreciation of property, plant and equipment/Revenue	%	6.1	5.2
Cash flows from (used by) operating activities/Revenue	%	-32.7	29.4
Income taxes/Pre-tax profit (loss)	%	13.5	-11.8
Revenue/average number of staff (**)	Thousands of euros	186	196
Accumulated depreciation/Property, plant and equipment	%	69.1	61.3

(*) Some amounts shown in the column have been restated compared to the amounts of the Annual Financial Report at December 31, 2022, in order to reflect the reclassifications related to Nitinol business sale and, in particular, the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023; in particular, the profit of the sold companies, together with the ancillary costs of the extraordinary operation, have been reclassified, in accordance with IFRS 5, to the statement of profit or loss line "Profit (loss) from discontinued operations, net of taxes" in order to provide a consistent comparison with 2023. These reclassicications have been detailed in the Note no. 6 of the Consolidated financial statement at December 31, 2023.
(**) Data calculated without considering the employees of joint ventures, consolidated using the equity method, and without considering employees of Memry Corporation and SAES Smart Materials, Inc. sold on October 2, 2023.

Performance of subsidiaries in 2023

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

SAES Getters/U.S.A., Inc. reported consolidated revenue in 2023 of 35,009 thousand dollars (32,377 thousand euros, at the average exchange rate for the year 2023), compared with 37,745 thousand dollars (35,845 thousand euros, at the average exchange rate for the year 2022) in the previous year and a consolidated profit of 5,561 thousand dollars (5,143 thousand euros), compared with a consolidated profit of 7,065 thousand dollars (6,709 thousand euros).

Further notes are provided below.

The US Parent ***SAES Getters/USA, Inc.***, Colorado Springs, CO (USA), mainly operating in the Industrial Division, in particular in the security and defence business, closed 2023 with revenue in the amount of 24,383 thousand dollars (equal to 22,550 thousand euros), compared to 26,548 thousand dollars (equal to 25,212 thousand euros) in 2022: the decrease is mainly due to the overstock situation, as well as some technical problems that are being resolved.
The company made a profit of 5,561 thousand dollars (equivalent to 5,143 thousand euros), compared to a profit of 7,065 thousand dollars (equivalent to 6,709 thousand euros) in 2022: despite an operating performance broadly in line with that of the previous year (the decline in revenue was in fact offset by a more favourable sales mix), the decline was due to the negative equity method 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 10,625 thousand dollars in 2023 (corresponding to 9,827 thousand euros), down compared to 11,197 thousand dollars in the previous year (corresponding to 10,634 thousand euros) penalized by overstock situations with some important customers.
The company closed the year 2023 with a loss of -304 thousand dollars (equal to -281 thousand euros), compared to a profit of 1,310 thousand dollars (equal to 1,244 thousand euros) in 2022: the result was affected both by the drop in sales and the consequent lower economies of scale, and by the increase in operating costs adversely affected by non-recurring items (costs for the redundancy of an executive and extraordinary bonus granted to all Group employees as a result of the exceptional value created with the sale of the Nitinol business[25]).

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 2023, it achieved a profit of 3,582 thousand dollars (3,312 thousand euros), down compared to 4,951 thousand dollars (4,702 thousand euros) in the previous year due to lower commissions received by US companies, in particular by Memry Corporation, for which assistance was provided only until the date of sale (October 2, 2023, for which reference is made to Note no. 16 to the Consolidated Financial Statements at December 31, 2023).

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

The company manages the commercial activities of the Group in the People's Republic of China.
SAES Getters (Nanjing) Co., Ltd. ended 2023 with revenue of RMB 23,566 thousand (3,077 thousand euros), up 21.7% from RMB 19,370 thousand (2,736 thousand euros) driven by the high vacuum business (High Vacuum Division), as well as SMA products for the mobile segment (Industrial Division).

[25]For further details, please refer to Note no. 16 to the Consolidated Financial Statements at December 31, 2023.

The company ended 2023 with a profit of RMB 3,451 thousand (450 thousand euros), compared to RMB 2,469 thousand (349 thousand euros) in 2022: increased revenue and a more favourable sales mix, despite higher operating expenses (in particular, increase in personnel expense for the extraordinary bonus granted to all Group employees as a result of the exceptional value created with the sale of the Nitinol business[26]; in travel expenses as a result of increased business activities after the pandemic; and in transportation costs on sales), allowed the company to end the year with a higher profit.

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

The corporate purpose of the company is to design, manufacture and sell shape memory alloy instruments and actuators, getters and any other equipment for creating high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, in July 2011 the company established the joint venture Actuator Solutions GmbH (for further details on the joint venture, please refer to the next section of the Report on Operations and to Notes no. 13 and no. 24 to the Consolidated Financial Statements at December 31, 2023).
SAES Nitinol S.r.l. closed 2023 with a loss of -250 thousand euros (substantially coinciding with the impairment loss, amounting to -200 thousand euros, aimed at reducing to zero the value of the equity investment in Actuator Solutions GmbH following the capital increase of the same amount granted in July 2023, with the aim of guaranteeing a financial cushion for the joint venture to enable business continuity), compared with a loss of -677 thousand euros in the previous year (substantially coinciding with a similar impairment loss, amounting to -600 thousand euros, resulting from the two capital increases made in the fourth quarter of 2022).
The loss for both years includes the impairment loss (160 thousand euros) on the financial asset corresponding to the interest income accrued on the loans granted to Actuator Solutions GmbH, which was fully impaired because it was deemed not recoverable.
To be noted is that 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, see Note no. 34 to the Consolidated Financial Statements at December 31, 2023).
Lastly, in early March 2023, the Parent, as Sole Shareholder, approved the total waiver of its financial assets at the end of 2022 with 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 2023 with a profit of +165 thousand euros, compared to a loss of -32 thousand euros in 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 rates), as well as the remuneration received from the transfer of its tax loss carryforwards to other Group companies participating in the domestic tax consolidation.

[26]For further details, please refer to Note no. 16 to the Consolidated Financial Statements at December 31, 2023.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate[27], 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 that period, the program, which resulted in a reduction in personnel expense of about 101 thousand euros, was not further renewed.

In 2023, SAES Coated Films S.p.A. recorded revenue of 5,502 thousand euros, almost halved from 10,641 thousand euros in the previous year, penalized both by the difficulties that the converting sector is experiencing as a result of the contraction of consumption due to the inflationary crisis, and from an overstock 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 extraordinary bonus granted to all Group employees as a result of the exceptional value created from the sale of the Nitinol business[28] and 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 2023 closed with a loss of -2,943 thousand euros, compared to a more limited loss of -1,163 thousand euros in the previous year.

Finally, it should be noted that, at the end of November 2023 SAES Getters S.p.A., as the Sole Shareholder, resolved to fully waive the financial asset in the amount of 4,557 thousand euros with SAES Coated Films S.p.A. and representing the principal as at November 7 of the intragroup loan signed on February 8, 2021.

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

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

In 2023, Strumenti Scientifici Cinel S.r.l. had revenue of 6,803 thousand euros, up 16% from 5,866 thousand euros in 2022. Despite the increase in revenue, the profit was down (31 thousand euros in 2023, compared to 314 thousand euros in 2022) due to inflationary factors that adversely affected profit margins, as well as the increase in operating expenses (in particular, an extraordinary bonus granted to all Group employees as a result of the exceptional value created with the sale of the Nitinol business[29]).

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

[27] Local unit in Lainate, at the headquarters of the Parent.
[28] For further details, please refer to Note no. 16 to the Consolidated Financial Statements at December 31, 2023.
[29] For further details, please refer to Note no. 16 to the Consolidated Financial Statements at December 31, 2023.

the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. which was acquired in July 2021. As of that date, SAES RIAL Vacuum S.r.l. is a wholly owned subsidiary of the SAES Group and, therefore, fully consolidated, rather than using the equity method, which was used previously.
In the 2023 financial year, SAES RIAL Vacuum S.r.l. recorded revenue for 7,048 thousand euros and a profit of 350 thousand euros. As already highlighted previously, in the last financial year the company was fully consolidated only starting from May 25, 2022, and from this date to December 31, 2022 the revenue stood at 3,974 thousand euros, with a profit of 136 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., based in Luxembourg, has the purpose of managing the Group cash and cash equivalents, with the aim of maintaining the capital in view of any future loans and at the same time guaranteeing a remuneration adequate to a conservative risk profile.
It should be noted that in order to reduce the Group's exposure to financial market volatility, during the first part of 2023, the company sold all the securities it held in its portfolio. Financial resources from the sale were invested in time deposits, together with cash from the sale of the Nitinol business (for further details see Note no. 16 to the Consolidated Financial Statements at December 31, 2023), the management of which was assigned by the Parent to SAES Investments S.A. Lastly, it should be noted that the *Lombard* loan taken out by the Luxembourg associate with JP Morgan (principal par of 52 million euros) was repaid on its natural due date, i.e. on December 28, 2023.
The company ended 2023 with a profit of +2,199 thousand euros, to be compared with a loss of -11,109 thousand euros in 2022: the positive change is mainly attributable to the fact that in 2022 the management of the securities portfolio had closed with a loss due to international tensions in the financial markets, which were especially evident in the first part of the year, partly as a result of the conflict in Ukraine. The interest income accrued in 2023 on the time deposits in which cash and cash equivalents were invested were instead offset by the interest expense accrued on the loan that SAES Investments S.A. received from the Parent with the aim of transferring part of the consideration received from the sale of the Nitinol business to Luxembourg.

MEMRY CORPORATION – Bethel, CT (USA) - company sold on October 2, 2023

Memry Corporation is a technology leader in next-generation, highly engineered medical devices made of Nitinol shape memory alloy.
The company, together with its two Branches (the German Branch, based in Fribourg, and the Italian Branch, based in Lainate, both established with the aim of fostering the commercial expansion of Memry Corporation on the European market) and the US subsidiary SAES Smart Materials, Inc., was sold to the Resonetics Group on October 2, 2023.
Up to the date of sale (period January 1 - October 2, 2023), the company recorded revenue of 90,803 thousand dollars (83,975 thousand euros) and a loss of 12,393 thousand dollars (-11,461 thousand euros), exclusively attributable to non-recurring costs related to the aforementioned sale (in particular, consulting costs and remuneration to US employees, as well as to the CEO of the Nitinol business, who resigned at the closing date), for a total of 34,285 thousand dollars, corresponding to 31,707 thousand euros (amount net of the related tax effect).
Finally, it should be mentioned how, at the beginning of February 2023 in anticipation of the sale, Memry Corporation had early repaid 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) – company sold on October 2, 2023

SAES Smart Materials, Inc. is active in the development, production and sale of semi-finished Nitinol products.
In the period January 1 - October 2, 2023 (the date on which it was sold to the Resonetics Group, together with Memry Corporation), the company achieved revenue of 20,308 thousand dollars (18,781 thousand euros) and a profit of 3,670 thousand dollars (3,394 thousand euros). There are costs related to the sale (in particular, bonuses paid to US managers) amounting to 384 thousand dollars, corresponding to 355 thousand euros (amount net of tax effects).

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 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 SMAIIA GmbH (a company owned by former shareholders of the 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 posted revenue of 2,867 thousand euros in 2023, compared with 5,515 thousand euros in 2022. The two years are incomparable because at the end of 2022 Actuator Solutions had 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 profit that would have been realized if the production activity had continued. Generally speaking, without considering the outsourcing of production, there was a decline in automotive sales, which were penalized by uncertainties in the supply chain, while fees generated by application developments in the actuator sector were in line (higher sales destined for the "smart" mattress sector and higher revenue from application developments for third parties in the medical and life sciences sectors, offset by lower sales to the SAES Group of components for the B!POD project and lower fees for services and consulting to customers).

Despite the decline in sales, **gross profit** is found to be broadly in line (1,758 thousand euros in 2023, compared to 1,840 thousand euros in 2022) due to better profit margins from new development businesses, compared to the more traditional automotive manufacturing business.
On the other hand, **the operating loss** is slightly worse (-1,056 thousand euros in 2023, compared to -787 thousand euros in 2022), but the difference is solely due to the extraordinary capital gain last year on the above-mentioned sale of the seat comfort automotive production line.
The year 2023 closed with a **profit for the year** of +445 thousand euros, compared to a loss of -677 thousand euros in the previous year: this improvement can be exclusively attributed to the non-recurring income of 1,719 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 SMAIIA GmbH (99 thousand euros). The same waver 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	2023	2022
	100%	100%
Revenue	2,867	5,515
Cost of sales	(1,109)	(3,675)
Gross profit (loss)	**1,758**	**1,840**
% of revenue	*61.3%*	*33.4%*
Total operating expenses	(2,817)	(2,838)
Net other income	3	211
Operating profit (loss)	**(1,056)**	**(787)**
% of revenue	*-36.8%*	*-14.3%*
Net financial income	1,500	95
Net exchange gains (losses)	(4)	8
Income taxes	5	7
Profit (loss) for the year	**445**	**(677)**

To secure a financial cushion for Actuator Solutions GmbH and to enable its continued operation, in July 2023 SAES made a capital injection into the joint venture in the amount of 200 thousand euros. A similar capital injection was also made by the equal shareholder SMAIIA GmbH.

The share pertaining to the SAES Group of the 2023 profit of the joint venture would have been +223 thousand euros (-337 thousand euros the share of the loss for 2022), but, since the equity of the joint venture was negative[30] despite the aforementioned share capital increases carried out by SAES Nitinol S.r.l. during 2023 (+200 thousand euros), the "share of the profit/loss of equity-accounted investees" was negative and equal to the value of the latter (-200 thousand euros), with the aim of eliminating the carrying amount of the SAES equity investment without setting up any provision for risks, as at December 31, 2023 there is no legal or implicit obligation for further recapitalisation by the Group.

In addition, in 2023 the financial asset related to the interest accrued on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture in previous years, amounting to 160 thousand euros, was impaired as it was considered unlikely to be recovered (a similar impairment loss, again equal to 160 thousand euros, had been recorded in 2022).

Finally, to be noted is that 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 (in the previous year a similar waiver had been granted in the amount of 300 thousand euros).

FLEXTERRA, Inc. – Skokie, IL (USA)

Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), was established at the end of 2016 as a start up with the purpose of the design, manufacturing and sale of materials and components for the manufacture of flexible displays.
Flexterra, Inc. owns 100% of Flexterra Taiwan Co., Ltd. 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 year 2023 closed with an **operating loss** of -2,462 thousand euros, an improvement compared to -3,096 thousand euros in 2022 due to the containment of operating expenses by the parent Flexterra, Inc. following the reorganization process implemented at the end of the previous year, in addition to extraordinary income arising from the licensing of intellectual property (139 thousand euros).

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[30] Almost -1.4 million euros, pro-rata amount at 50%.

Thanks in part to the absence of the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd. which had penalized the previous year, 2023 ended with a loss of -2,915 thousand euros, a strong improvement from -4,111 thousand euros in 2022. Finally, there was a slight increase in financial expense, as a result of the new tranches of convertible loans granted by SAES to Flexterra, Inc.

(Thousands of euros)

Flexterra	2023	2022
	100%	100%
Revenue	3	0
Cost of sales	2	(81)
Gross profit (loss)	**5**	**(81)**
% of revenue	*n.a.*	*n.a.*
Total operating expenses	(2,696)	(3,024)
Net other income	229	9
Operating profit (loss)	**(2,462)**	**(3,096)**
% of revenue	*n.a.*	*n.a.*
Net financial expense	(513)	(441)
Net exchange gains (losses)	24	(610)
Income taxes	36	36
Profit (loss) for the year	**(2,915)**	**(4,111)**

The share pertaining to the SAES Group of the loss in 2023 of the joint venture amounted to -1,374 thousand euros (-1,926 thousand euros in 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 or implicit obligations for recapitalisation by the Group, SAES' share of the loss for 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, of an equal amount, was disbursed on June 1, 2023, after SAES positively assessed an updated business plan. On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. paid Flexterra the third tranche, also in the amount of 250 thousand dollars, while the fourth and final tranche, of the same amount, was approved on October 12, 2023.
The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, 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 (698 thousand euros) in the statement of profit or loss for 2023.

Furthermore, it should be noted, that due to the continuing uncertainty about the timing of Flexterra's commercial establishment, the financial asset related to the interest accrued during 2023 on all the various tranches of the convertible loans granted to the joint venture, amounting to 407 thousand euros, was also impaired because it was judged difficult to recover (the impairment loss in the previous year was similar and amounted to 379 thousand euros).

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Including also the share of revenue of joint ventures, **total revenue** in 2023 were 122,916 thousand euros, down 5.8% from 130,432 thousand euros in 2022, due to lower consolidated revenue (negative organic change as well as penalizing exchange rate effect).[31] With regard to joint ventures, the amounts are not comparable: in the case of Actuator Solutions, due to the sale of the last line of actuators, completed at the

[31] Actuator Solutions GmbH (50%) and Flexterra (47.10%) in 2023, which were joined in the January – May 2022 period by SAES RIAL Vacuum S.r.l. (49%), fully consolidated starting on May 25, 2022.

end of 2022; in the case of SAES RIAL Vacuum S.r.l., because it was fully consolidated from the end of May 2022.

(Thousands of euros)

	2023	2022	Total difference	Total difference %
Consolidated Revenue	**121,587**	**126,563**	**(4,976)**	**-3.9%**
50% revenue of the joint venture Actuator Solutions GmbH	1,434	2,758	(1,324)	-48.0%
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 (**)	1	0	1	n.a.
Intragroup eliminations (*)	(111)	(303)	192	-63.4%
Other adjustments	5	(15)	20	-133.3%
Total revenue of the Group	**122,916**	**130,432**	**(7,516)**	**-5.8%**

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

	December 31, 2023					
(Thousands of euros)	**Satement 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	**121,587**	**1,434**	**(106)**	**1**		**122,916**
Cost of sales	(72,157)	(555)	106	1		(72,605)
Gross profit (loss)	**49,430**	**879**	**0**	**2**		**50,311**
% of revenue	*40.7%*					*40.9%*
Total operating expenses	(71,558)	(1,409)	0	(1,270)	76	(74,161)
Net other income (expense)	(121)	2		108		(11)
Operating profit (loss)	**(22,249)**	**(528)**	**0**	**(1,160)**	**76**	**(23,861)**
% of revenue	*-18.3%*					*-19.4%*
Net financial income (expense)	11,242	750	(731)	(242)	520	11,540
Impairment losses on loan assets and other financial assets	(2,230)					
Share of profit of equity-accounted investees	(200)		200		0	0
Impairment losses on equity-accounted investees						
Net exchange gains (losses)	694	(2)		11		703
Pre-tax profit (loss)	**(12,743)**	**220**	**(531)**	**(1,391)**	**596**	**(11,618)**
Income taxes	1,723	3		17		1,743
Profit (loss) from continued operations	**(11,020)**	**223**	**(531)**	**(1,374)**	**596**	**(9,875)**
Profit (loss) from discontinued operations	643,316	0		0		643,316
Profit (loss) for the year	**632,296**	**223**	**(531)**	**(1,374)**	**596**	**633,441**
attributable to:						
- the owners of the parent	632,296					633,441
- non-controlling interests	0					0

Statement of reconciliation between the group's profit for the year and equity with the Parent's

The reconciliation between the group's profit for the year and equity at December 31, 2023 with the profit for the year and equity at December 31, 2023 of SAES Getters S.p.A. is shown in the table below.

[32] Actuator Solutions GmbH (50%) and Flexterra (47.10%).

(Thousands of euros)	December 31, 2023		December 31, 2022	
	Profit (loss) for the year	Equity	Profit (loss) for the year	Equity
Financial statements of the Parent SAES Getters S.p.A.	**686,983**	**817,175**	**2,936**	**186,410**
Equity and profit for the year of consolidated companies, net of dividends distributed	(7,437)	90,291	348	197,678
Carrying amount of consolidated equity investments, net of impairment losses	(46,191)	(40,791)	11,489	(69,820)
Consolidation adjustments:				
Elimination of profits deriving from intragroup transactions, net of the related tax effect	36	(15,670)	(656)	(20,149)
Provision for taxes on undistributed profits of foreign subsidiaries	157	(732)	(758)	(4,244)
Equity joint venture measurement	0	(22,833)	(33)	(22,833)
Other consolidation adjustments	(1,252)	(4,250)	(976)	(2,989)
Consolidated financial statements	**632,296**	**823,190**	**12,350**	**264,053**

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

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

The following are considered companies of significant materiality in that, at December 31, 2023, they exceeded the individual materiality parameters envisaged by Article 151 of the Issuers' Regulations:
- SAES Getters/U.S.A., Inc. – Colorado Springs, CO (USA);
- Spectra-Mat, Inc. – Watsonville, CA (USA);
- SAES Investments S.A. – Luxembourg (Luxembourg)

Research, Development and Innovation

Research and development expenses in 2023 amounted to a total of 10,915 thousand euros (9% of consolidated revenue) and were basically in line with that of 2022 (10,120 thousand euros, equal to 8% of consolidated revenue).

Research and development activities of the ***Group Research Labs*** in 2023 were carried out as part of ***Basic Research***, ***Applied Research*** and ***Experimental Development*** projects.

With regard to *Basic Research* aimed at developing knowledge on advanced materials, the activities of four projects regarding environmental sustainability, continued in collaboration with both Italian and European academic and industrial groups.
For the European project *"Ecoefishent"* (*www.cordis.europa.eu/project/id/101036428* - Horizon 2020 program of the European Commission in the field of "*Climate Action, Environment, Resource Efficiency and Raw Materials*"), SAES, in collaboration with several European partners, is developing active formulations to be used in the creation of biodegradable and compostable barrier layers for food packaging, using bioactive elements extracted from fish processing waste products through green chemistry approaches. In particular, in 2023 SAES has developed gelatin-based formulations, optimizing their process characteristics and mechanical stability, in order to make them suitable for application on compostable substrates; evaluations are also underway on the possibility of applying new patent for the systems obtained.

The other *Basic Research* activities were carried out through a collaboration for three research doctorates supported by SAES. As part of a project for the development of mixed matrix membranes, co-financed by Italian Ministerial Decree no. 352/2022 for the National Recovery and Resilience Plan (NRRP), zeolite core capsules were prepared using membrane processes, exploring innovative electro-spinning techniques. The activity of a second doctorate has analysed innovative approaches for the preparation of lamellar fillers with functionalities for the transport of active functions on a laboratory scale and the procedures developed will be evaluated on a pilot scale in 2024. Finally, a third PhD project involved the development of barrier coatings through the use of new hybrid additives based on organometallic materials. All doctoral activities will also continue in 2024.

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

The *Specialty Zeolites* platform represents a proprietary and distinctive SAES technology thanks to the wide modularity of the preparatory processes that allow the generation of new materials for different applications. In 2023, the development activities of optically active markers for tracking (anti-counterfeiting) of compostable formulations were finalized. The stabilisation of optically active molecules within porous zeolite structures and the consequent integration in thermoplastic polymeric formulations make it possible to obtain compostable films whose breakdown and origin can be verified through control techniques based on fluorescence measurements that can be implemented in production. In the second part of 2023, the qualification of this system in polymeric films produced on a pilot extrusion line by a major manufacturer of compostable polymers was completed. The qualification phase will continue in 2024 on a pre-industrial scale. In the meantime, activities continue to develop specialty zeolites as innovative additives for cosmetic formulations, to support the innovation activities managed by the Chief Innovation Office. This activity led to the deposit of a new patent in 2023.

With regard to the development of organic spheres, *Beads & Capsules* with core-shell structures, work was completed in 2023, in collaboration with the Institute of Membrane Technology (CNR) to explore the potential of the membrane-assisted nano-precipitation process for the preparation of functional additives with spherical shape, sub-micrometer size, and properties that can be determined through the combination of different materials in core-shell structures. An inotropic gelation process was adopted for the production of capsules of biopolymer, chitosan, with control of the size and morphology. These results were published by SAES in an international scientific journal (*Carbohydrate Polymers 2023*) with a high impact factor, demonstrating the innovative nature of the results produced. In the last period of 2023, the possibility of applying nano-precipitation processes for the preparation of polyphenol capsules with antioxidant power was investigated. This activity will also continue in 2024.
In the *Packaging Solutions* area, the creation of a laboratory focused on the development of active water-based lacquers for the deposition of thin coatings with a barrier or absorption function, using innovative additives deriving mainly from the platforms of special zeolites and of beads and capsules. 2023 activities focused mainly on the development of barrier coatings for oxygen, implementing new cross-linking systems to increase stability in high humidity and high temperature conditions, in order to make flexible films with barrier coatings suitable for pasteurization and sterilization processes. In 2023, a joint development agreement was executed with an important converter active in the production of flexible packaging for a range of applications. The activities were launched in the second half year of 2023 and provide for a continuous development over a period of eighteen months. The laboratory also continued with the incremental development of Coathink® products and the optimization of processes in support of SAES Coated Films S.p.A., with the use of the pilot lacquering machine available in the laboratories of Lainate. In order to maximize the effectiveness of development activities and focus on activities in collaboration with industrial partners, the *Packaging Solutions* laboratory was reconfigured as a divisional development laboratory and will continue its activity in 2024 as part of the SAES Packaging Division.

With regard to *Innovative Alloys*, exploration activities continued for the study of atomisation processes of Nitinol powders, in order to make them suitable in terms of shape, size and morphology for additive manufacturing processes, while preserving their characteristic mechanical properties. With regard to the development of new metal alloys with getter properties, research activities continued for new systems capable of absorbing hydrogen under conditions of high equilibrium pressure, to be used in NEG pumps in the field of nuclear merger research. The activities carried out in 2023 allowed an extensive screening of the absorption properties of alloys of different compositions, providing a set of information that will form the basis for the development phase that will be pursued in 2024.

With regard to the developments in the *Shape Memory Alloys* (SMA) area, activities continued to consolidate and improve the smelting process in production to standardize cleanliness and machinability levels to the characteristics of previously developed laboratory-scale systems and ensure SMA alloy wire characteristics suitable for high-fatigue performance industrial applications. In recent months, the objective has been achieved by reaching carbon and oxygen content and the size of the inclusions typical of Clean Melt ingots. In parallel, a process to fine-tune the melting system of ternary alloys (NiTiCu) with clean melt properties has been resumed, and a new high-frequency evaluation system for the dynamic characterization of proportionally controlled actuators is being finalized. The new system, "New Generation Test Rig", 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 (*SCM - Super Clean Melt*). Activities were carried out for the consolidation of the processes of the aforementioned improvement training of *SCM - Super Clean Melt* thin threads in the 20-30 microns range in Lainate and 76 microns in Avezzano. Samples of *SCM* threads were sent to an external partner for evaluation.

As regards the *Dispensable Getter Solutions*, the activities of 2023 concerned the characterization of the new reversible getters and the optimization of dispensable formulations both for applications in organic electronics and for applications in microelectronics. In detail, for some DryPaste® formulations, the possibility of replacing some critical components, low molecular weight siloxanes, was investigated in order to improve the compatibility of the products with certain types of devices and the testing of AqvaDry® continued for *Active Matrix OLED* applications. In addition, the development of the third generation of getter systems continues, which involves the integration of ZeDry® dispensable getters on metal lids used in the packaging of optoelectronic devices.

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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 finalizing the creation of an innovative <u>compostable</u> flexible packaging. Sales are expected to begin in spring 2024.
B!POD is establishing itself in Italy and expanding commercially in other European countries, such as France, Great Britain and northern European countries. The launch of B!POD in London and Paris, carried out in September 2023, boosted sales in the last quarter of 2023 and increased brand awareness in Italy. New commercial events are planned for 2024 in Paris, London and in some selected Italian cities. New accessories and features are being developed to support the growth of the brand, whose first launches are expected by the end of 2024. From 2024, B!POD containers will be ISCC certified with "Ocean Bound" plastic materials. B!POD won the finalist award at the prestigious and international iF Design Award 2024.
The Nebula concept won the *RedDot Award* for innovative concept, an international award that was presented to the team during the ceremony held in Singapore in September 2023.
The new *B2C* product development project, launched in the last part of 2022, continued in the exploration phase of different concepts and involves the exploration of new materials in collaboration with Group Research (membranes, polymers for 3D printing, bio-based and bio-inspired materials).

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 began activities in RedZone's Open Lab in the last quarter of 2023.
Finally, the second *RedZone* call was launched in mid-June 2023, covering the topics of smart packaging, cosmetic solutions, carbon capture materials, sensing & functional materials and advanced membranes.
Over 30 applications were received and two start-ups were selected with which the contract finalization phase began: **BacFarm**, a Sardinian biotech start-up that extracts innovative active ingredients from extremophilic bacteria for cosmetic applications (UV filters) and **Flux Polymer**, a Finnish-German start-up that develops smart coatings potentially applicable to the products of SAES Coated Films S.p.A.

With regard to the search for new strategic and technological directions, an ambitious project dedicated to the cosmetics market was launched, the objective of which is to launch, during 2024, new products in line with the main directions of market innovation: optimization of the sun protection, bio-active ingredients, replacement of harmful or unwanted raw materials.

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 afore-mentioned 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.

SAES has decided to launch an ambitious project to apply artificial intelligence tools to the decades-long heritage of explicit and implicit legacy of laboratories, in particular that of NEG and SMA metallurgy, with the ultimate aim of extracting value from these databases and supporting researchers in the development of new materials as well as in the optimization of existing materials. Preparatory to all this will be the creation of structured databases of all scientific literature and experimental data accumulated over the years.

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

Impact of the current geopolitical instability

Conflict in Ukraine

To be noted is that in 2023 the Group’s **direct exposure** in Russia, Ukraine and Belarus continued to be marginal. Revenue in these countries was immaterial, also following SAES's decision to cautiously suspend all business activities.

During 2023, the **indirect effects** of the conflict (increases in energy and raw materials) subsided and costs returned to standard levels.

In the year under analysis, 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 Group’s financial resources, including those deriving from the sale of the Nitinol business to Resonetics, were invested in short-term time deposits, flexible and essentially risk-free.

Instability in the Middle East area

The current **conflict in Israel** has had immaterial direct effects on Group sales.

With regard to the **instability in the entire Middle East** region and, in particular, the situation of the **blockade of the Suez Canal,** no critical issues are reported with regard to customers. With regard to the supply chain, there are slight increases in transport time and costs, but no emergencies, as purchases are mainly handled by air, except in sporadic cases.

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The unpredictable dynamics of the geopolitical, military and economic development of the on-going crises, 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 and the expected results of ordinary operations continue to be influenced by developments in the global macroeconomic context.

Group's main risks and uncertainties

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

Strategic risks

Risk linked to the evolution of the market

Sector trends

2023 was a year of slight decline for the Group which, following the extraordinary sale of the Nitinol business (closing on October 2, 2023), with reference to the current post-sale scope of consolidation, was affected, especially in the first half of the year, the slowdown in some business sectors (such as consumer electronics applications of the Chemicals Division and the packaging industry, with an impact on the performance of the subsidiary SAES Coated Films S.p.A.) only partially offset by growth (in some cases sustained) of other business areas, in particular the SMA Materials segment.
The enormous value creation achieved with the sale of the Nitinol business, however, lays the foundations for the pursuit of growth strategies of the Group in the short-medium term, even in the face of heterogeneous market scenarios and sector performance and in some cases marked by uncertainties.
With reference to the Group's business sectors, the forecasts of a slowing inflation growth levels, both in Europe and in the United States, represent a generally favourable element, particularly with reference to SAES applications for consumer-facing end products (e.g., the consumer electronics applications of the Chemicals Division or the SMA Materials segment, whose aggregate global demand at the beginning of 2023 was affected by the reduction in purchasing power due to inflation levels in 2022, as well as by the effect on economic activities in China of the *"zero covid"* policies of the beginning of the year, which was followed by a strong recovery in sales volumes in the second half of the year) or production chains marked by arbitrage or price indexing strategies in procurement policies, such as the packaging industry. Conversely, changes in inflation rates have had a smaller impact in those market sectors of the Group driven by public investment, such as the High Vacuum Division's applications in science for the particle accelerator or research laboratory market or the Getters & Dispensers division's applications for the defence sector.
With respect to the businesses most exposed to end-consumer demand levels, one risk is the negative impact of any economic slowdowns at the domestic level (for example, with reference to some of the Group's relevant markets, such as China or Germany) or at the global level, although fears of a widespread economic crisis have already been reduced in 2023, and, in the short term, the increased room for manoeuvre of Central

Banks, achieved through interest rate hikes in the recent past, should allow, if necessary, more effective stimulus actions to the economy, such as to avoid heavy ("hard landing") economic crisis scenarios.
The SAES Group, however, also operates within business sectors that are limitedly dependent on the economic cycle (such as the defence and medical applications business, within the Getters & Dispensers and Sintered Materials divisions, as well as the luxury market, again in the SMA Materials segment and international scientific research as far as the High Vacuum Division is concerned) which, by their very nature, are less exposed to the performance of the global economy.
The business sectors in which the Group operates are also affected by commercial tensions and conflicts at international level, albeit with very heterogeneous direct and indirect effects. Specifically, the ongoing conflict in Ukraine has led to the slowdown of some international research projects which, within them, provides for the contribution of Russian scientific partners. On the other hand, the effect of the conflict on energy prices was significantly and progressively mitigated during 2023, compared to the increase recorded between the end of 2022 and the first months of the year. The Middle East crisis had a direct immaterial impact on the Group's activities, except for limited slowdowns for some commercial activities towards the end of the year and sporadic increase in transport times and costs on some supplies from Asia (managed mainly by air, with very little exposure to the critical issues that have emerged in transport through the Suez Canal). Finally, trade tensions between the United States and China, with an uncertain outcome in the short and medium term, as well as the ongoing global trend of gradual insourcing of production chains and decoupling from countries considered to be higher risk, have had a generally balanced effect on the SAES Group, favouring sales for some applications in Europe and the United States, but increasing competitive pressures in Far East markets, especially with reference to some more traditional businesses.

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

Another external factor that cannot be influenced by SAES is changing legislation in the countries in which the Group distributes its products or in those where the markets of SAES's customers are located. The rules and consequent operating normal practice are particularly important in the automotive sector, whose market is affected by environmental requirements (especially in Europe), or with regard to the packaging sector, in relation to which the initiatives adopted at EU level directed at favouring sustainable and/or compostable solutions, such as the *Packaging & Packaging Waste Regulation (PPWR),* which may be further developed both at national regulatory level and through new market standards. The functional polymer technology developed by SAES improves "high barrier" abilities of recyclable plastic films and, in addition, makes it possible to use non-petroleum-derived, and therefore compostable, plastic films. The use of these materials in the market is therefore sensitive to the introduction of norms or technical standards aimed at greater eco-sustainability, at a time when there is growing public concern about the environmental impact of plastics, as evidenced by the primary role that the *green* transition has taken in public investment choices in multiple geographical areas (e.g., Europe and the United States). The acceleration and large-scale implementation of these regulations, as well as their standardisation in relation to strategic geographical areas for the Group, could have a positive impact on the timing of the Group's success on the market for innovative, recyclable and compostable products in the food packaging sector.

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

Competitive trends

The Group is typically involved in the phases at the start of the value and production chains of the sectors in which it operates (B2B or Business to Business), often as tier 2 or 3, and therefore generally does not sell to the end consumer. This reduces the SAES Group’s ability to anticipate or guide the trend of final demand of its products, which depends on the success or commercial skills of its customers.
In recent years, aggressive competitors have emerged, for example in Asian markets, benefiting from the combined effect of national/local support policies and strategies of progressive decoupling of supplies from Western countries, also due to the afore-mentioned geopolitical dynamic, commercial tensions on international markets and changes in production chains, which act with strong price cutting policies aimed at the most price-sensitive and mature industries, with consequent risks of a reduction in margins. In addition, competitive pressure for the Group could increase due to the completion of vertical integration and/or partnership operations by some direct competitors, even at markets historically less characterized by such dynamics, as well as the entry into some relevant markets of financially solid private investors, with the possible development of aggressive sales policies.

To respond to these risks, the Group has adopted a number of strategies. In particular, SAES aims to differentiate itself in the market through the high quality and performance levels of its products, with sustained investment in continuous improvement of its offerings, as well as the formulation of integrated commercial proposals including sales activities, development at the customer’s premises and after-sales assistance. In addition, where possible and in compliance with current legislation, long-term supply agreements and commercial partnerships are stipulated, orders that are significant in terms of amount and volumes are favoured, opportunities for modifying procurement strategies/supervision of local markets and inorganic growth opportunities are carefully evaluated, for the external acquisition of distinctive technologies and technical capabilities that are functional to the Group's know-how and business activities or investment in potentially disruptive entrepreneurial realities, including through convertible financing to promising ventures or start-up support and acceleration programs such as RedZone. Through the acquisition of technologies or the development of new solutions and services, we work to expand and complete our product portfolio. The strong orientation towards product innovation drives the Group to support investments in research and development activities and to offer products that meet the reference standards and the specific requirements of customers, also by repositioning the range of products along different stages of the value chain.
Furthermore, as also mentioned, SAES seeks to diversify its target markets with a view to reducing its dependence on markets characterised by an increasing level of competition.
In parallel, market research continues to anticipate changes in demand, also by using alliances and agreements with leading specialised study centres. In addition, the collaboration with leading universities and commercial partnerships with established companies constitute important eminence tools for the Group, with the aim of increasing SAES brand awareness even downstream of the markets in which it operates and of retaining its customers.
Lastly, also by developing joint ventures, such as Actuator Solutions, the Group intends to pursue the objective of changing its positioning on the value chain, shifting from the production of simple components to that of more complex devices, of actual systems that can be sold directly to end users, which gives it the opportunity to handle the competition better due to the fact that it is closer to its customers. This objective also includes the progressive strategic repositioning of SAES Coated Films, from *coated films manufacturer* to *packaging solution provider*, started already in 2021 and also continued in 2023.

Drivers related to technological and technical trends

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

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

This risk is mitigated by continuous market analyses and through screening emerging technologies and of emerging trends, from a market pull point of view, both to identify new opportunities for development and to ensure that one is not prepared for the emergence of technological ageing.
Furthermore, as already mentioned, SAES seeks to reduce the importance of a single industry/application by diversifying the target markets and continuously investing in the development of innovative solutions, with a technology push approach.

Risk related to extraordinary transactions

The year 2023 was characterized by the sale of the Nitinol business, which generated an enormous creation of value, necessary for the pursuit of future growth strategies (organic and inorganic) of the SAES Group. In this context, the industrial reinvestment strategies of the proceeds obtained from the completion of extraordinary transactions (such as the one just mentioned) lead the Group to evaluate potential investments related to the purchase of controlling stakes/company branches/joint ventures in order to strengthen its position in the sectors in which it operates, diversify its product portfolio and expand into markets synergistic to those it is already present in, including through careful monitoring and scouting of innovative projects and start-ups as is the case with the RedZone project, launched in 2022 and continued during 2023, with the identification of and support for the first start-ups to join the initiative, or the provision of convertible financing to entities deemed promising. During the year, the Group continued its strategy of diversifying investments in companies characterised by technologically advanced production and high innovation (for example, Flexterra, Actuator Solutions, Rapitag, Cambridge Mechatronics Limited, as well as active participation in the venture capital fund EUREKA!), which SAES believes could be instrumental to the growth of its business.
Furthermore, through mergers and/or acquisitions, the Group aims to integrate critical and distinctive skills and technologies within its scope, as well as exploit appropriate synergies between different business models, to invest more easily in markets functional to its own, achieving efficiencies in terms of production and procurement costs, greater effectiveness of business processes and to position itself closer to the end customer within the value chain, through the provision of custom services and also after-sales.

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

Diversity of business models

The Group includes businesses and production sites that are different in terms of size, production volumes, reference markets and operating activities, including medium-small companies following the inorganic growth operations completed in recent years. In addition to these production sites, there are also investments (joint ventures, convertible loans, minority interests in other companies, etc.) made by the Group in entrepreneurial realities functional to its business model, which in some cases can be traced back to innovative structures of reduced size and/or with the characteristics typical of start-ups, which increase the Group's level of organisational and management complexity, in relation to a limited overall size, with the risk of entailing inefficiencies and a significant weight of "structural" costs.

The SAES Group mitigates the risks associated with the heterogeneity of business models within it by identifying and pursuing operational and functional synergies between production sites, overseeing service activities at the Parent also to the benefit of peripheral structures, defining, where possible, cost structure efficiency objectives, monitoring operating performance levels and investing to limit possible production inefficiencies.

Risks of catastrophic events

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

In order to ensure business continuity during events that by their nature are extraordinary, crisis committees have been appointed to define the appropriate response strategy for the continuation of the Group's business activities.
With regard to the presence of some of the Group's production plants in earthquake-prone areas (for example Abruzzo and California), the organisation has adopted specific risk mitigation measures, such as: operating in earthquake-proof buildings; drawing up special procedures to manage emergencies; ensuring that the relevant authorities make periodic checks of the buildings; drawing up insurance policies to cover material assets and business interruption for the Italian sites and the foreign production associates; frequent evacuation drills for the employees that work there; investment plans finalised at the safeguarding of corporate assets and continuity of operations.

Uncertainty about the success of research and development projects

The SAES Group, on its own initiative or in cooperation with its customers or partners, operates with the objective of developing innovative products or solutions, which are often "cutting-edge" and with returns in the long term.
The risk of failure does not just depend on our ability to provide in the required form, time and costs. SAES, in fact, has no control over the ability of its customers to develop what is outlined in their business plans, nor on the timing of confirmation of new technologies, and the difficulty of finding suppliers of technologies and tools capable of supporting the Group in scaling up processes are also external factors not fully and directly controllable by SAES.
As non-exhaustive examples, competitive technologies may emerge that do not require the use of the Group's products or expertise, or development times could become so long that continuing with the project is no longer economically viable, or in any event delaying the time-to-market with negative effects on the return on investment.
In 2023, research project development activities returned to pre-pandemic levels, including the installation of new equipment at, and renovation of, the laboratories. At the same time, the Group reviewed the overall portfolio of research projects, identifying the most promising ones in order to focus the investments of resources on the latter.

The risk is mitigated through periodic and structured reviews of the project portfolio, managed by the Innovation Committee, which, as part of its activities to support the Chief Technology Officer (CTO)*, is responsible for: i) defining the priorities of research and development projects; ii) proposing the annual budget for* research and innovation in terms of costs and times; iii) preparing plan and budget proposals for approval by Management; iv) developing technological knowledge; v) evaluating and proposing new technological solutions; vi) developing and promoting a uniform and distinctive scientific approach for the different areas of the Group. In addition, in order to continuously monitor the expenses of individual projects and with the aim of optimizing the monitoring and commitment on these aspects, the innovation area uses specific tools for the management of research projects and provides for constant dialogue with the Chief Innovation Officer (CIO).
Where and when possible, SAES seeks to access public funding, obviously if the objectives are perfectly in line with the R&D project in question. In addition, "open" forms of cooperation are increasingly being used with external centres of excellence or with industrial partners through agreements to share investments in research and related results, in order to reduce development times and optimize the cost-effective commitment as regards the commitment of its partners.

Protection of intellectual property

The SAES Group has always sought to develop original know-how, where possible protecting it with forms of industrial property rights, such as patents. It should be noted that there is growing difficulty in their defence, also due to the uncertainties relating to the legal systems of some of the countries in which the Group operates, as well as the advent of generative artificial intelligence systems and platforms, the use of which by the operators of the market is expected to grow. Finally, there is the risk, albeit remote, of violation of the intellectual property of others and/or of the onset of disputes in this regard.
The risks are the loss of market share and margins taken by counterfeit products infringing the Group's intellectual property rights, as well as the need to cover significant legal expenses, as well as the possibility of incurring administrative sanctions.

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

Risks relating to dependence on customers deemed to be strategic

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

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

Risks related to the Group's digital transformation

The emergence on the market of innovative digital systems, platforms and techniques, such as generative artificial intelligence applications, as well as the increasingly widespread new ways of managing and monitoring internal operations, relations with its industrial partners, customer relationship management activities and the monitoring of other third parties (e.g. suppliers), mean that the Group needs to invest in digital transformation, the favourable outcome of which, however, depends on SAES's ability to find, internally and externally, the key skills necessary for the success of these projects. The potential difficulty in having such skills, which are sometimes scarce in the market, represents a risk in terms of non-return on investment, partial effectiveness and delays in the digital transformation process.

SAES mitigates this risk by constantly monitoring market developments, as well as its own positioning, examining investment opportunities in strategic digital transformation initiatives in an integrated manner or through individual solutions and development projects, even of more limited scope, and selecting the best professional partners to support it, who can boast adequate experience and success in implementing such initiatives.

Operational risks

Risks related to production planning

The occurrence of exogenous international shocks in the recent past (e.g. the Covid-19 pandemic, conflicts in Ukraine and the Middle East, or momentary disruptions in supply chains) has exposed the Group to the risk that its production planning and programming may be delayed, as a result of the freezing and/or postponement of shipments and/or supplies due to temporary difficulties of companies operating within the Group's value chain. At the same time, the frenetic and heterogeneous recovery of certain markets following the pandemic or in response to exogenous shocks, with peaks of demand (sometimes driven by arbitrage strategies or "irrational" market dynamics) in some businesses accompanied by slowdowns in other activities, has meant that SAES has had to adopt a flexible model at its production sites, such as to allow for the rapid allocation of production to priority activities characterised by greater demand, in order to avoid the risk of not filling the entire order portfolio in a timely manner.

In order to mitigate the risk, SAES has activated business continuity plans in order to guarantee operational continuity with reference to operations, for example, drawing on inventory stocks, previously procured by increasing the minimum stock levels, such as to satisfy operational continuity in cases of need, as well as adopting *dual supplier* strategies that make it possible to reduce dependence on individual counterparties. In 2023, SAES also upgraded and replicated some production lines, as well as revised the organisation of activities at its production sites, e.g. by defining production campaigns concentrated in certain periods of the year, in order to make operations management more flexible and able to respond more effectively and promptly to changes in demand. Finally, the SAES Group constantly monitors its service levels, promptly intervening in the event of a variance from its historical standards.

Risks associated with the recruitment and retention of critical resources

With reference to the labour market and more particularly to the ability to acquire and retain key technical and technological skills within SAES, while avoiding excessive growth in personnel expense, especially in those geographical areas characterised by greater contractual flexibility and fewer obstacles (for example linguistic) to the movement of personnel, as in the case of the United States, the Group effectively faced some general labour market difficulties, both in the process of selecting and hiring qualified personnel for the operations areas, as well as in defining retention strategies for profiles with critical technical know-how. In particular, SAES was not affected by the effects of some labour market trends that took hold as early as 2022 at global level (such as the “great resignation”) and, through collaboration with leading universities, research centres and employment agencies, it promptly met its needs for the hiring of qualified personnel. Given the above, with particular regard to the labour market in Italy, it should be noted that the scarcity of qualified STEM profiles on the market risks making the SAES recruitment process more onerous and expensive. On the other hand, with reference to the labour market in the United States and in particular to the local regions in which SAES operates, a "cooling" in wage growth is reported in 2023, which emerged as a result of the pandemic starting in 2021 and stimulated by the strong recovery of the US economy, signalling a gradual normalisation of the labour market itself.

In order to mitigate the risk, as well as to favour the maintenance of key skills within the Group, continuous education and training activities are envisaged for personnel, as are the structuring of specific retention plans that integrate financial and welfare aspects, the implementation of initiatives that nurture the corporate wellness of employees, the development of ad hoc succession plans and the preservation of essential know-how within SAES, to support generational change and also in light of the Isopension plan launched at the end of the 2023 financial year.

Business continuity risk

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

With reference to the continuity of business operations, the Group has a business continuity procedure that defines the response actions in case of unavailability of resources, business infrastructure and supply chain. The Group also defines inventory policies for warehouses and dual suppliers to guarantee production continuity even in cases of supply chain disruption and has entered into smart working agreements to guarantee the continuity of remote activities for staff and sales personnel.
With regard to the continuity of information systems, in order to reinforce the actual IT structure, the Company has developed specific disaster recovery procedures, finalised at the definition of roles, responsibilities and operating methods for the management of risk events that could potentially impact the functioning of the company's IT systems.

Risks related to the security of information systems

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

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

<u>Compliance risks</u>

Risks related to environmental sustainability and climate change

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

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

Finally, the increasing attention paid by end consumers, legislators and public opinion in general to the energy transition and to environmental protection issues may produce a significant impact in the markets downstream of those in which SAES operates. This impact can, therefore, have important "backwards" repercussions along the entire value chain, representing both a source of risks (for example, SMA Materials business for the automotive sector) and opportunities (for example, the packaging business or High Vacuum Division) for the Group, and entailing the need to change production processes through the timely introduction and effective use of green production factors, including cutting-edge technologies and energy- and resource-efficient production techniques, driving the transformation of business processes towards greater sustainability. In particular, regulatory developments in the automotive sector could increase the speed of the transition from combustion engines to hybrid and electric engines, which could have a negative impact on sales of SMA springs (SMA Materials business), which in any case have a non-significant weight on both total consolidated revenue and total revenue of the SMA Materials business. However, it should be noted how this risk may be more than offset for SAES by the opportunities that are likely to arise in relation to the business of SAES Coated Films S.p.A., thanks to technological, consumer and regulatory changes in the packaging sector, aimed at encouraging the use of eco-sustainable solutions, while maintaining the effectiveness of the products used in terms of high-barrier. There may also be opportunities in the High Vacuum Division through the Group's involvement in international research projects and private developments in the field of nuclear fusion as a possible new source of energy with a low environmental impact.

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

Furthermore, with regard to issues concerning climate change, the Group has initiated a process aimed at defining a sustainability plan that includes activities aimed at mitigating the areas of risk identified with concrete actions, which allow to contribute, among other things, to the reduction of emissions and the definition and implementation of products that contribute to the promotion of a circular economy. This sustainability plan is expected to be finalised in the course of 2024.

Risks related to regulatory requirements for listed companies

SAES Getters S.p.A. has been listed on the Italian Stock Exchange since 1986 and, as of April 2, 2001, joined the STAR segment (now Euronext STAR) – Segment Securities with High Requirements. Recent regulatory introductions at EU and national level (e.g. the enactment of the *Corporate Social Responsibility Directive*, which will soon also be transposed at national level), as well as the regulatory developments expected in the short and medium term (e.g. Corporate Social Due Diligence Directive), applicable in particular to listed companies, increase the number of legal requirements to which SAES is subject. At the same time, as publicly announced following the sale of the Nitinol business completed on October 2, 2023, the Group expects in the short and medium term to pursue organic and inorganic growth strategies and investments of a financial nature that require the highest level of attention in relations with the market, the Supervisory Authorities and, more generally, with all the Group's stakeholders, with the risk of sub-optimal or untimely management of corporate governance and external reporting aspects.

The SAES Group mitigates exposure to this risk by paying the utmost attention to relations with its internal governance structures, with external investors and with its stakeholders in general, including through the adoption and implementation of specific corporate procedures and/or Group policies and guidelines, by investing in training and awareness-raising activities aimed at company personnel, and by being supported in the management of the most sensitive and interpretative aspects of regulations by qualified and experienced external professionals.

Financial and reporting risks

Budget & planning risk

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

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

Tax risk

The international context in which SAES operates and the various tax regulations to which subsidiaries must comply expose the Group to risks of a fiscal nature: the potential non-compliance with local tax laws as well as the interpretative aspects of some regulations would lead to increased costs and disputes with the tax authorities, with a potentially uncertain outcome, with a consequent impact on the Group's operational and commercial strategies, as well as on SAES's reputation.
For the purposes of assessing the tax risk, the Group takes into account the following assessments: political decisions in tax matters by local governments, geographical distribution of associates, financial results achieved by Group companies and cost structure at corporate level.

The management of the tax process is outsourced, in order to mitigate the risks associated with non-compliance with local regulations and ensure the execution of activities based on the professional skills of external providers with proven experience and reliability. Regular meetings between external advisors and the Group Chief Financial Officer are to be regarded as additional risk management controls.

Financial risks

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

- *Interest rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio. This risk is also linked to the strategies implemented by governments and central banks to achieve the desired level of inflation (on this subject, please refer to the section on strategic risks above). With reference to the investment strategy of the proceeds from the sale of the Nitinol business, the exposure to interest rate risk translates into the possible lower prospective profitability of the time deposits in which the Group's liquid assets were invested, whose return is correlated to the monetary policies of the Central Banks;
- *Currency risk*, related to the volatility of exchange rates, which may affect the relative value of the Group's costs and revenue depending on 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 consolidated profit or loss. The figures of the financial assets/liabilities denominated in currencies other than the euro

also depend on the exchange rate, so not only are the financial results affected, but also the net financial position;

- *Price variation risk of productive factors (for example, raw materials)* which may affect the Group's product margins if it is not possible to offset this variation in the price agreed with customers. It should be noted that this risk is assessed as not significant as at December 31, 2023 (see Note no. 50 to the Consolidated Financial Statements at December 31, 2023 for further details) and therefore no sensitivity analysis has been performed on raw material purchase costs for impairment testing purposes (see Note no. 23 to the Consolidated Financial Statements at December 31, 2023).
- *Credit risk*, associated with the solvency of customers and, in general, the ability to collect and measure financial assets;
- *Liquidity risk*, relating to the Group's ability to properly balance the investment of liquidity currently available after the sale of the Nitinol business, in order to have, when necessary, sufficient funds to finance organic growth activities and/or strategic transactions (such as mergers & acquisitions or organizational rationalization and workout) that involve extraordinary outlays.
- *Financial investment risk*, relating to the Group's ability to re-invest in low-risk securities that can be quickly liquidated (so as not to bind SAES) the collections deriving from the completion of any extraordinary disposal transactions, pending the identification of advantageous business opportunities (reference should be made to the discussion of M&A issues above), as well as relating to the valuation in the financial statements of these investments. In this regard, it should be noted that the Group's securities portfolio was significantly reduced during 2023, with the aim of favouring the (almost) certain returns of time deposits, which, in addition, are not affected by fair value fluctuations, from which the consolidated results of recent years have instead been adversely affected by unfavourable stock or bond performances. The securities still in the portfolio at the end of the year, which are very low in value, have a conservative investment profile and, if held to maturity, make it possible to face the risk of negative returns correlated with the financial market turbulence.

With regard to financial risk, the Board of Directors periodically reviews and defines the risk management policies, as described in detail in Note no. 50 to the Consolidated Financial Statements at December 31, 2023, to which reference is also made for the related sensitivity analyses.

Subsequent events

For events occurring after the end of the year, please refer to Note no. 56 to the Consolidated Financial Statements at December 31, 2023, "Events after the reporting period".

Business outlook

In the **first two months of 2024**, **consolidated revenue** amounted to 20,094 thousand euros, up by +5.1% compared to 19,111 thousand euros in the corresponding period of 2023. Net of the **negative exchange rate effect** (-1%), the **organic change** was +6.1% (+1,171 thousand euros), driven by the High Vacuum and Chemicals Divisions. Packaging Division was stable in absolute terms, while in the Industrial Division the growth of the SMA Materials business was more than absorbed by the decline in the Defence business and the Purification Getters business, where sales were not stable on a monthly basis.

The table below shows the **revenue for the first two months of 2024** of each Division, with the relative percentage change, at current and comparable exchange rates.

(Thousands of euros)

Divisions and Businesses	Two months ended February 29, 2024	Two months ended February 28, 2023	Total difference	Total difference %	Exchange rate effect %	Organic change %
Getters & Dispensers	4,694	6,987	(2,293)	-32.8%	-1.0%	-31.8%
Sintered Materials	1,654	1,524	130	8.5%	-1.1%	9.6%
SMA Materials	4,211	2,905	1,306	44.9%	-1.0%	45.9%
SAES Industrial	**10,559**	**11,416**	**(857)**	**-7.5%**	**-1.0%**	**-6.5%**
High Vacuum Solutions	5,815	4,819	996	20.7%	-1.5%	22.2%
SAES High Vacuum	**5,815**	**4,819**	**996**	**20.7%**	**-1.5%**	**22.2%**
Functional Chemicals	2,579	1,758	821	46.7%	0.0%	46.7%
SAES Chemicals	**2,579**	**1,758**	**821**	**46.7%**	**0.0%**	**46.7%**
Packaging Solutions	1,126	1,105	21	1.9%	0.0%	1.9%
SAES Packaging	**1,126**	**1,105**	**21**	**1.9%**	**0.0%**	**1.9%**
Not Allocated	**15**	**13**	**2**	**0.0%**	**0.0%**	**0.0%**
Consolidated Revenue	**20,094**	**19,111**	**983**	**5.1%**	**-1.0%**	**6.1%**

***

In the coming quarters, we expect the growth in sales and results to be further consolidated, which will continue to benefit from the positive effects of the very strong financial position.

Going concern

The consolidated financial statements are prepared on the **going concern** assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in 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 significant cash availability as at December 31, 2023, deriving from the sale of the Nitinol business, constitutes a further guarantee of going concern.

Related party transactions

As regards the Group's transactions with **related parties**, the full disclosure on related party transactions carried out during the year is provided in Note no. 52 to the Consolidated Financial Statements at December 31, 2023.
The Procedure on Related Party Transactions adopted by the SAES Group is available on the website *www.saesgetters.com/it/investor-relations/corporate-governance/politiche-e-procedure/*.
With regard to transactions with related parties that fall within the ordinary exercise of operating activities and related financial activities and that are concluded under conditions similar to those usually applied to unrelated parties for transactions of a correspondent nature, entity and risk, and which are carried out under similar conditions as such, they are exempt from the application of the Procedure on Related Party Transactions, it should be noted that there were no transactions of greater significance concluded during the 2023 financial year. It should be noted that, with respect to the reduction of the compensation related to the *Asset Sale Plan* concerning the transaction for the sale of the Nitinol business proposed by the two Executive Directors and the two Key Managers (for details see Note no. 52 to the Consolidated Financial Statements at December 31, 2023), although this reduction did not result in exceeding the materiality thresholds provided for transactions of Greater Significance pursuant to the "Regulation containing provisions on transactions with related parties" adopted by Consob with resolution No. 17221 of March 12, 2010, in consideration of the fact that the total amount of the incentives due to the aforementioned beneficiaries exceeded these thresholds, the procedure provided for transactions of Greater Significance was applied, for the purposes of maximum transparency.

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.
Therefore, no information document was published following the sale of the Nitinol business (in particular, the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.).

Consolidated Non-Financial Statement

The **Consolidated Non-Financial Statement of the SAES Group for 2023**, prepared pursuant to Italian Legislative Decree 254/16 and approved by the Board of Directors on March 14, 2024, constitutes a separate report from this Report on Operations as envisaged by Article 5, paragraph 3(b) of Italian Legislative Decree 254/16, and is also available on the website *www.saesgetters.com*, in the "Investor relations - Ethics" section.

Report on corporate governance and ownership structures

The **Report on corporate governance and ownership structures of SAES Getters S.p.A. for 2023**, drawn up pursuant to arts. 123-*bis* of the Consolidated Finance Act and 89-*bis* of the Consob Issuers' Regulations and approved by the Board of Directors on March 14, 2024, constitutes a separate report from this Report on Operations and is also available on the website *www.saesgetters.com*, in the "Investor relations – Corporate Governance" section.

SAES GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Statement of profit or loss

(Thousands of euros)	Notes	2023	2022 (*)
Revenue	9	**121,587**	**126,563**
Cost of sales	10	(72,157)	(72,985)
Gross profit		**49,430**	**53,578**
Research & development expenses	10	(10,915)	(10,120)
Selling expenses	10	(16,777)	(17,077)
General & administrative expenses	10	(43,896)	(29,589)
(Impairment losses) reversal of impairment losses on trade receivables	10	30	(139)
Total operating expenses		**(71,558)**	**(56,925)**
Other income	11	589	672
Other expense	11	(710)	(738)
Operating loss		**(22,249)**	**(3,413)**
Financial income	12	17,393	2,955
Financial expense	12	(6,151)	(16,107)
Impairment losses on loan assets and other financial assets	12	(2,230)	(2,364)
Share of profit (loss) of equity-accounted investees	13	(200)	(433)
Exchange gains	14	3,676	1,325
Exchange losses	14	(2,982)	(1,856)
Pre-tax loss		**(12,743)**	**(19,893)**
Income taxes	15	1,723	(2,349)
Loss from continuing operations		**(11,020)**	**(22,242)**
Profit from discontinued operations, net of taxes	16	643,316	34,592
Profit (loss) for the year		**632,296**	**12,350**
attributable to:			
- the owners of the parent		632,296	12,350
- non-controlling interests		0	0
Basic/diluted earnings per share	17	44.24396	0.67366
Basic/diluted earnings per share - continuing operations	17	(4.20894)	(1.17102)

(*) The comparative amounts shown in the column are different from the amounts in the Consolidated Financial Statements at December 31, 2022, in order to reflect reclassifications related to the classification of the Nitinol business as a "discontinued operation," in accordance with IFRS 5. For further details, please refer to Note no. 6, section "Reclassifications on 2022 figures" .

Statement of comprehensive income

(Thousands of euros)	Notes	2023	2022
Profit for the year		**632,296**	**12,350**
Exchange differences from translation of financial statements in foreign currencies	38	(3,077)	6,039
Exchange differences from translation of financial statements in foreign currencies reclassified to the profit (loss) for the year due to the loss of control	38	(13,819)	0
Other comprehensive income (expense) which may be subsequently reclassified to profit or loss		**(16,896)**	**6,039**
Net actuarial gains (losses) on defined benefit plans related to SAES Getters S.p.A. and subsidiaries	38	(144)	914
Income taxes	38	34	(218)
Net fair value gains (losses) on investments in other companies	38	(514)	(22)
Income taxes	38	0	0
Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss		**(624)**	**674**
Other comprehensive income (expense), net of taxes		**(17,520)**	**6,713**
Profit (loss) for the year and other comprehensive income (expense)		**614,776**	**19,063**
attributable to:			
- the owners of the parent		614,776	19,063
- non-controlling interests		0	0

Statement of financial position

(Thousands of euros)	Notes	December 31, 2023	December 31, 2022 (*)
ASSETS			
Non-current assets			
Property, plant and equipment	19	53,851	92,697
Intangible assets	20	11,958	14,187
Goodwill	21	13,563	52,929
Right-of-use assets	22	2,608	5,481
Equity-accounted investees	24	0	0
Investments in other companies	25	2,873	1,549
Securities		0	0
Deferred tax assets	26	11,312	10,067
Financial assets with related parties		0	0
Other non-current assets	27	61	376
Other financial assets with third parties	28	9,749	0
Total non-current assets		**105,975**	**177,286**
Current assets			
Inventories	29	22,871	44,436
Trade receivables	30	14,745	34,519
Sundry and other current assets	31	6,053	5,269
Current tax assets	32	794	1,851
Derivative financial instruments	33	0	259
Financial assets with related parties	34	0	0
Securities	35	15,035	145,484
Other financial assets	36	653,660	0
Cash and cash equivalents	37	101,112	42,139
Assets included in disposal groups classified as held for sale		0	0
Total current assets		**814,270**	**273,957**
Total Assets		**920,245**	**451,243**

	Notes	December 31, 2023	December 31, 2022 (*)
EQUITY AND LIABILITIES			
Share capital		12,220	12,220
Share premium reserve		25,724	25,724
Treasury shares		0	(93,382)
Legal reserve		2,444	2,444
Other reserves and retained earnings		150,506	304,697
Profit (loss) for the year		632,296	12,350
Equity attributable to the owners of the parent	38	**823,190**	**264,053**
Share capital and reserves attributable to non-controlling interests		0	0
Equity attributable to non-current interests	38	**0**	**0**
Total equity		**823,190**	**264,053**
Non-current liabilities			
Financial liabilities	39	0	119
Lease liabilities	40	1,654	3,039
Deferred tax liabilities	26	4,182	11,386
Post-employment and other employee benefits	41	12,170	10,717
Provisions for risks and charges	42	7,492	143
Other financial liabilities	43	473	462
Total non-current liabilities		**25,971**	**25,866**
Current liabilities			
Trade payables	44	11,043	17,005
Sundry liabilities	45	46,270	19,206
Current tax liabilities	46	270	424
Provisions for risks and charges	42	4,059	304
Derivative financial instruments		0	0
Current portion of non-current loans and borrowings	39	0	52,094
Lease liabilities	40	1,088	2,545
Other financial liabilities	43	0	30
Bank loans and borrowings	47	3,007	65,302
Other current liabilities	48	5,347	4,414
Liabilities included in disposal groups classified as held for sale		0	0
Total current liabilities		**71,084**	**161,324**
Total equity and liabilities		**920,245**	**451,243**

(*) Some comparative amounts shown in the column have been reclassified compared to the amounts in the Consolidated Financial Statements at December 31, 2022, in order to better show the balance sheet values. For further details, please refer to Note no. 6, section "Reclassifications of 2022 figures".

Statement of cash flows

(Thousands of euros)	Note	2023	2022 (*)
Cash flows from operating activities			
Profit (loss) for the year		632,296	12,350
Income taxes	15/16	5,020	12,107
Depreciation of right-of-use assets	22	2,122	2,622
(Reversal of impairment losses) impairment losses on right-of-use assets	22	0	0
Depreciation of property, plant and equipment	19	9,516	10,118
(Reversal of impairment losses) impairment losses on property, plant and equipment	19	0	339
Amortisation of intangible assets	20	2,174	2,483
(Reversal of impairment losses) impairment losses on intangible assets	20	11	0
Gains (losses) on the disposal of property, plant and equipment and intangible assets		85	30
Gains from the sale of discontinued operations	16	(735,836)	0
Net financial (income) expense	12/13/16	(8,633)	16,156
Impairment losses on trade receivables	30	(30)	139
Other non-monetary expense (income)		(12,890)	(236)
Other non-monetary change in post-employment and other benefits	41	3,456	3,314
Accrual (utilisation) of provisions for risks and charges	42	11,403	(230)
		(91,306)	**59,192**
Change in operating assets and liabilities			
Cash increase (decrease)			
Trade receivables and other current assets	30/31	(3,989)	(2,704)
Inventories	29	2,729	(5,873)
Trade payables	44	(748)	1,914
Sundry and other current liabilities	45/48	65,059	(102)
		63,051	**(6,765)**
Payments of post-employment and other benefits	41	(1,100)	(2,552)
Taxes paid		(10,368)	(12,702)
Cash flows generated by (used in) operating activities		**(39,723)**	**37,173**
Cash flows from investing activities			
Acquisition of property, plant and equipment	19	(9,983)	(15,293)
Acquisition of intangible assets	20	(302)	(602)
Proceeds from the disposal of property, plant and equipment and intangible assets	19/20	32	31
Purchase of securities	35	(1,890)	(14,646)
Disinvestments of securities	35	134,905	21,344
Income from securities, net of management fees	12	1,140	1,506
Investments in joint ventures	24	(200)	(600)
Investments in other companies	25	(1,742)	(190)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired		0	(4,287)
Proceeds from sales of Nitinol business, net of cash divested	16	797,716	0
Other financial assets	36	(646,813)	0
Financial liabilities repaid to (granted by) related parties	34	(929)	49
Financial liabilities repaid to (granted by) third parties	28	(400)	(298)
Interest income on financial assets with related parties	34	0	1
Interest and other financial income received		4,343	291
Cash flows generated by (used in) investing activities		**275,877**	**(12,694)**
Cash flows from financing activities			
Proceeds from non-current financial liabilities, current portion included	39	0	0
Repayment of non-current financial liabilities	39	(52,209)	(114)
Interest paid on non-current financial liabilities	39	(111)	(116)
Proceeds from current financial liabilities	48	250,500	568,500
Repayment of current financial liabilities	48	(313,202)	(567,767)
Interest paid on current financial liabilities	48	(1,926)	(657)
Interest and other financial expense paid		(467)	(427)
Dividends paid	38	(11,543)	(8,530)
Other costs paid		0	(4)
Repayment of lease liabilities	40	(2,220)	(2,606)
Interest paid on leases	40	(227)	(199)
Purchase of treasury shares and ancillary costs	38	(44,096)	0
Cash flows used in financing activities		**(175,501)**	**(11,920)**
Increase (decrease) in cash and cash equivalents		**60,653**	**12,559**
Opening cash and cash equivalents		41,803	29,286
Effect of exchange rate changes on cash flows		(1,289)	(42)
Closing cash and cash equivalents (**)		**101,167**	**41,803**

(*) Some comparative amounts shown in the column have been reclassified compared to the amounts in the Consolidated Financial Statements at December 31, 2022, in order to provide a better understanding of cash flows. For further details, please refer to Note no. 6, section "Reclassifications of 2022 figures".

(**) The reconciliation between cash and cash equivalents shown in the statement of financial position and what is shown in the statement of cash flows is shown in Note no. 49.

Statement of changes in equity - December 31, 2023

(Thousands of euros)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 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
Profit (loss) for the year							632,296	632,296	0	632,296
Other comprehensive income (expense)					(16,896)	(624)		(17,520)		(17,520)
Profit (loss) for the year and other comprehensive income (expense)					**(16,896)**	**(624)**	**632,296**	**614,776**	**0**	**614,776**
Dividends paid						(11,543)		(11,543)		(11,543)
Costs related to repurchase of treasury shares			(44,096)					(44,096)		(44,096)
Cancellation and conversion of treasury shares			137,478			(137,478)		0		0
Total owners transactions	**0**	**0**	**93,382**	**0**		**(149,021)**		**(55,639)**	**0**	**(55,639)**
December 31, 2023	**12,220**	**25,724**	**0**	**2,444**	**1,447**	**149,059**	**632,296**	**823,190**	**0**	**823,190**

Statement of changes in equity - December 31, 2022

(Thousands of euros)	Share capital	Share premium reserve	Treasury shares	Legal reserve	Other items of equity		Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
					Translation reserve	Other reserves and retained earnings				
December 31, 2021	**12,220**	**25,724**	**(93,382)**	**2,444**	**12,304**	**281,413**	**12,797**	**253,520**	**0**	**253,520**
Allocation of previous year profit						12,797	(12,797)	0		0
Profit (loss) for the year							12,350	12,350	0	12,350
Other comprehensive income (expense)					6,039	674		6,713		6,713
Profit (loss) for the year and other comprehensive income (expense)					**6,039**	**674**	**12,350**	**19,063**	**0**	**19,063**
Dividends paid						(8,530)		(8,530)		(8,530)
Costs related to repurchase of treasury shares			0					0		0
Cancellation and conversion of treasury shares			0			0		0		0
Total owners transactions	**0**	**0**	**0**	**0**		**(8,530)**		**(8,530)**	**0**	**(8,530)**
December 31, 2022	**12,220**	**25,724**	**(93,382)**	**2,444**	**18,343**	**286,354**	**12,350**	**264,053**	**0**	**264,053**

Notes

1. GENERAL INFORMATION

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

The Consolidated Financial Statements as at and for the year ended December 31, 2023 (hereinafter the "Consolidated Financial Statements") include the financial statements of the Parent and its subsidiaries (hereinafter the "SAES Group", "SAES" or the "Group").

The SAES Group operates both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions are required (electronic devices, industrial lamps, vacuum systems and thermal insulation solutions). The Group, also in the area of advanced materials, is also active in the business of shape memory alloys for industrial applications. Furthermore, 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, optoelectronics, advanced photonics, telecommunications (5G) and telephony). Finally, the Group offers functional acoustic composites for the consumer electronics market; new functional materials are being currently validated and may find application in various sectors, from cosmetics to the paint & coatings segment, as well as the natural-origin polymers segment.

On October 2, 2023, following the binding agreement signed on January 9, 2023 and after obtaining a favourable opinion from the Federal Trade Commission (FTC) issued on September 12, 2023, the closing of the transaction was finalized for the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. For further information on the sale, please refer to Note no. 16.

Following the joint voluntary public offer involving 1,364,721 savings shares and the subsequent cancellation of these shares, as well as the subsequent mandatory conversion of the savings shares not purchased into ordinary shares completed on August 4, 2023, the share capital of the Parent at the end of the year is represented entirely by ordinary shares. See Note no. 38 for further details.

S.G.G. Holding S.p.A., with registered office in Milan, via Santa Maria Fulcorina, 2, is the main shareholder of the Company, owning 30.11% of the total ordinary shares of SAES Getters S.p.A. and holding 46.19% of the voting rights[33] (as a result, it does not hold an absolute majority of the voting rights that can be exercised at the Shareholders' Meeting).[34] S.G.G. Holding S.p.A. does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to article 2497 of the Italian Civil Code (as specified in the 2023 Report on corporate governance and ownership). The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

2. BASIS OF PREPARATION

[33] Percentage calculated considering that 5,018,486 shares held by S.G.G. Holding S.p.A. have accrued the increased voting rights).

[34] At December 31, 2022 S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A., accounting for 51.15% of the voting rights (percentage calculated by taking into account that 5,018,486 ordinary shares held by S.G.G. Holding S.p.A. benefited from the increased voting right, as well as of the voting rights of the treasury shares held by SAES Getters S.p.A.). The holding percentage of S.G.G. Holding S.p.A. was reduced during year 2023 following the joint partial voluntary public offer concerning 1,364,721 savings shares and the subsequent mandatory conversion of the savings shares, that were not acquired, into ordinary shares finalized on August 4, 2023.

These Consolidated Financial Statements are prepared:

- in compliance with the *International Financial Reporting Standards* issued by the *International Accounting Standards Board* and endorsed by the European Union (hereinafter "IFRS"), as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38 of February 28, 2005;
- based on the going concern assumption since, despite the presence of a difficult economic, financial and geopolitical context, in light of the results achieved in 2023, the forecasts for future years and the substantial financial resources available, there are no significant uncertainties as to the group's ability to continue as a going concern;
- using the euro (the Parent's functional currency) as the presentation currency, rounded to the nearest thousand, unless otherwise indicated.

The Board of Directors has approved and authorised the publication of the Consolidated Financial Statements with the resolution approved on March 14, 2024.

It should also be noted that in accordance with European Commission Regulation 815/2019 (the European Single Electronic Format Regulation – ESEF), the 2023 Annual Financial Report was prepared in xHTML format, marking up the Consolidated Financial Statements of the SAES Group (financial statements and notes thereto) according to the Inline XBRL specifications contained in the basic taxonomy issued by ESMA (European Securities and Markets Authority).

3. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements consist of:

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

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

- not considering the sale of the Nitinol business (specifically, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.), the effects of which have been classified under "Profit (loss) from discontinued operations, net of tax effects" and for details of which see Note no. 16, no other significant income and expenses were recognized arising from non-recurring transactions or events that do not occur frequently in the usual course of business, as well as positions or transactions arising from atypical or unusual operations;
- the amounts of positions and transactions with related parties are summarised and described in Note no. 52.

4. USE OF ESTIMATES AND ASSUMPTIONS

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

Assumptions and uncertainties in estimates

As at December 31, 2023, information on assumptions and uncertainties in estimates that have a significant risk of causing material changes to the carrying amount of the assets and liabilities in the consolidated financial statements of the following year is provided in the following notes:

- Impairment test of non-current assets (property, plant and equipment, intangible assets, goodwill, right-of-use assets): main assumptions for determining recoverable amounts (see Note no. 23 – Impairment test of non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets));
- measurement of the useful lives of property, plant and equipment and of intangible assets for the calculation of depreciation and amortisation (see Notes no. 19 and no. 20);
- measurement of the net realisable value of inventories (see Note no. 29);
- recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and quantification of an outflow of resources (see Note no. 42);
- valuation of obligations for defined benefits plans and share-based payment plans: main assumptions used to estimate liabilities (see Note no. 41);
- recognition of lease contracts: estimate of the marginal borrowing rate for the discounting of payments due for leases and if there is reasonable certainty that the Group will exercise the extension options (see Note no. 40);
- recognition of deferred tax assets: availability of future taxable profits against which the deductible temporary differences and tax losses carried forward can be used (see Note no. 26).

Fair value measurements

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

- for the initial recognition of financial instruments and for the subsequent measurement of derivative financial instruments and certain non-derivative financial assets, such as, for example, equity investments in other companies and securities (see Notes no. 25 and no. 35);
- for the disclosure in the consolidated financial statements relating to financial instruments measured at amortised cost (see Note no. 39);

- for the performance of the impairment tests if the value in use is not used as the basis for the calculation of the recoverable amount (see Note no. 23);
- for the opening recognition and subsequent measurement of share-based payment plans (see Note no. 41).

The fair value is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market to which the Group has access at that time.
Where available, the Group measures the fair value of an asset or liability using the quoted price of that asset or liability in an active market. A market is active when transactions relating to the asset or liability occur with sufficient frequency and volumes to provide useful information for determining the price on an ongoing basis.
In the absence of a quoted price in an active market, the Group uses valuation techniques, maximising the use of observable input data and minimising the use of non-observable input data. The valuation technique chosen includes all the factors that market operators would consider in estimating the transaction price.
On the basis of the above, the fair values are divided into the following hierarchical levels based on the input data used in the valuation techniques:
- *Level 1:* (unadjusted) prices quoted on active markets for identical assets or liabilities;
- *Level 2:* input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- *Level 3:* input data relating to the asset or liability that are not based on observable market data.

If the input data used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the entire measurement is included in the same hierarchy level as the lowest level input that is significant for the entire assessment.
The Group recognises the transfers between the various levels of the fair value hierarchy at the end of the period in which the transfer took place.

5. SUBSIDIARIES AND JOINT VENTURES

The following table shows the companies directly and indirectly controlled by SAES Getters S.p.A. as at December 31, 2023, consolidated on a line-by-line basis.

Company	*Currency*	*Share/quota capital*	*% of Ownership Direct*	*Indirect*
Companies controlled directly by SAES Getters S.p.A.:				
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	-
Companies controlled indirectly through SAES Getters/U.S.A., Inc:				

Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00

With reference to the changes in the equity investments directly and indirectly controlled by the Parent during 2023, it should be noted that:

- on March 17, 2023, the liquidation process of the Korean subsidiary **SAES Getters Korea Corporation**;
- on October 2, 2023, the sale to the US company Resonetics, LLC of the Nitinol business and, in particular, of the US subsidiaries **Memry Corporation** and **SAES Smart Materials, Inc.**, was finalized (for more details, please refer to Note no. 16).

Lastly, it should be noted that on October 17, 2023 the closure of the German Branch of SAES Getters S.p.A. was completed.

The following table shows the equity-accounted investments in joint ventures by the SAES Group as at December 31, 2023.

Company	*Currency*	*Share/quota 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 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.

Lastly, it should be noted that in July 2023 SAES Nitinol S.r.l. made a capital injection, through the payment of capital reserves, of 200 thousand euros in favour of the joint venture Actuator Solutions GmbH. A capital injection of the same amount will also be made by the German shareholder SMAIIA GmbH.

6. RECLASSIFICATION OF 2022 BALANCES

Following the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023, the statement of profit or loss balances for the year 2022 were presented for comparison purposes and reclassified with respect to the amounts recognized in the Consolidated Financial Statements at December 31, 2022, presenting the profits and losses relating to discontinued operations, including the accessory costs incurred for the sale, in a single item called "Profit (loss) from discontinued operations, net of tax effects", in compliance with the provisions of IFRS 5.

These reclassifications, which had no effect on the group's profit for the year and equity, are detailed in the table below.

Statement of profit or loss			
(Thousands of euros)	2022 published	Reclassifications of 2022 figures	2022 reclassified
Revenue	**250,265**	**(123,702)**	**126,563**
Cost of sales	(139,570)	66,585	(72,985)
Gross profit	**110,695**	**(57,117)**	**53,578**
Research & development expenses	(12,657)	2,537	(10,120)
Selling expenses	(20,654)	3,577	(17,077)
General & administrative expenses	(36,147)	6,558	(29,589)
Impairment losses on trade receivables	(139)	0	(139)
Total operating expenses	**(69,597)**	**12,672**	**(56,925)**
Other income	812	(140)	672
Other expenses	(738)	0	(738)
Operating profit (loss)	**41,172**	**(44,585)**	**(3,413)**
Financial income	2,958	(3)	2,955
Financial expense	(16,317)	210	(16,107)
Impairment losses on loan assets and other financial assets	(2,364)	0	(2,364)
Share of profit (loss) of equity-accounted investees	(433)	0	(433)
Exchange gains	1,394	(69)	1,325
Exchange losses	(1,953)	97	(1,856)
Pre-tax profit (loss)	**24,457**	**(44,350)**	**(19,893)**
Income taxes	(12,107)	9,758	(2,349)
Profit (loss) from continuing operations	**12,350**	**(34,592)**	**(22,242)**
Profit (loss) from discontinued operations, net of taxes	0	34,592	34,592
Profit (loss) for the year	**12,350**	**0**	**12,350**
attributable to:			
- the owners of the parent	12,350	0	12,350
- non-controlling interests	0	0	0

In addition to the above, it should be noted that the statement of financial position balances at December 31, 2022 were reclassified with respect to the balances present in the Consolidated Financial Statements at December 31, 2022, for the purpose of a better presentation and to ensure comparability with the balances as at December 31, 2023. The statement of financial position reclassifications are detailed in the table below.

Statement of financial position

(Thousands of euros)	December 31, 2022 published	Reclassifications of December 31, 2022	December 31, 2022 reclassified
ASSETS			
Non-current assets			
Property, plant and equipment	92,697	0	92,697
Intangible assets	14,187	0	14,187
Goodwill	52,929	0	52,929
Right-of-use assets	5,481	0	5,481
Equity-accounted investees	0	0	0
Investments in other companies	1,549	0	1,549
Securities	0	0	0
Deferred tax assets	9,029	1,038	10,067
Financial assets with related parties	0	0	0
Other non-current assets	376	0	376
Other financial assets with third parties	0	0	0
Total non-current assets	**176,248**	**1,038**	**177,286**
Current assets			
Inventories	44,436	0	44,436
Trade receivables	34,539	(20)	34,519
Sundry and other current assets	4,174	1,095	5,269
Current tax assets	3,964	(2,113)	1,851
Derivative financial instruments	259	0	259
Financial assets with related parties	0	0	0
Securities	145,484	0	145,484
Other financial assets		0	0
Cash and cash equivalents	42,139	0	42,139
Assets included in disposal groups classified as held for sale	0	0	0
Total current assets	**274,995**	**(1,038)**	**273,957**
Total Assets	**451,243**	**0**	**451,243**
EQUITY AND LIABILITIES			
Share capital	12,220	0	12,220
Share premium reserve	25,724	0	25,724
Treasury shares	(93,382)	0	(93,382)
Legal reserve	2,444	0	2,444
Other items of equity	304,697	0	304,697
Profit (loss) for the year	12,350	0	12,350
Equity attributable to the owners of the parent	**264,053**	**0**	**264,053**
Share capital and reserves attributable to non-controlling interests	0	0	0
Equity attributable to non-current interests	**0**	**0**	**0**
Total equity	**264,053**	**0**	**264,053**
Non-current liabilities			
Financial liabilities	119	0	119
Lease liabilities	3,039	0	3,039
Deferred tax liabilities	11,386	0	11,386
Post-employment and other employee benefits	10,717	0	10,717
Provisions for risks and charges	143	0	143
Other financial liabilities	462	0	462
Total non-current liabilities	**25,866**	**0**	**25,866**
Current liabilities			
Trade payables	17,005	0	17,005
Sundry liabilities	12,989	6,217	19,206
Current tax liabilities	424	0	424
Employee benefits	6,217	(6,217)	0
Provisions for risks and charges	304	0	304
Derivative financial instruments	0	0	0
Current portion of non-current loans and borrowings	52,094	0	52,094
Lease liabilities	2,545	0	2,545
Other financial liabilities	30	0	30
Bank loans and borrowings	65,302	0	65,302
Other current liabilities	4,414	0	4,414
Liabilities included in disposal groups classified as held for sale	0	0	0
Total current liabilities	**161,324**	**0**	**161,324**
Total equity and liabilities	**451,243**	**0**	**451,243**

Lastly, the reclassifications of the Statement of cash flows are detailed in the table below.

Statement of cash flows			
(Thousands of euros)	2022 published	Reclassifications of 2022 figures	2022 reclassified
Cash flows from operating activities			
Profit (loss) for the year	12,350	0	12,350
Income taxes	12,107	0	12,107
Depreciation of right-of-use assets	2,622	0	2,622
(Reversal of impairment losses) impairment losses on right-of-use assets	0	0	0
Depreciation of property, plant and equipment	10,118	0	10,118
(Reversal of impairment losses) impairment losses on property, plant and equipment	339	0	339
Amortisation of intangible assets	2,483	0	2,483
(Reversal of impairment losses) impairment losses on intangible assets	0	0	0
Gains (losses) on the disposal of property, plant and equipment and intangible assets	30	0	30
Net financial expense	16,156	0	16,156
Impairment losses on trade receivables	139	0	139
Other non-monetary expense (income)	(236)	0	(236)
Other non-monetary change in post-employment and other benefits	10,013	(6,699)	3,314
Accrual (utilisation) of provisions for risks and charges	(230)	0	(230)
	65,891	**(6,699)**	**59,192**
Change in operating assets and liabilities			
Cash increase (decrease)			
Trade receivables and other current assets	(2,704)	0	(2,704)
Inventories	(5,873)	0	(5,873)
Trade payables	1,914	0	1,914
Sundry and other current liabilities	(1,057)	955	(102)
	(7,720)	**955**	**(6,765)**
Payments of post-employment and other benefits	(8,296)	5,744	(2,552)
Taxes paid	(12,702)	0	(12,702)
Cash flows generated by operating activities	**37,173**	**0**	**37,173**
Flussi finanziari generati (assorbiti) dall'attività di investimento			
Cash flows from investing activities	(15,293)	0	(15,293)
Acquisition of property, plant and equipment	(602)	0	(602)
Acquisition of intangible assets	31	0	31
Purchase of securities	(14,646)	0	(14,646)
Disinvestments of securities	21,344	0	21,344
Income from securities, net of management fees	1,506	0	1,506
Investments in joint ventures	(600)	0	(600)
Investments in other companies	(190)	0	(190)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired	(4,287)	0	(4,287)
Financial liabilities repaid to (granted by) related parties	49	0	49
Financial liabilities repaid to (granted by) third parties	(298)	0	(298)
Interest income on financial assets with related parties	1	0	1
Interest and other financial income received	291	0	291
Cash flows used in investing activities	**(12,694)**	**0**	**(12,694)**
Cash flows from financing activities			
Proceeds from non-current financial liabilities, current portion included	0	0	0
Repayment of non-current financial liabilities	(114)	0	(114)
Interest paid on non-current financial liabilities	(116)	0	(116)
Proceeds from current financial liabilities	568,500	0	568,500
Repayment of current financial liabilities	(567,767)	0	(567,767)
Interest paid on current financial liabilities	(657)	0	(657)
Interest and other financial expense paid	(427)	0	(427)
Dividends paid	(8,530)	0	(8,530)
Other costs paid	(4)	0	(4)
Repayment of lease liabilities	(2,606)	0	(2,606)
Interest paid on leases	(199)	0	(199)
Cash flows used in financing activities	**(11,920)**	**0**	**(11,920)**
Increase (decrease) in cash and cash equivalents	**12,559**	**0**	**12,559**
Opening cash and cash equivalents	29,286	0	29,286
Effect of exchange rate changes on cash flows	(42)	0	(42)
Closing cash and cash equivalents (*)	**41,803**	**0**	**41,803**

7. AMENDMENTS TO SIGNIFICANT ACCOUNTING STANDARDS

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

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

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

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

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

The entity must apply the new 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.

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 (whose provisions are in effect in Italy as at December 31, 2023, but applicable as at January 1, 2024) 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 are applicable to annual reporting periods beginning on or after January 1, 2023.

The adoption of the aforementioned new standards and amendments introduced starting from January 1, 2023 did not have a significant impact on these Consolidated Financial Statements at December 31, 2023.

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

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been adopted early by the Group as at December 31, 2023.

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.

With reference to the accounting standards that will come into force from January 1, 2024, no significant effects are currently expected on the Consolidated Financial Statements of the SAES Group.

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

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

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.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On August 15, 2023, the IASB published an amendment called *"Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".* The document requires an entity to apply a methodology to be used consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment shall apply from January 1, 2025 but early application is permitted.

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

8. SIGNIFICANT ACCOUNTING STANDARDS

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

From January 1, 2023, the Group adopted the "Amendments to IAS 1 - Disclosure of accounting policies". The amendments require report to be provided on "material" and no longer "significant" accounting policies. Although the amendments did not entail any changes in the accounting policies, in some cases have an effect on the disclosure of accounting policies reported in this Note.

Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Group has control, i.e. when the Group is exposed or is entitled to varying yields arising from its relationship with the entity in which it has invested and, at the same time, it has the ability to affect these yields, by exercising its power over that entity.
The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group assumes control until such control ceases.
In preparing the consolidated financial statements, all statement of financial position, statement of profit or loss and statement of cash flows balances between Group companies are eliminated, as are unrealised gains and losses (excluding exchange rate differences) on intragroup transactions.
In the event of loss of control, the Group shall derecognize the assets and liabilities of the subsidiary, any non-controlling interests and other equity components relating to the companies over which control has been lost. The gain or loss deriving from the loss of control is recognized in the Profit (loss) for the year. Any equity investment held in the previous subsidiary is measured at fair value on the date of loss of control.

Equity-accounted investees

The Group holds equity investments in joint ventures, i.e. in entities over which it exercises joint control with other parties, claiming rights on the net assets of the entity itself. Joint control is the sharing, established in an agreement, of the control of an economic activity that only exists when the unanimous consent of all parties sharing the control is required to take relevant decisions regarding said activity.
Investments in joint ventures are accounted for using the equity method, whereby the investment at the time of acquisition is recognised at cost, subsequently adjusted for the share of the investee's

profit or loss. The Group's share of the profit or loss is recognised in profit or loss for the year under the item "Share of profit (loss) of equity-accounted investees".
If the losses of the joint venture reset the carrying amount of the equity investment to zero, any surplus is not included in the financial statements, unless the Group has assumed an obligation to cover it.
In the event that a joint venture recognises adjustments that are recognised directly in equity and in other comprehensive income, the Group recognises the relevant portion in equity and discloses it, where applicable, in the statement of changes in equity and in the statement of comprehensive income.
Unrealised gains from transactions with equity-accounted investees are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, to the extent that there are no indicators of impairment.
At the end of the reporting period, the Group assesses the existence of any indicators of impairment and, if identified, performs an impairment test by comparing the carrying amount of the investment recognised using the equity method and its recoverable amount. Any impairment loss is allocated to the equity investment as a whole, with a balancing entry in the profit (loss) for the year.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method when the set of activities and assets acquired meets the definition of a business and the Group obtains control. In determining whether a given set of activities and assets represents a business, the Group assesses whether said set includes, at a minimum, an input and a substantive process and whether it has the capacity to create outputs.
In accordance with the acquisition method, the consideration transferred and the identifiable net assets acquired are usually recognised at fair value on the date of acquisition of control.
Any positive difference between the consideration transferred (increased by the amount assigned to any non-controlling interests not subject to acquisition) and the amount of the identifiable net assets is recognised as goodwill. Any negative difference ("profit deriving from a purchase at favourable prices") is instead recognised in the profit (loss) for the year at the date of acquisition of control.
Non-controlling interests are initially measured in proportion to the relevant portion of net identifiable assets of the acquiree at the acquisition date.
If applicable, the consideration transferred is increased by any contingent consideration (future consideration subject to conditions) measured at fair value and by any investment previously held by the Group in the acquired entity, also remeasured at fair value. If the contingent consideration meets the definition of a financial instrument and is classified as equity, it is not subject to subsequent measurement and the future settlement is recognised directly in equity. Other contingent considerations are measured at fair value at the end of each year and changes in fair value are recognised in profit (loss) for the year.
Goodwill arising from a business combination is not amortised, but is tested for impairment annually, or more frequently in the presence of impairment indicators. Goodwill impairment losses, if any, are never reversed in subsequent years. (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)").
Goodwill arising from a business combination is allocated, on the date control is acquired, to the Group's individual Cash Generating Units (CGUs) or groups of CGUs, that are expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the Group are assigned to those CGUs or groups of CGUs. Each CGU or group of CGUs to which the goodwill is allocated, represents the lowest level, as regards the Group, at which goodwill is monitored for internal management purposes.
When the goodwill is part of a CGU and part of the internal business of said unit is sold, the goodwill associated with the business sold is included in the carrying amount of the asset to calculate the

profit or loss resulting from the sale. The goodwill sold in these circumstances is measured on the basis of the relative amounts of the asset sold and of the portion of the unit maintained.

Foreign currency

Foreign currency transactions

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

Translation of the financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments recognised at the acquisition date, are translated into euro using the exchange rates in force at the reporting date. Revenue and costs of foreign operations are translated into euro using the average exchange rates for the year. Foreign exchange gains and losses arising from the translation of the financial statements of foreign operations are recognised under other comprehensive income and included in the translation reserve. In preparing the statement of cash flows, the cash flows of foreign operations expressed in currencies other than the euro are translated using the average exchange rates for the year.
When the Group disposes of an investment in a foreign operation, in whole or in part, such that it loses control or joint control over it, the amount accumulated in the translation reserve relating to that foreign operation is reclassified to profit or loss for the year as an adjustment to the gain or loss on disposal. In the event of a partial disposal of a subsidiary that does not result in the loss of control, the proportional share of the amount accumulated in the translation reserve is reallocated to the equity attributable to non-controlling interests, while in the event of a partial disposal of an investment in a joint venture which does not entail the loss of joint control, the proportional share of the accumulated amount is reclassified to profit or loss for the year.

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

Expressed in foreign currency (per 1 euro)

Currency	December 31, 2023		December 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	1.0813	1.1050	1.0530	1.0666
Japanese yen	151.9903	156.3300	138.0274	140.6600
South Korean won	1,412.8800	1,433.6600	1,358.0700	1,344.0900
Renminbi (P.R. of China)	7.6600	7.8509	7.0788	7.3582
Taiwan dollar	33.6983	33.8740	31.3223	32.7603

Owned property, plant and equipment

Owned property, plant and equipment are recognised at purchase or production cost and depreciated on a straight-line basis over their estimated useful life, which is reviewed at each reporting date. In the event of a change in the residual useful life, the effects of the change in the estimate are recognised prospectively in the profit or loss for the year. Costs incurred after

purchase are capitalised only if they lead to an increase in the expected future economic benefits attributable to the asset to which they relate.
Whenever there is an indication that property, plant and equipment may have suffered an impairment loss, they are subjected to an impairment test (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)").
The minimum and maximum rates of depreciation applied are shown below.

Land	0%
Buildings	2.5% - 33.33%
Plant and machinery	3.33% - 50%

Intangible assets

The intangible assets, which all have a finite useful life, are recognized at cost, net of amortization and any accumulated impairment losses.
Whenever there is an indication that the intangible asset may have suffered an impairment loss, it is tested for impairment (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)").
The estimated useful lives of intangible assets are indicated below:

Industrial patent rights and intellectual property rights	3/18 years/term of contract (*)
Concessions, licenses, trademarks and similar rights	3/10 years/term of contract (*)
Know-how	10 years (*)
Customer list	18 years (**)
Order portfolio	3 years (*)
Others	2/5 years (*)

(*) Amortization on a straight-line basis over the estimated useful life.
(**) Amortization in decreasing amounts over the estimated useful life.

Leased property, plant and equipment, cars (Right-of-use assets and Lease liabilities)

At the start date of the lease, the Group recognises a right-of-use asset and a financial liability for the lease contract, with the exception of short-term lease contracts (i.e. contracts with a term equal to or less than twelve months) and those where the leased asset is a low-value asset (i.e. an asset with a value when new that does not exceed 5 thousand euros), for which the Group continues to recognise lease payments as an expense on a straight-line basis over the lease term.
The lease liability is initially measured at the present value of the payments due for the lease, which are not already paid at the effective date, discounted using the implicit interest rate of the contract. When the implicit interest rate is not inferable from the contract, the Group uses its own marginal borrowing rate as the discount rate, calculated on the basis of the interest rates applied to the various external sources of financing.
The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the effective date, increased by initial direct costs incurred and net of lease incentives received.
The right-of-use asset is subsequently amortised on a straight-line basis from the start date to the end of the lease term, unless the Group acquires ownership of the asset at the end of the lease term, in which case the right-of-use asset is amortized over the useful life of the underlying asset.
Whenever there is an indication that the right-of-use asset may have suffered an impairment loss, it is subject to an impairment test (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, goodwill and right-of-use assets)").

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

The Group verifies, at each reporting date, whether there are any indications that non-financial assets (property, plant and equipment; intangible assets, goodwill and right-of-use assets) may have suffered an impairment loss.
To this end, the Group considers both internal and external sources of information. As regards internal sources, the following are considered: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset and the economic performance of the asset with respect to that envisaged. As regards external sources, instead, the following are considered: the trend of the market prices of the assets, any negative changes in technology, markets or laws, the trend of market interest rates, the cost of capital used to value the investments and lastly, if the carrying amount of the net assets of the Group are higher than market capitalisation.
If, on the basis of this test, it emerges that the non-financial assets may have suffered an impairment loss, the Group estimates their recoverable amount by performing an impairment test.
The recoverability of goodwill is tested at least annually or, more frequently, whenever there is an indication that the asset may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, such as in the case of goodwill, the Group estimates the recoverable amount of the cash-generating unit ('CGU' or 'cash-generating unit') to which the asset belongs. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows generated by other assets or groups of assets. Goodwill acquired through a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination.
If the carrying amount of a CGU (or a group of CGUs) exceeds its recoverable amount, an impairment loss is recognised in the profit (loss) for the year, which is first recognised as a reduction in the carrying amount of goodwill, if any, and only then in the other assets of the CGU (group of CGUs) in proportion to their carrying amount up to the amount of the recoverable amount.
The recoverable amount of a CGU (or group of CGUs) is the higher of its fair value, less costs to sell, and its value in use. The value in use is represented by the present value of expected cash flows calculated by applying a discounting rate that reflects current market valuations of the time value of money and of the specific risks of the asset comprising the CGU (or group of CGUs). Explicit future cash flows cover a period of three years, except in cases where explicit forecasts require longer periods, such as in the case of newly started businesses and start-up initiatives. The long-term growth rate used to estimate the terminal value of the CGU (or group of CGUs) is assumed at a value not exceeding the average long-term growth rate of the sector, country or market in which the CGU (or group of CGUs) operates.
Future cash flows are estimated with reference to the current conditions of the cash-generating unit and, therefore, do not include either the benefits of future restructuring for which the Group has not yet committed, or future investments to improve or optimise the unit.
For the purpose of impairment testing, the carrying amount of a CGU is determined in line with the basis on which the recoverable amount of the cash-generating unit is determined, excluding surplus assets (i.e. financial assets, deferred tax assets on past losses and net non-current assets held for sale).
After impairment testing of the CGU (or group of CGUs), a second level of impairment testing is performed, including those centralised assets with ancillary functions (corporate assets) that cannot be allocated on a reasonable and consistent basis to individual units, and those assets that do not generate positive cash flows. At this second level, the recoverable amount of all CGUs (or groups of CGUs) is compared with the carrying amount of all CGUs (or groups of CGUs), including the corporate assets.

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

Financial assets and liabilities

Recognition and initial measurement

Trade receivables and debt securities issued are recognised at the time they are originated. All other financial assets and liabilities are initially recognised at the trade date, i.e. when the Group becomes a contractual party to the financial instrument.
With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not subsequently measured at fair value through profit (loss) for the year, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are measured at the transaction price.
Financial assets and financial liabilities may be offset and the amount resulting from the offsetting is presented in the statement of financial position if, and only if, the Group currently has the legal right to offset such amounts and intends to settle the balance on a net basis or realise the asset and settle the liability simultaneously.

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

The classification and subsequent measurement of financial assets consisting of debt securities, is made on the basis of the business model chosen by the Group for their management, as well as on the basis of the *characteristics of the contractual cash flows of the financial assets in question.*
The business models adopted by the Group are the following:

- *Hold to Collect (HtC)*: the objective is to own the financial assets in order to collect the related contractual cash flows until their maturity. If the contractual cash flows are represented solely by payments on fixed dates of principal and interest, the financial assets are subsequently measured at amortised cost; otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial assets managed under the HtC business model consisted of trade receivables from and financial assets with related parties and third parties and are subsequently measured at amortised cost using the effective interest rate method and presented net of impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit (loss) for the year, as are any gains or losses on derecognition.
- *Hold for trading*: the objective is to maximize returns through the purchase and sale of financial assets and residually collect the related contractual cash flows. At the reporting date, the financial assets managed under the business model “other” consist of investments in monetary and bond instruments for dynamic cash surplus management and are measured at fair value through profit or loss.

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

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

Subsequent measurement of non-derivative financial assets represented by equity securities (equity investments in other companies)
The Group holds investments in other companies for non-trading purposes. These investments are measured at fair value. Dividends are recognised in profit (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other gains and losses, including changes in fair value, are recognized in profit (loss) for the year or in other comprehensive income and, in the latter case, are never reclassified to profit or loss.

Subsequent measurement of non-derivative financial liabilities
Non-derivative financial liabilities, mainly represented by trade payables and financial liabilities, are initially recognised at fair value, which normally corresponds to the consideration received net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense and exchange gains (losses) are recognised in profit (loss) for the year, as are any gains or losses deriving from derecognition.
With reference to lease liabilities, see the previous paragraph "Leased property, plant and equipment, cars (Right-of-use assets and Lease liabilities)".

Financial derivatives
The derivative financial instruments subscribed by the SAES Group are represented by forward sale contracts on foreign currencies and have the purpose of hedging the exposure to currency risk originating from the Group's commercial transactions, within pre-established operating limits.
During the year, a contingent hedging contract was also signed to hedge the currency risk associated with the collection in dollars deriving from the sale of the Nitinol business.
Although the derivative instruments subscribed by the Group have an economic purpose of hedging the currency risk, the Group does not account for these instruments according to the rules of hedge accounting, in that the documentation required to designate the hedging relationship and monitor its effectiveness for accounting purposes is not provided.
Based on this choice, all derivative instruments are measured at fair value through profit or loss (FVTPL).

Inventories

Inventories, consisting of raw materials, purchased goods, semi-finished goods, work in progress and finished goods, are valued at the lower of cost and net realisable value; cost is determined using the FIFO (first in, first out) method. In the case of goods produced by the Group, the cost includes the direct costs of materials and labour and indirect production costs (variable and fixed).

Employee benefits

Short-term benefits
Short-term employee benefits are recognised as an expense when the service that gives rise to these benefits is provided.

Post-employment benefits (including TFR for Italian companies)
Post-employment benefits (TFR), which are mandatory for Italian companies under Article 2120 of the Italian Civil Code, are a type of deferred remuneration as they are paid at the end of the employment relationship and are correlated to the length of the employee's working life and the

remuneration received during the period of service rendered. From January 1, 2007, the 2007 Finance Law and relative implementing decrees introduced changes to TFR, including giving workers a choice as to the destination of their vesting TFR, to supplementary pension plans or to the "Treasury Fund" managed by INPS. It follows, therefore, that as of January 1, 2007, the Group's obligation to pay TFR to INPS (Italian National Social Security Institute) and supplementary pension schemes assumes the nature of a "defined contribution plan", while TFR vested by employees but not paid to employees, to INPS or to supplementary pension schemes assumes the nature of a "defined benefit plan".
With reference to "Defined contribution plans", the related cost is recognised in the profit (loss) for the year as a "cost of sales/operating expenses" over the period in which the employees provide their services.
On the other hand, with reference to "Defined benefit plans", the Group recognises the liability determined on the basis of an actuarial calculation, using the Projected Unit Credit Method. Current service costs (portion accrued by the employee) and interest expense relating to the increase in the present value of the TFR obligation arising from the approaching time of payment of the benefits are recognised in the profit (loss) for the year as "cost of sales/operating expenses". Actuarial gains and losses are recognised in other comprehensive income and will never be reclassified subsequently to profit (loss) for the year.

Other long-term benefits

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

Cash-settled share-based payment transactions

The Group has an incentive plan based on phantom shares for Executive Directors and certain key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value.
The above-mentioned incentive plan represents a cash-settled share-based payment plan. The Group therefore recognises a liability over the period during which the employees accrue the right to receive the payment, which is measured at each reporting date and at the settlement date on the basis of the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit (loss) for the year as "operating expenses".

Benefits due to employees for termination of employment

Benefits due to employees for termination of employment are recognized as an expense when the Group has committed itself without the possibility of withdrawal in offering such benefits or, if earlier, when the Group recognizes restructuring costs.
The estimate of the benefits due to employees in relation to the Isopension agreements is recognized at the time of signing the agreements with the trade unions and is classified as provisions. When the uncertainty on the estimate of these benefits ceases, the relative amounts are reclassified to "Post-employment and other employee benefits" under non-current liabilities and "Sundry liabilities" under current liabilities. Benefits fully payable beyond twelve months from the end of the year are discounted.

Provisions

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

Ordinary shares and treasury shares

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

Revenue from contracts with customers

The contracts entered into by the Group with its customers relate to the sale of goods.
Revenue is measured taking into account the consideration specified in the contract, and recognition in the consolidated financial statements takes place when the Group transfers control of the goods to the customer, which usually coincides with their physical delivery and acceptance by the customer (revenue recognised "at a point in time"). The transfer of control of assets over a period of time, which coincides with the period of production (revenue recognised "over time"), occurs only with reference to certain contracts signed with customers by the Industrial (security & defence business) and High Vacuum Divisions, as these contracts relate to specific assets without an alternative use and, if the customer should decide to terminate the contract, the SAES Group is entitled to claim reimbursement of the costs incurred up to that time, increased by a reasonable margin.
The advancement of revenue "over time" is determined using an input-based method and, in particular, on the basis of the percentage that emerges from the ratio of incurred costs to estimated total costs (cost-to-cost method). This method is considered to be the most suitable for providing a true representation of the fulfilment of its performance obligation. Revenue that is not yet invoiced is *recognised with a balancing entry in the statement of financial position item "Contract assets", while advances are recognised in the statement of financial position item "Contract liabilities".*
Contract fees agreed with customers usually do not include variable components (e.g. discounts and premiums) and invoices issued are usually payable in a period not exceeding 90 days.

Government grants

Government grants are recognised in the consolidated financial statements when there is reasonable certainty that they will be received and that the Group will comply with the conditions for their receipt.
Grants related to assets are recognised initially in deferred income and subsequently in profit (loss) for the year as other income on a systematic basis over the useful life of the asset to which they relate.
Grants related to income that offset the costs incurred by the Group are recognised in the profit (loss) for the year on a systematic basis, to offset them in the same period against the costs that

the grant is intended to offset, unless the conditions for receiving the grant are met after the related costs have been recognised. In this case, the grant is recognised when it becomes due.

Current and deferred taxes

The tax charge for the year includes current and deferred taxes recognised in profit (loss) for the year, with the exception of those relating to business combinations or items recognised directly in equity or in other comprehensive income.
Current taxes include the estimate of the amount of income taxes due or to be received, calculated on the taxable income or on the tax loss for the year as well as any adjustments to taxes from previous years. The amount of tax assets or liabilities, determined on the basis of the tax rates in force or substantially in force at the end of the year, also includes the best estimate of any amount payable or receivable that is subject to uncertainty.
Deferred taxes are recognised with reference to the temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for:

- temporary differences related to the initial recognition of assets or liabilities as a result of a single transaction if the following conditions are met: 1) the transaction is not a business combination, and 2) at the date of the transaction there is no impact on profit (or loss) for the year and taxable income (or tax loss) with the emergence of taxable and deductible temporary differences having different amounts;
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets related to tax loss carry-forwards are recognised to the extent that it is probable that future taxable profit will be available against which these assets can be utilised. Future taxable income is defined on the basis of the reversal of the relevant deductible temporary differences. If the amount of taxable temporary differences is not sufficient to fully recognise a deferred tax asset, the future taxable income, adjusted for the reversal of outstanding temporary differences, provided for in the business plans of the individual Group subsidiaries, is taken into account.
Deferred tax assets and liabilities are determined on the basis of the tax rates in force or substantially in force at the end of the year and which will be applicable in the years in which the temporary differences will reverse.
Tax assets and liabilities for current and deferred taxes are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset the same.

Discontinued operations

A discontinued operation is a component of the Group whose transactions and cash flows are clearly distinguishable from the rest of the Group that:

- represents an important independent line of business or geographical area of activity;
- is part of a single coordinated program to dispose of an important autonomous business unit or geographical area of activity; or
- is an entity acquired exclusively with the intention of reselling it.

An operating business is classified as discontinued when it is sold or when it meets the conditions for classification in the "held for sale" category, whichever is earlier. When an operating business is classified as discontinued, the Statement of Profit or Loss and the Statement of Comprehensive Income for the comparative year are restated as if the operating business had been discontinued at the beginning of such year.

9. REVENUE

This item includes revenue from contracts with customers and in the year 2023 was 121,587 thousand euros, down 3.9% (down 4,976 thousand euros in absolute value) from 126,563 thousand euros in 2022.

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

(Thousands of euros) *di cui:*

	2023	2022	Total difference	Total difference %	Change in consolidation	Exchange rate effect
Getters & Dispensers	41,134	46,578	(5,444)	-11.7%	0	(1,036)
Sintered Materials	9,827	10,634	(807)	-7.6%	0	(264)
SMA Materials	19,903	12,997	6,906	53.1%	0	(325)
SAES Industrial	**70,864**	**70,209**	**655**	**0.9%**	**0**	**(1,625)**
High Vacuum Solutions	31,865	30,967	898	2.9%	2,367	(435)
SAES High Vacuum	**31,865**	**30,967**	**898**	**2.9%**	**2,367**	**(435)**
Functional Chemicals	13,293	14,714	(1,421)	-9.7%	0	0
SAES Chemicals	**13,293**	**14,714**	**(1,421)**	**-9.7%**	**0**	**0**
Packaging Solutions	5,502	10,641	(5,139)	-48.3%	0	0
SAES Packaging	**5,502**	**10,641**	**(5,139)**	**-48.3%**	**0**	**0**
Not Allocated	**63**	**32**	**31**	**96.9%**	**0**	**0**
Revenue	**121,587**	**126,563**	**(4,976)**	**-3.9%**	**2,367**	**(2,060)**

The decline substantially coincides with that recorded by the **Packaging** operating sector, penalized by the contraction in consumption due to the inflationary crisis, with negative repercussions on the entire packaging supply chain, and from raw material overstock in the converting market due to excessive purchases made in 2022 in anticipation of significant cost increases.
On the other hand, the reduction in revenue in the **Chemicals operating sector (sales contraction mainly in the first half of the year, attributable to the slowdown in the consume**r electronics market) was offset by growth in the **High Vacuum** operating sector (boosted by the full consolidation of SAES RIAL Vacuum S.r.l.) and in the **Industrial** operating sector (driven by sales of SMA alloys in the mobile sector).

With regard to the **breakdown of revenue by geographical segment**, please refer to Note no. 18.

10. COST OF SALES and OPERATING EXPENSES

The cost of sales and operating expenses for 2023 was 143,715 thousand euros, compared with 129,910 thousand euros in the previous year.

(Thousands of euros) *of which:*

Cost of sales & Operating expenses	2023	2022	Difference	Change in consolidation scope	Exchange rate effect
Raw materials (includes change in raw materials)	24,995	33,843	(8,848)	540	(310)
Direct labour	13,583	13,565	18	270	(47)
Manufacturing overheads	29,661	29,527	134	782	(209)
Change in work in progress and finished goods	3,918	(3,950)	7,868	130	22
Total cost of sales	**72,157**	**72,985**	**(828)**	**1,722**	**(544)**
Research & development expenses	10,915	10,120	795	55	(19)
Selling expenses	16,777	17,077	(300)	238	(219)
General & administrative expenses	43,896	29,589	14,307	224	(108)
(Impairment losses) reversal of impairment losses on trade receivables	(30)	139	(169)	0	0
Total operating expenses	**71,558**	**56,925**	**14,633**	**517**	**(346)**
Total cost of sales & operating expenses	**143,715**	**129,910**	**13,805**	**2,239**	**(890)**

Cost of sales

Excluding the effects attributable to the change in the scope of consolidation (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 the costs incurred in 2023 for the redundancy of personnel amounting to 684 thousand euros (in total, +307 thousand euros is the effect on revenue, while +1,862 thousand euros is the effect on cost of sales), the organic change in cost of sales (-3.7%) is basically in line with the organic change in revenue (-4.2%).

In particular, observing the individual components of the cost of sales, again net of the effect of the change in scope and the exchange rate effect, as well as the severance costs that penalized the year 2023:

- **direct labour costs** and **manufacturing overheads** decreased by a lower percentage (-2.9% and -3.2%, respectively) compared to the change in revenue (-4.2%) mainly due to lower economies of scale achieved due to the decline in volumes in the packaging division and the different sales mix, as well as inflationary effects in the High Vacuum Division;
- 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) has recorded a slightly higher percentage decrease (-4.6%) than the percentage change in revenue due to the different mix, with the concentration of Group sales on products with lower material absorption.

Operating expenses

Excluding the exchange rate effect (-346 thousand euros) and the change in the scope of consolidation (+517 thousand euros), as well as:[35]

- in 2023 the Isopension for Executives cost, for -11,400 thousand euros and the costs for the redundancy of employees, for 1,394 thousand euros, as well as consulting costs related to governance, for 787 thousand euros (in total 13,581 thousand euros),
- in 2022, costs for the settlement to the heirs of a key employee of the Parent, amounting to 1,890 thousand euros, and costs for the liquidation of the Korean subsidiary, amounting to 479 thousand euros (totalling 2,369 thousand euros),

operating expenses increased by 3,250 thousand euros (+ 5.7%).

The increase is mainly concentrated in **selling expenses** (higher commissions on sales of SMA trained wire; marketing expenses for the B!POD project; consulting costs for new business expansion opportunities; travel expenses for the resumption of commercial activities at full capacity) and in **general and administrative costs** (higher personnel expense, especially for the Parent). On the other hand, the increase in **R&D expenses** was more contained (slight increase in the personnel expense for those employed in research at the Parent; contributions to start-ups as part of the RedZone project; consulting costs for research activities).

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A breakdown **by the nature** of the cost of sales and operating expenses compared with that of the previous year and showing the exchange rate effect, and that related to the change in the scope of consolidation.[36]

[35] Full consolidation of SAES RIAL Vacuum S.r.l. at the end of May 2022, following the purchase of the entire quota capital.
[36] 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) *of which:*

Total costs by nature	2023	2022	Difference	Change in consolidation scope	Exchange rate effect
Personnel expense	67,185	54,216	12,969	719	(402)
Raw materials (includs variation in raw materials)	24,995	33,843	(8,848)	540	(310)
Technical, legal, tax and administrative consultancy	7,737	6,629	1,108	27	(17)
Depreciation of property, plant and equipment	7,432	6,631	801	84	(27)
Production and miscellaneous materials	5,767	4,984	783	36	(40)
Corporate bodies	4,638	5,208	(570)	0	(3)
Maintenance and repairs	3,544	3,194	350	12	(18)
Utilities	3,349	5,757	(2,408)	18	(9)
Advertising costs	2,158	1,646	512	7	(17)
Amortization of intangible assets	1,699	1,774	(75)	234	0
General services (canteen, cleaning, security)	1,346	1,477	(131)	7	(1)
Insurance	1,196	1,164	32	20	(7)
Depreciation of right-of-use assets	1,152	1,259	(107)	28	(7)
Commissions	1,063	383	680	0	(22)
Travel and accomodation expenses	894	581	313	4	(11)
Transport	892	974	(82)	(35)	11
Licenses and patents	751	808	(57)	0	(9)
Rent and operating leases	625	564	61	7	(4)
Audit fees	(*) 570	454	116	14	(2)
Telephones and faxes	230	230	0	3	(4)
Training costs	212	163	49	5	(1)
Impairment losses on property, plant and equipment and intangible assets	11	95	(84)	0	(1)
Impairment losses on trade receivables	(30)	139	(169)	0	0
Other	2,381	1,687	694	379	(11)
Total costs by nature	**139,797**	**133,860**	**5,937**	**2,109**	**(912)**
Change in semi-finished products and finished goods	3,918	(3,950)	7,868	130	22
Total cost of sales and operating costs	**143,715**	**129,910**	**13,805**	**2,239**	**(890)**

(*) Including 114 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes"; 125 thousand euros due to out-of-pocket expenses incurred during the fiscal year 2023; 3 thousand euros due to adjustment of out-of-pocket expenses incurred during the fiscal year 2022; 75 thousand euros due to adjustment made on audit fees of the previous year.

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

The increase in the item "**Personnel expense**" is mainly attributable to the costs that penalized the year 2023, in particular:

- the costs for the Executives Isopension plan for which a trade union agreement was signed in December 2023, equal to 11,400 thousand euros;
- costs for the redundancy of personnel, equal to 2,078 thousand euros.

Also noteworthy are inflation-related salary increases, as well as the slight increase in the average number of employees at the Parent in support of future growth, partly offset by lower variable remuneration, set aside on a pro-rata basis based on the results of the first nine months of the year 2023, i.e., before the sale of the Nitinol business, and the reduced use of temporary workers at the Avezzano plant and in SAES Coated Films S.p.A. as a result of declining volumes and high inventory levels.
Finally, it should be noted that the previous year included costs of 2,309 thousand euros (settlement to the heirs of a key employee of the Parent, amounting to 1,890 thousand euros, and costs for staff leaving the Korean subsidiary in liquidation, amounting to 419 thousand euros).
In 2023 this item includes the income of the Parent for the Southern Italy tax incentive amounting to 998 thousand euros.[37]

The items "**Raw materials**" and "**Variation in work in progress and finished goods**", which are directly linked to the production cycle, calculated together, decrease in line with the organic decline in sales. These items are only partially offset by the increase in "**Production and miscellaneous**

[37] 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.

materials” mainly attributable to the high vacuum business and also related to the effect of inflation on the cost of materials.

The increase in the item “**Technical, legal, tax and administrative consultancy**” is related to legal costs regarding governance incurred by the Parent (787 thousand euros), as well as consulting for new business expansion opportunities.

The increase in the item “**Depreciation of property, plant and equipment**” is mainly attributable to the Parent (in particular, renovation of the laboratories and offices in Lainate carried out in 2022, as well as depreciation over the entire year of the emulsification pilot plant) and to the associate Spectra-Mat, Inc. (depreciation of the new process tool).

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 decrease is mainly attributable to lower variable remuneration of Executive Directors, set aside on a pro-rata basis based on the results of the first nine months of the year 2023, i.e., before the sale of the Nitinol business, and the partial release of the amount set aside in the two previous years for the three-year monetary incentive plans as a result of the partial achievement of the targets assigned at the end of the three-year period. On the other hand, to be noted is the higher provision for the phantom share incentive plan, related to the appreciation in the value of the SAES share.
For details on the amounts paid in terms of remuneration in 2023 and the comparison with the previous year, please refer to Note no. 52 and to the Report on remuneration.

The increase in the item “**Maintenance and repairs**” is related to both the effect of inflation (especially in the USA) and ongoing maintenance activities at the Lainate and Roncello plants.

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.
It should be noted that in 2023 this item includes income (231 thousand euros) related to the tax credit granted to Italian companies for the purchase of electricity and natural gas.

The increase in the item “**Advertising costs**” is attributable to the marketing expenses for the B!POD project and the costs for the promotion of the RedZone incubator, the program of interaction with start-ups in which SAES acts as a technological and industrial partner.

The slight decrease in the item “**Amortization of intangible assets**” is due to the fact that “customer list”, referring to the High Vacuum operating segment, are amortized on a decreasing basis over the estimated residual useful life.

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

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 item “**Training costs**” includes income for Fondimpresa financing obtained for company training amounting to 21 thousand euros.

Lastly it should be noted that the item “(**Impairment losses) reversal of impairment losses on trade receivables**” includes the generic impairment of trade receivables, including those not yet past due, in application of the Expected Credit Loss model envisaged by IFRS 9 (income of 21 thousand euros in 2023, compared with a charge of 3 thousand euros in the previous year). The difference on

December 31, 2023 is mainly represented by the further reversal of impairment losses on specific credit positions of the Parent, following collection.

The item “**Other**” includes contributions to start-ups selected as part of the RedZone incubation project at December 31, 2023. The increase, in addition to these financial contributions, is a consequence of the greater use of outsourced processing in the high vacuum sector.
Finally, this item also includes income of 62 thousand euros related to the tax credit for investments in operating assets under Industry 4.0, as well as income for public grants on the Parent's research activity equal to 110 thousand euros.

11. OTHER INCOME AND EXPENSE

The items “Other income” and “Other expense” came to a net other expense of -121 thousand euros in 2023, which compares with -66 thousand euros in the previous year.

A breakdown of these items in both years is provided below.

(Thousands of euros)

	2023	2022	Difference	of which: Change in consolidation scope	of which: Exchange rate effect
Other income	589	672	(83)	(3)	(4)
Other expense	(710)	(738)	28	(24)	6
Net other expense	**(121)**	**(66)**	**(55)**	**(27)**	**2**

The item “**Other income**” includes all revenue that are not part of the Group’s ordinary operations (for example, income from the sale of scrap materials) and capital gains from the sale of assets, as well as income of the Parent related to the tax credit for supporting research and innovation, as provided for in the Budget Law 2021 (amounting to 236 thousand euros accrued in 2023, compared to 413 thousand euros accrued in 2022).
The slight decrease in other income is a consequence of the lower income set aside by SAES Getters S.p.A. for the tax credit provided to support research and innovation, only partially offset by the Parent's income amounting to 127 thousand euros, related to an adjustment of the sale price of the subsidiary SAES Pure Gas, Inc. (disposal finalized in 2018), resulting from a tax refund related to the period before 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.
Again net of both the exchange rate effect and that related to the change in the scope of consolidation, the slight decrease is attributable to donations made in 2022 in support of Ukraine (a total of 100 thousand euros, of which 70 thousand euros was given to a local volunteer network in connection with the Ukrainian Embassy in Italy and 30 thousand euros assigned to an Italian refugee aid organisation). On the other hand, in the 2023 financial year, a donation was made to support the Emilia-Romagna region, affected by the flood in May 2023.

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

The following tables provide a breakdown of financial income (expense) in 2023, compared to the previous year.

(Thousands of euros)				*of which:*
Financial income	**2023**	**2022**	**Difference**	**Change in consolidation scope**
Bank interest income	9,601	266	9,335	0
Other financial income	814	997	(183)	0
Fair value gains on securities	5,687	0	5,687	0
Coupons realized on securities	1,291	1,692	(401)	0
Total financial income	**17,393**	**2,955**	**14,438**	**0**

(Thousands of euros)				*of which:*
Financial expense	**2023**	**2022**	**Difference**	**Change in consolidation scope**
Bank interest and other bank expenses	2,818	1,176	1,642	10
Other financial expense	15	311	(296)	0
Fair value losses on securities	0	13,241	(13,241)	0
Expenses from disinvestments of securities	3,120	1,121	1,999	0
Management fees and other expenses on securities	121	201	(80)	0
Interest on lease liabilities	77	57	20	1
Total financial expense	**6,151**	**16,107**	**(9,956)**	**11**
Impairment losses on loan assets and other financial assets	2,230	2,364	(134)	0
Total financial expense & impairment losses on loan assets and other financial assets	**8,381**	**18,471**	**(10,090)**	**11**

The sharp increase in "**Bank interest income**" is explained by the interest income accrued on both current accounts and bank term deposits, in which the Group's liquidity was deposited/invested after the almost complete divestment of securities in the portfolio completed during the course in the first half year of 2023 (please refer to Note no. 36 for more details) and the collection at the beginning of October 2023 following the sale of the Nitinol business (see Note no. 16).

The item "**Other financial income**" 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 bonds granted to Flexterra, Inc. (for further details see Note no. 34), as well as those on convertible bonds granted to German start-up Rapitag GmbH (for further details see Note no. 28).
In 2023, this item also includes:
- interest income (15 thousand euros) accrued on the financial asset related to the part of consideration for the sale of the Nitinol business deposited as escrow to cover any tax liabilities that may arise in the future for the acquiring party, but referring to the period prior to the sale (for further details, please refer to Note no. 28);
- the positive change (96 thousand euros) in the fair value of the investment in the EUREKA! venture capital fund (see Note no. 25).

The decrease compared to the previous year is mainly attributable to the fact that the amount in 2022 included the gain of +339 thousand euros deriving from the remeasurement at fair value of the investment (49%) in SAES RIAL Vacuum S.r.l. prior to the acquisition on May 25, 2022 of the entire quota capital and its full consolidation.

The items "**Fair value gains/losses on securities**" are related to the fair value measurement of securities. While in 2022 there was a decrease in the fair value of securities equal to -13,241 thousand euros as a consequence of the conflict in Ukraine and resulting international tensions, in 2023 there was an increase of +5,687 thousand euros.
Again with regard to the securities portfolio, the item "**Coupons realized on securities**" includes the proceeds from the collection of coupons (+1,291 thousand euros in 2023, compared to +1,692

thousand euros in 2022), while the item "**Expenses from disinvestments of securities** " consists of the net charges deriving from the almost total divestment of the securities portfolio finalized in the first half of 2023, with the aim of reducing the Group's exposure to financial market volatility [38](-3,120 thousand euros in 2023, compared to -1,121 thousand euros in 2022). Lastly, the decrease in the item "**Management fees and other expenses on securities**" (-121 thousand euros in 2023, compared to -201 thousand euros in 2022) is due to the almost total disinvestment of securities. Please refer to Note no. 35 for further details on securities.

The item "**Bank interest and other bank expenses**" included accrued interest expense on both short- and long-term loans, as well as the bank fees related to the credit facilities held by the Italian companies of the Group. The increase is attributable to the greater use of short-term bank debt in the first nine months of the year, as well as to the increase in interest rates. Starting from October 2023, the Parent instead settled all its short-term bank loans (revolving loans and recourse to "hot money"), using the cash and cash equivalents deriving from the sale of the Nitinol business.

The decrease in the item "**Other financial expense**" is mainly attributable to the fact that 2022 included a charge, amounting to -234 thousand euros, for the Group's irrevocable commitment to pay the first tranche (equal to 250 thousand dollars) of the additional convertible bond in favour of Flexterra, Inc. resolved by the Board of Directors of SAES Getters S.p.A. on December 7, 2022 (loan actually disbursed at the end of January 2023 and whose recovery is deemed unlikely).

Interest on lease liabilities amounted to 77 thousand euros in 2023, in line with 57 thousand euros in the previous year.

The item "**Impairment losses on loan assets and other financial assets**" in 2023 includes:
- the impairment loss on loan assets for interest accrued during the year on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH (-160 thousand euros);
- the impairment loss on loan assets related to the convertible bond granted to the joint venture Flexterra, Inc. (impairment loss on additional principal amounting to -698 thousand euros and impairment loss on interest accrued in the year amounting to -407 thousand euros)
- the impairment loss on loan assets related to the convertible bond granted to the German start-up Rapitag GmbH (impairment loss on additional principal amounting to -400 thousand euros and impairment loss on interest amounting to -117 thousand euros).

Such loan assets were impaired because they were deemed difficult to recover, based on the information available.
Finally, the item includes impairment losses on financial assets (in particular, on cash and cash equivalents, and bank term deposits) in application of IFRS 9. The expected credit losses have been calculated according to a default percentage associated with each bank where the cash and cash equivalents and term deposits, obtained on the basis of the rating of each bank, are deposited/held. Compared to December 31, 2022, against a slightly decreasing riskiness associated with the banks with which the Group does business, this calculation resulted in an increase in expected losses of -448 thousand euros, as a consequence of the higher liquidity held by the Group following the proceeds from the sale of the Nitinol business.
Compared with the previous year, higher losses on additional convertible bonds granted to Flexterra, Inc. during the year, as well as those related to expected losses on cash, were offset by lower impairment losses on loans to start-up Rapitag GmbH.

13. SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEES

[38] In 2022, the charges were related to the rescheduling of the asset allocation of the portfolio, with the disinvestment of a part of the bonds, replaced by a Dynamic Multi-Asset (DMAS) management.

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

(Thousands of euros)

	2023	2022	Difference
Actuator Solutions GmbH	(200)	(600)	400
SAES RIAL Vacuum S.r.l.	n.a.	(*) 167	(167)
Flexterra	0	0	0
Total share of profit (loss) of equity-accounted investees	**(200)**	**(433)**	**233**

(*) 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 the profit (loss) of equity-accounted investees in 2023 was a loss of -200 thousand euros, correspondent to the amount of the capital increase carried out in favour of the joint venture **Actuator Solutions GmbH** in July 2023, for guaranteeing its continued operations. This loss was accounted for with the objective of reducing the carrying amount of SAES’s investment to zero, as the equity of the joint venture was negative, without setting up any provision for risks, as there is no legal obligation for further recapitalisation by the Group at the end of the year.

In 2022, the balance was also a loss and amounted to -433 thousand euros and included:
- the share of the profit of the joint venture **SAES RIAL Vacuum S.r.l.**, amounting to +167 thousand euros, referring to the period from January 1 to May 25, 2022 (date when the SAES Group has 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);
- the change is mainly attributable to the loss of the joint venture Actuator Solutions GmbH and corresponds to the share capital increases of 600 thousand euros made by SAES in 2022.

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

For more details on the performance of equity-accounted investees, see Note no. 24.

14. EXCHANGE GAINS AND LOSSES

Net exchange gains amounted to +694 thousand euros in 2023, which compares with net exchange losses of -531 thousand euros in the previous year. The breakdown of exchange gains and losses in 2023 compared to the previous year is given below.

(Thousands of euros)

Exchange differences	2023	2022	Difference	*of which:* Change in consolidation scope
Exchange gains	3,354	1,070	2,284	6
Exchange losses	(2,722)	(1,216)	(1,506)	(27)
Total Exchange differences	**632**	**(146)**	**778**	**(21)**
Gains on forward contracts	322	5	317	0
Losses on forward contracts	(1)	(640)	639	0
Fair value gains (losses) on forward contracts	(259)	250	(509)	0
Net gains (losses) on forward contracts	**62**	**(385)**	**447**	**0**
Net exchange gains (losses)	**694**	**(531)**	**1,225**	**(21)**

The item "**Total exchange differences**" shows a positive balance in 2023 and amounted to +632 thousand euros and compares with a negative balance of -146 thousand euros in the previous year: the positive change is mainly attributable to the gains made in the conversion into euros of the holdings in dollars from the Nitinol business sale transaction.
In 2023, a gain of +93 thousand euros was recognised related to the reclassification to the statement of profit or loss of the SAES Getters Korea Corporation translation reserve following the liquidation of the Korean subsidiary.

In 2023, the item "Net g**ains (losses) on forward contracts**" showed a slightly positive balance amounting to +62 thousand euros (to be compared with a negative balance amounting to -385 thousand euros in 2022) and includes both the gain (+321 thousand euros) from the termination of the dollar forward contracts signed by the Parent at the end of the year 2022 to hedge about 80% of the net dollar flows of the Italian companies for 2023, and the impacts from the fair value measurement (-259 thousand euros) of the same contracts at the end of last year. See Note no. 33 for details of forward contracts that closed during 2023.

15. INCOME TAXES

In 2023, the group recognised an **income tax benefit** of 1,723 thousand euros and compared with an income tax expense of 2,349 thousand euros in the previous year.

The related details are provided below.

(Thousands of euros)

	2023	2022	Difference	*of which:* Change in consolidation scope
Current taxes	1,630	3,623	(1,993)	85
Deferred taxes	(3,353)	(1,274)	(2,079)	(66)
Income tax benefit (expense)	**(1,723)**	**2,349**	**(4,072)**	**19**

The positive change is mainly attributable to income for deferred taxes recognized by the Parent on the Isopension for Executives, set aside at the end of the 2023 financial year.

None of the Group's companies generated tax losses to be carried forward in 2023, while the negative taxable income achieved in 2022 had amounted to 18,323 thousand euros: the difference is a result of the gain on the sale of the investments in Memry Corporation and SAES Smart Materials, Inc. (Nitinol business), which allowed the Parent to close the year 2023 with a tax benefit and fully utilize the tax loss achieved by SAES Coated Films S.p.A. under the national tax consolidation. It should also be noted that SAES Investments S.A. also closed the year with a tax benefit, against a negative taxable amount at December 31, 2022 due to losses on securities resulting from tensions on the financial markets.

The tax return for the 2018 tax year of SAES Getters S.p.A. was subject to an assessment by the Italian tax authority, following which, on June 9, 2023, the Company received a preliminary assessment report 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. To date, the Company has not yet received the Assessment notice from the competent tax authority.
The Italian tax authority also requested information on the same issues covered by the aforementioned preliminary assessment report also with reference to the 2017 tax year through a questionnaire served on September 25, 2023.

Please refer to Note no. 51 for further details.

16. DISCONTINUED OPERATIONS

On October 2, 2023, following the binding agreement signed on January 9, 2023 and after obtaining a favourable opinion from the Federal Trade Commission (FTC) issued on September 12, 2023, the transaction to sell to the US company Resonetics, LLC the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. which represented the operating segment called "SAES Medical Nitinol" was closed.

After the sale, on the basis of a specific supply contract signed with Resonetics, the Group continued to purchase semi-finished Nitinol products from the discontinued operations, which are the raw material of the shape memory alloys business for industrial applications (*SMA Materials* segment, within the SAES Industrial Division). Although management has eliminated intragroup transactions entirely from the consolidated financial statements, it has decided to allocate the eliminated transactions to continuing operations and to the discontinued operations so as to present the continuity of these operations after the sale, as it believes that this presentation is useful to the users of the financial statements.

Following the sale, the statement of profit or loss for the current year and the comparative year were restated to show the results of the discontinued business separately from continuing operations.
The following table shows details of the profit from discontinued operations, showing how much is attributable to the Nitinol business up to the date of the sale and how much resulted from the sale transaction finalized on October 2, 2023.

(Thousands of euros)	Statement of profit or loss - Nitinol business	Gain from the disposal, net of costs inherent to the transaction	2023	Statement of profit or loss - Nitinol business	Accessory costs for the divestiture of the Nitinol business	2022
Revenue	**95,471**		**95,471**	**123,702**		**123,702**
Cost of sales	(52,143)		(52,143)	(66,585)		(66,585)
Gross profit	**43,328**	**0**	**43,328**	**57,117**	**0**	**57,117**
Research & development expenses	(1,910)		(1,910)	(2,537)		(2,537)
Selling expenses	(2,005)		(2,005)	(3,577)		(3,577)
General & administrative expenses	(3,338)	(120,089)	(123,427)	(4,335)	(2,223)	(6,558)
Impairment losses on trade receivables	(72)		(72)	0		0
Total operating expenses	**(7,325)**	**(120,089)**	**(127,414)**	**(10,449)**	**(2,223)**	**(12,672)**
Other income	85	735,836 (*)	735,921	140		140
Other expense	(4)		(4)	0		0
Operating profit	**36,084**	**615,747**	**651,831**	**46,808**	**(2,223)**	**44,585**
Financial income	2		2	3		3
Financial expense	(181)		(181)	(210)		(210)
Impairment losses on loan assets and other financial assets	0		0	0		0
Share of profit (loss) of equity-accounted investees	0		0	0		0
Foreign exchange gains (losses)	(20)	(1,573)	(1,593)	(28)		(28)
Pre-tax profit	**35,885**	**614,174**	**650,059**	**46,573**	**(2,223)**	**44,350**
Income taxes	(7,881)	1,138	(6,743)	(9,794)	36	(9,758)
Profit (loss) from operations held for sale and discontinued operations	**28,004**	**615,312**	**643,316**	**36,779**	**(2,187)**	**34,592**

The following table provides a breakdown by nature of the costs, including both the cost of sales and operating expenses.

(Thousands of euros)

Total costs by nature	Statement of profit or loss - Nitinol business	Accessory costs for the divestiture of the Nitinol business	2023	Statement of profit or loss - Nitinol business	Accessory costs for the divestiture of the Nitinol business	2022
Raw materials (includes change in raw materials)	9,308		9,308	8,793		8,793
Personnel expense	34,442	68,214	102,656	45,183		45,183
Corporate bodies	0	33,646	33,646	0		0
Travel and accomodation expenses	244		244	315		315
Maintenance and repairs	1,183		1,183	1,473		1,473
Various materials	5,536		5,536	6,539		6,539
Transport	1,175		1,175	1,436		1,436
Commissions	14		14	69		69
Licenses and patents	9		9	11		11
Technical, legal, tax and administrative consultancy	1,154	18,166	19,320	1,561	2,223	3,784
Audit fees	114		114	109		109
Rent and operating leases	139		139	139		139
Insurance	343		343	392		392
Advertising costs	126		126	136		136
Utilities	1,366		1,366	1,515		1,515
Telephones and faxes	79		79	152		152
General services (canteen, cleaning, security)	733		733	977		977
Training costs	60		60	75		75
Depreciation of property, plant and equipment	2,084		2,084	3,487		3,487
Amortisation of intangible assets	475		475	709		709
Depreciation of right-of-use assets	970		970	1,363		1,363
Impairment losses on property, plant and equipment and intangible assets	0		0	244		244
Impairment losses on trade receivables	72		72	0		0
Other	747	63	810	881		881
Total costs by nature	**60,373**	**120,089**	**180,462**	**75,559**	**2,223**	**77,782**
Change in semi-finished products and finished goods	(905)		(905)	1,475		1,475
Total cost of sales and operating expenses	**59,468**	**120,089**	**179,557**	**77,034**	**2,223**	**79,257**

Against a sale price of 880,094 thousand dollars[39] (correspondent to 835,719 thousand euros), of which 15,000 thousand dollars (corresponding to 14,245 thousand euros) deposited as escrow to cover any tax liabilities and reduced by -4,245 thousand dollars (equal to -3,841 thousand euros) due to the uncertainty on the tax treatment in the USA of some payments related to the transaction, and of net assets sold equal to 96,041 thousand euros, the consolidated **gross gains** deriving from the sale of the Nitinol business equal to 735,836 thousand euros (item "Other income").

Regarding the **accessory costs inherent in the extraordinary sale transaction** (in total -120,524 thousand euros) of the Nitinol business, it should be noted that the item "Personnel expense" (-68,214 thousand euros) includes the remuneration and related social security charges paid to US employees (including the CEO, who resigned as of the closing date) working in the sold business, the remuneration recognized to the employees of the Parent (including the Key Managers) under the incentive plan called the *Asset Sale Plan*[40], as well as the extraordinary bonuses paid to all other Group employees in light of the exceptional value created by the sale transaction.
The portion of the incentive related to the *Asset Sale Plan* due to Executive Directors is represented, instead, in the item "Corporate bodies" (-33,646 thousand euros).

[39] That is, the contractual negotiated price of 900 million dollars, corrected for a negative adjustment, estimated to be -19.9 million dollars, calculated on the basis of the working capital, debt, cash, and tax assets of the US companies being sold as of the closing date, and still subject to verification procedure by the acquiring party to be finalized by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 of Memry Corporation and SAES Smart Materials, Inc.

[40] Monetary bonus plan for the Executive Directors, the Key Managers, i.e. the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, non-current assets and assets (in the specific case, the sale of the stakes in Memry Corporation and SAES Smart Materials, Inc.), if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests. The plan is managed by the Board of Directors, after consulting with the Remuneration and Appointments Committee. More specifically, the Board of Directors, with the involvement of the Remuneration and Appointments Committee, must ascertain which events, in accordance with the terms and conditions of the plan, may give rise to the payment of a monetary incentive and how much said incentive should be. For further details, please refer to the Report on the remuneration policy and payments made for the year 2023.

“Technical, legal, tax and administrative consultancy” (-18,166 thousand euros) is comprised by the fees paid for investment banking activities, for legal assistance, for tax advice and for other consulting activities related to the Second Request procedure initiated by the US Antitrust Authority.
Again with regard to the Nitinol business sale transaction, the item "Net exchange gains (losses)" (-1,573 thousand euros) includes the gain, amounting to +13,726 thousand euros, resulting from the reclassification to the statement of profit or loss of the translation reserve generated by the consolidation of the US companies sold (Memry Corporation and SAES Smart Materials, Inc.) and the loss, amounting to -15,134 thousand euros, related to the contingent derivative contract (notional amount of 415 million dollars) entered into in order to hedge the currency risk on the collection in dollars, together with other exchange losses incurred by the Parent amounting to -165 thousand euros.
Finally, the item "Income taxes" (income tax benefit of 1,138 thousand euros) consists of the tax savings of the subsidiaries[41] due to the deductibility of the above-mentioned extraordinary proceeds related to the sale, only partially offset by the taxes calculated on the net capital gain realized by the Parent[42] on the sale of equity investments.

From the beginning of the year to the date of the sale (October 2, 2023), the **Nitinol business** contributed to the consolidated results with revenue of 95,471 thousand euros and operating income of 36,084 thousand euros (in the year 2022, revenue had been 123,702 thousand euros, while the operating income of the sold business had been 46,808 thousand euros).

The following table details the assets and liabilities pertaining to the Nitinol business sold in 2023, as well as a reconciliation with the consideration received.

[41] Including Memry Corporation and SAES Smart Materials, Inc.
[42] The gain net of sales costs of the Parent is subject to a limited tax rate of 5%, pursuant to the provisions of article 87 of the Consolidated Law on Income Tax (participation exemption).

(Thousands of euros)	October 2, 2023 (*)
Property, plant and equipment	38,412
Intangible assets	344
Goodwill	38,961
Right-of-use assets	2,258
Deferred tax assets	1,433
Other non-current assets	173
Total non-current assets	**81,581**
Inventories	18,393
Trade receivables	21,438
Sundry and other current assets	1,033
Current tax assets	2,861
Cash and cash equivalents	22,188
Total current assets	**65,913**
Total assets divested	**147,494**
Lease liabilities	680
Deferred tax liabilities	6,023
Total non-current liabilities	**6,703**
Trade payables	4,859
Sundry liabilities	37,508
Current tax liabilities	732
Provisions for risks and charges	60
Lease liabilities	1,455
Other current liabilities	136
Total current liabilities	**44,750**
Total liabilities divested	**51,453**
Total net assets divested	**96,041**
Cash and cash equivalents divested	(22,188)
Total assets, net of cash divested	**73,853**
Gross capital gain from the divestment transaction	735,836
Total	**809,689**
Financial asset for escrow - non-current asset	(10,404)
Financial asset for adjustment on the disposal price - current asset	(1,569)
Consideration received, net of net cash divested	**797,716**

(*) Currency amounts converted to euros using the average exchange rate.

The following table details the flows generated by the Nitinol business in the period January 1 – October 2, 2023 and those related to the sale transaction.

(Thousands of euros)	2023 - from discontinued operations Business Nitinol Jan 1 - Oct 2, 2023	Nitinol business divestment transaction	Total
Cash flows from operating activities			
Profit (loss) for the year	28,004	615,312	643,316
Income taxes	7,881	(1,138)	6,743
Depreciation of right-of-use assets	970	0	970
Depreciation of property, plant and equipment	2,084	0	2,084
(Reversal of impairment losses) impairment losses on property, plant and equipment	0	0	0
Amortisation of intangible assets	475	0	475
Gains from the sale of discontinued operations	0	(735,836)	(735,836)
Net financial expense	179	0	179
Impairment losses on trade receivables	0	0	0
Other non-monetary expense (income)	0	(13,726)	(13,726)
Other non-monetary change in post-employment and other benefits	(180)	1,131	951
Accrual (utilisation) of provisions for risks and charges	0	0	0
	39,413	**(134,257)**	**(94,844)**
Change in operating assets and liabilities			
Cash increase (decrease)			
Trade receivables and other current assets	(534)	0	(534)
Inventories	(1,287)	0	(1,287)
Trade payables	(4,961)	0	(4,961)
Sundry and other current liabilities	(1,589)	66,147	64,558
	(8,371)	**66,147**	**57,776**
Payments of post-employment and other benefits	0	0	0
Taxes paid	(8,539)	0	(8,539)
flows generated by (used in) operating activities	**22,503**	**(68,110)**	**(45,607)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(3,023)	0	(3,023)
Acquisition of intangible assets	(52)	0	(52)
Proceeds from sales of Nitinol business, net of cash divested	0	797,716	797,716
Financial liabilities repaid to (granted by) related parties	0	0	0
Interest and other financial income received	2	0	2
Cash flows generated by (used in) investing activities	**(3,073)**	**797,716**	**794,643**
Cash flows from financing activities			
Repayment of non-current financial liabilities	(209)	0	(209)
Interest paid on non-current financial liabilities	(1)	0	(1)
Interest and other financial expense paid	(32)	0	(32)
Repayment of lease liabilities	(1,016)	0	(1,016)
Interest paid on leases	(150)	0	(150)
Cash flows used in financing activities	**(1,408)**	**0**	**(1,408)**
Increase (decrease) in cash and cash equivalents	**18,022**	**729,606**	**747,628**
Effect of exchange rate changes on cash flows	(561)	0	(561)
Total net increase (decrease) in cash and cash equivalents	**17,461**	**729,606**	**747,067**

The following table shows the cash flows that were generated by the Nitinol business in 2022.

(Thousands of euros)	2022 - from discontinued operations: Business Nitinol Jan 1 - Dec 31, 2022	2022 - from discontinued operations: Nitinol business divestment transaction	2022 - from discontinued operations: Total
Cash flows from operating activities			
Profit (loss) for the year	36,779	(2,187)	34,592
Income taxes	9,794	(36)	9,758
Depreciation of right-of-use assets	1,363	0	1,363
Depreciation of property, plant and equipment	3,487	0	3,487
(Reversal of impairment losses) impairment losses on property, plant and equipment	244	0	244
Amortisation of intangible assets	709	0	709
Gains from the sale of discontinued operations	0	0	0
Net financial expense	207	0	207
Impairment losses on trade receivables	0	0	0
Other non-monetary expense (income)	0	0	0
Other non-monetary change in post-employment and other benefits	(105)	0	(105)
Accrual (utilisation) of provisions for risks and charges	(189)	0	(189)
	52,289	**(2,223)**	**50,066**
Change in operating assets and liabilities			
Cash increase (decrease)			
Trade receivables and other current assets	(6,356)	0	(6,356)
Inventories	423	0	423
Trade payables	4,433	0	4,433
Sundry and other current liabilities	534	0	534
	(966)	**0**	**(966)**
Payments of post-employment and other benefits	0	0	0
Taxes paid	(9,972)	0	(9,972)
flows generated by (used in) operating activities	**41,351**	**(2,223)**	**39,128**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(5,277)	0	(5,277)
Acquisition of intangible assets	(200)	0	(200)
Proceeds from sales of Nitinol business, net of cash divested	0	0	0
Financial liabilities repaid to (granted by) related parties	0	0	0
Interest and other financial income received	3	0	3
Cash flows generated by (used in) investing activities	**(5,474)**	**0**	**(5,474)**
Cash flows from financing activities			
Repayment of non-current financial liabilities	(92)	0	(92)
Interest paid on non-current financial liabilities	(5)	0	(5)
Interest and other financial expense paid	(63)	0	(63)
Repayment of lease liabilities	(1,061)	0	(1,061)
Interest paid on leases	(142)	0	(142)
Cash flows used in financing activities	**(1,363)**	**0**	**(1,363)**
Increase (decrease) in cash and cash equivalents	**34,514**	**(2,223)**	**32,291**
Effect of exchange rate changes on cash flows	218	0	218
Total net increase (decrease) in cash and cash equivalents	**34,732**	**(2,223)**	**32,509**

17. BASIC/DILUTED EARNINGS PER SHARE

As better specified in Note no. 38, the savings shares were subject to a partial voluntary public tender offer, which was successfully concluded at the end of July 2023. The savings shares purchased by the Company were automatically cancelled, while the residual savings shares still outstanding were automatically converted into ordinary shares on the basis of the ratio of no. 1 ordinary share for every no. 1 savings share.

For the purposes of calculating the earnings per share for 2023, the result for the period was adjusted both by the value of the dividend income resolved on during the year in favour of the savings shares, and the amount paid to the savings shareholders for the completion of the public tender offer. The amount obtained was divided by the average number of ordinary shares outstanding during the year 2023.

With regard to the year 2022, in which the share capital of SAES Getters S.p.A. was still represented by two different types of shares (ordinary and savings), which were entitled to different rights when distributing profits, for the purpose of calculating earnings per share, the earnings per share for the period were adjusted by the value of dividends resolved on during the year in favour of savings shares, as well as the amount of dividends that would have been paid to savings shareholders in the event of theoretical distribution of the residual value. The amount obtained was again divided by the average number of ordinary shares outstanding in 2022.

The following tables show the earnings per share for both 2023 and 2022, with evidence of how much is attributable to continuing operations and how much derives from the discontinued operations.

	2023		
	Total	**from continuing operations**	**from discontinued operations**
Profit (loss) attribuitable to shareholders (Thousands of euros)	632,296	(11,020)	643,316
Dividends paid (Thousands of euros)	(11,543)	(11,543)	
Undistributed profit (loss) (Thousands of euros)	**620,753**	**(22,563)**	**643,316**
Savings shares' remuneration for voluntary partial Public Offer (Thousands of euros)	39,244	39,244	
Total profit (loss) attribuitable to ordinary shares (Thousands of euros)	**581,509**	**(61,807)**	**643,316**
Dividends paid (Thousands of euros)	5,924	5,924	
Total profit (loss) attribuitable to ordinary shares (Thousands of euros)	**587,433**	**(55,883)**	**643,316**
Average number of outstanding ordinary shares	13,277,141	13,277,141	13,277,141
Basic/Diluted earning (loss) per share (euros)	**44.24396**	**(4.20894)**	**48.45290**

	2022		
	Total	**from continuing operations**	**from discontinued operations**
Profit (loss) attribuitable to shareholders (Thousands of euros)	12,350	(22,242)	34,592
Dividends paid (Thousands of euros)	(8,530)	(8,530)	
Undistributed profit (loss) (Thousands of euros)	**3,820**	**(30,772)**	**34,592**
Theoretical preference dividends for the savings shares (Thousands of euros)	1,022		
Profit (loss) attribuitable to savings shares (Thousands of euros)	603	(13,097)	14,722
Total profit (loss) attribuitable to ordinary shares (Thousands of euros)	**2,194**	**(17,675)**	**19,870**
Dividends paid (Thousands of euros)	5,062	5,062	
Total profit (loss) attribuitable to ordinary shares (Thousands of euros)	**7,256**	**(12,613)**	**19,870**
Average number of outstanding ordinary shares	10,771,350	10,771,350	10,771,350
Basic/Diluted earning (loss) per share (euros)	**0.67366**	**(1.17102)**	**1.84468**

18. SEGMENT REPORTING

For management purposes, the Group is articulated into four 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 Chemicals** – includes both the "functional acoustic composites" business (functional acoustic composites for consumer electronics applications) and the "functional additives"

business (new functional materials being validated at the site of prospective customers for different application areas, from paint & coatings segment to personal care);

- **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.

Compared with the previous year, the SAES Medical Nitinol operating segment ceased to exist following the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023. Other operating segments are unchanged from the end of 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		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	**70,864**	**70,209**	**31,865**	**30,967**	**13,293**	**14,714**	**5,502**	**10,641**	**63**	**32**	**121,587**	**126,563**
Cost of sales	(36,106)	(35,528)	(18,316)	(16,052)	(10,996)	(11,890)	(6,468)	(9,334)	(271)	(181)	(72,157)	(72,985)
Gross profit	**34,758**	**34,681**	**13,549**	**14,915**	**2,297**	**2,824**	**(966)**	**1,307**	**(208)**	**(149)**	**49,430**	**53,578**
% of revenue	*49.0%*	*49.4%*	*42.5%*	*48.2%*	*17.3%*	*19.2%*	*-17.6%*	*12.3%*	*n.s.*	*n.s.*	*40.7%*	*42.3%*
Total operating expenses	(14,064)	(15,539)	(8,099)	(7,666)	(2,314)	(1,948)	(3,079)	(3,320)	(44,002)	(28,452)	(71,558)	(56,925)
Other income (expense)	(23)	(36)	(58)	(29)	(30)	(27)	43	46	(53)	(20)	(121)	(66)
Operating profit (loss)	**20,671**	**19,106**	**5,392**	**7,220**	**(47)**	**849**	**(4,002)**	**(1,967)**	**(44,263)**	**(28,621)**	**(22,249)**	**(3,413)**
% of revenue	*29.2%*	*27.2%*	*16.9%*	*23.3%*	*-0.4%*	*5.8%*	*-72.7%*	*-18.5%*	*n.s.*	*n.s.*	*-18.3%*	*-2.7%*
Financial income											17,393	2,955
Financial expense											(6,151)	(16,107)
Impairment losses on loan assets and other financial assets											(2,230)	(2,364)
Share of profit (loss) of equity-accounted investees											(200)	(433)
Net exchange losses											694	(531)
Pre-tax profit											**(12,743)**	**(19,893)**
Income taxes											1,723	(2,349)
Profit (loss) from continuing operations											**(11,020)**	**(22,242)**
Profit (loss) from discontinued operations, net of taxes											643,316	34,592
Profit (loss) for the year											**632,296**	**12,350**

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

(Thousands of euros)

	SAES Industrial		SAES High Vacuum		SAES Medical Nitinol		SEAS Chemicals		SAES Packaging		Not Allocated		Total	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Assets and Liabilities														
Non-current assets	28,097	26,806	29,291	30,855	0	80,484	4,056	4,246	11,365	12,076	33,166	22,819	105,975	177,286
Current assets	20,475	21,273	10,913	10,263	0	37,249	4,512	8,047	4,265	5,475	774,105	191,650	814,270	273,957
Total assets	**48,572**	**48,079**	**40,204**	**41,118**	**0**	**117,733**	**8,568**	**12,293**	**15,630**	**17,551**	**807,271**	**214,469**	**920,245**	**451,243**
Non-current liabilities	3,768	3,114	3,231	2,993	0	1,374	1,946	713	945	959	16,081	16,713	25,971	25,866
Current liabilities	13,240	11,006	8,939	7,677	0	11,524	2,656	2,977	1,434	1,366	44,815	126,774	71,084	161,324
Total liabilities	**17,008**	**14,120**	**12,170**	**10,670**	**0**	**12,898**	**4,602**	**3,690**	**2,379**	**2,325**	**60,896**	**143,487**	**97,055**	**187,190**
Other information														
Increases of property, plant and equipment/Intangible assets/Right-of-use assets	4,107	4,242	1,284	1,321	4,178 (*)	6,393	126	138	779	266	1,477	4,809	11,951	17,169
Depreciation and amortisation	3,486	3,121	2,821	2,703	0	0	553	667	1,357	1,386	2,066	1,787	10,283	9,664
Other non monetary costs	6	8	5	1	0	0	0	0	0	0	0	86	11	95

(*) This amount includes the increases of Memry Corporation and SAES Smart Materials, Inc. in the period January 1, 2023 - October 2, 2023 (date on which the sale of the two US subsidiaries was completed).

Following the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023, the balances for the year 2022 were presented for comparison purposes and reclassified with respect to the balances reported in the Consolidated Financial Statements at December 31, 2022, presenting the profits and losses relating to discontinued operations, including the accessory costs incurred for the sale, in a single item called "Profit (loss) from discontinued operations, net of tax effects", in compliance with the provisions of IFRS 5 (See Note no. 6 and Note no. 16 for further details). The table below shows details on the **reclassification** broken down by operating segment.

(Thousands of euros)

Statement of profit or loss	SAES Industrial			SAES High Vacuum	SAES Medical Nitinol			SEAS Chemicals	SAES Packaging	Not Allocated	Total		
	2022	Reclassifications for the Nitinol business sale	2022 reclassified	2022	2022	Reclassifications for the Nitinol business sale	2022 reclassified	2022	2022	2022	2022	Reclassifications for the Nitinol business sale	2022 reclassified
Revenue	**71,946**	**(1,737)**	**70,209**	**30,967**	**121,965**	**(121,965)**	**0**	**14,714**	**10,641**	**32**	**250,265**	**(123,702)**	**126,563**
Cost of sales	(36,452)	924	(35,528)	(16,052)	(65,661)	65,661	0	(11,890)	(9,334)	(181)	(139,570)	66,585	(72,985)
Gross profit	**35,494**	**(813)**	**34,681**	**14,915**	**56,304**	**(56,304)**	**0**	**2,824**	**1,307**	**(149)**	**110,695**	**(57,117)**	**53,578**
% of revenue	*49.3%*	*46.8%*	*49.4%*	*48.2%*	*46.2%*	*46.2%*	*n.a.*	*19.2%*	*12.3%*	*n.s.*	*44.2%*	*46.2%*	*42.3%*
Total operating expenses	(15,863)	324	(15,539)	(7,666)	(12,348)	12,348	0	(1,948)	(3,320)	(28,452)	(69,597)	12,672	(56,925)
Other income (expense)	(36)	0	(36)	(29)	140	(140)	0	(27)	46	(20)	74	(140)	(66)
Operating profit (loss)	**19,595**	**(489)**	**19,106**	**7,220**	**44,096**	**(44,096)**	**0**	**849**	**(1,967)**	**(28,621)**	**41,172**	**(44,585)**	**(3,413)**
% of revenue	*27.2%*	*28.2%*	*27.2%*	*23.3%*	*36.2%*	*36.2%*	*n.a.*	*5.8%*	*-18.5%*	*n.s.*	*16.5%*	*36.0%*	*-2.7%*
Financial income											2,958	(3)	2,955
Financial expense											(16,317)	210	(16,107)
Impairment losses on loan assets and other financial assets											(2,364)	0	(2,364)
Share of profit (loss) of equity-accounted investees											(433)	0	(433)
Net exchange losses											(559)	28	(531)
Pre-tax profit											**24,457**	**(44,350)**	**(19,893)**
Income taxes											(12,107)	9,758	(2,349)
Profit (loss) from continuing operations											**12,350**	**(34,592)**	**(22,242)**
Profit (loss) from discontinued operations, net of taxes											0	34,592	34,592
Profit (loss) for the year											**12,350**	**0**	**12,350**

Information on geographical segment

A breakdown of non-current assets by geographical segment is provided below.

(Thousand of euros)

	Italy	Europe	United States	Asia	Total Non-current assets (*)
2023	76,381	11	8,515	8	**84,914**
2022	77,944	24	89,089	162	**167,219**

(*) This amount includes: Property,plant and equipment, Intangible assets, rights-of-use assets, Equity-accounted investees, Investments in other companies and Other non-current assets.

The decrease in non-current assets in the US is a result of the sale of the Nitinol business and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalized on October 2, 2023.

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

(Thousands of euros) Geographical segment	2023	%	2022	%	Total difference	Total difference %	di cui: Change in consolidation scope
Italy	4,148	3.4%	5,331	4.2%	(1,183)	-22.2%	296
Europe	34,736	28.6%	39,662	31.3%	(4,926)	-12.4%	761
North America	38,202	31.4%	39,933	31.6%	(1,731)	-4.3%	1,288
Japan	4,718	3.9%	5,856	4.6%	(1,138)	-19.4%	0
South Korea	1,984	1.6%	1,881	1.5%	103	5.5%	0
China	31,725	26.1%	26,393	20.9%	5,332	20.2%	22
Other Asian countries	4,885	4.0%	5,373	4.2%	(488)	-9.1%	0
Others	1,189	1.0%	2,134	1.7%	(945)	-44.3%	0
Consolidated revenue	**121,587**	**100.0%**	**126,563**	**100.0%**	**(4,976)**	**-3.9%**	**2,367**

The year 2023 shows an increase in sales in the **Chinese market**, thanks mainly to SMA materials products for the mobile sector, despite the decline in the Chemicals Division, which has China as its only reference market.
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).
Sales in **North America** are being adversely affected by slowing demand for getters in the electronic device and security sectors, also caused by overstock issues.
The decline in **Japan**, on the other hand, can be attributed to the different geographical distribution of revenue from high vacuum devices (higher sales in North America and the Asian continent, especially South Korea, but lower sales in Japan and Europe).

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 company is located	2023	%	2022	%	Total difference	of which: Change in consolidation scope
Italy	87,238	71.7%	87,514	69.1%	(276)	2,367
North America	31,930	26.3%	35,037	27.6%	(3,107)	0
South Korea	0	0.0%	1,672	1.3%	(1,672)	0
China	2,352	1.9%	2,331	1.8%	21	0
Other Asian countries	67	0.1%	9	0.0%	58	0
Revenue	**121,587**	**100.0%**	**126,563**	**99.8%**	**(4,976)**	**2,367**

The decline in revenue in **North America** is mainly attributable to lower sales in the electronic devices and defence sectors, penalized by overstock issues, as well as in that of sintered materials, which has seen a slowdown in demand from some main players (Industrial operating sector). Also note the negative exchange rat effect resulting from the devaluation of the dollar against the euro.
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.
In **Italy**, higher revenue for SMA Materials products for the mobile segment (Industrial operating segment) and the positive effect of the consolidation of SAES RIAL Vacuum S.r.l. using the line-by-line method, were cancelled out by the slowdown in sales in the Packaging (contraction in consumption due to the inflationary crisis) and Chemicals (slowdown in the consumer electronics segment) operating segments. Finally, there is a structural decrease in the more mature lamp business (Industrial operating segment) and a decline in the High Vacuum operating segment (slowdown in the progress of the experimental nuclear fusion project).

19. PROPERTY, PLANT AND EQUIPMENT

(Thousands of euros)

Property, plant and equipment	Land	Buildings	Plant and machinery	Under construction	Total
December 31, 2021	**4,728**	**24,697**	**42,440**	**12,684**	**84,549**
Acquisitions	0	2,626	5,241	7,426	**15,293**
Disposals	0	0	(56)	(5)	**(61)**
Reclassifications	0	8,161	3,655	(11,816)	**0**
Acquisitions following business combinations	0	138	704	3	**845**
Depreciation (*)	0	(2,442)	(7,676)	0	**(10,118)**
Impairment losses	0	(235)	(10)	(94)	**(339)**
Translation differences	211	440	1,185	692	**2,528**
December 31, 2022	**4,939**	**33,385**	**45,483**	**8,890**	**92,697**
Acquisitions	0	450	3,931	5,602	**9,983**
Disposals	0	(1)	(109)	(7)	**(117)**
Reclassifications	0	1,440	5,360	(6,800)	**0**
Change in the scope of consolidation (discontinued operations)	(1,596)	(15,349)	(16,861)	(4,606)	**(38,412)**
Depreciation (**)	0	(2,155)	(7,361)	0	**(9,516)**
Impairment losses	0	0	0	0	**0**
Translation differences	(91)	(245)	(367)	(81)	**(784)**
December 31, 2023	**3,252**	**17,525**	**30,076**	**2,998**	**53,851**
December 31, 2021					
Historical cost	4,870	52,760	156,590	13,056	**227,276**
Accumulated depreciation	0	(27,573)	(108,565)	0	**(136,138)**
Impairment losses	(142)	(490)	(5,585)	(372)	**(6,589)**
Carrying amount	**4,728**	**24,697**	**42,440**	**12,684**	**84,549**
December 31, 2022					
Historical cost	5,081	64,314	167,383	9,356	**246,134**
Accumulated depreciation	0	(30,439)	(116,246)	0	**(146,685)**
Impairment losses	(142)	(490)	(5,654)	(466)	**(6,752)**
Carrying amount	**4,939**	**33,385**	**45,483**	**8,890**	**92,697**
December 31, 2023					
Historical cost	3,394	44,449	128,385	3,464	**179,692**
Accumulated depreciation	0	(26,435)	(93,713)	0	**(120,148)**
Impairment losses	(142)	(489)	(4,596)	(466)	**(5,693)**
Carrying amount	**3,252**	**17,525**	**30,076**	**2,998**	**53,851**

(*) Including 3,487 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".
(**) Including 2,084 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".

As at December 31, 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. 22 for more details on Right-of-Use Assets at December 31, 2023.

In the year 2023, investments in property, plant and equipment amounted to 9,983 thousand euros and included investments aimed at expanding production capacity in the sintered materials division, in the security and defence area and in the industrial SMA business (Industrial Division), as well as in the High Vacuum Division. Investments also include work on upgrading the fire prevention system at the Roncello plant; the refurbishment of the offices in Lainate; investments by the Parent to replace traditional lighting systems with smart lighting systems with a lower energy impact; the purchase of new equipment for the R&D laboratories; and the purchase of plant engineering services, including seismic retrofitting, at the Avezzano plant.
Lastly, investments in the amount of 3,023 thousand euros were made by Memry Corporation and SAES Smart Materials, Inc. up to the sale date.

The item “Change in the scope of consolidation (discontinued operations)” (-38,412 thousand euros) refers to the net carrying amount of the property, plant and equipment of the Nitinol business, the sale of which was finalised on 2 October 2023. For further information on the sale, see Note no. 16.

The item “Under construction” mainly includes assets still under construction or for which the final testing process is not yet complete. As at December 31, 2023, this item mainly includes investments aimed at expanding production capacity in the industrial SMA business and in the security and defence area (Industrial Division), as well as the works for the adjustments of the Roncello fire prevention system, which was successfully tested at the beginning of 2024. Lastly, to be noted are the initial modernization works on the offices of the US subsidiary Spectra-Mat, Inc.

Please refer to Note no. 23 – *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.

20. INTANGIBLE ASSETS

(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, 2021	**3,313**	**521**	**3,363**	**2,898**	**0**	**1,061**	**27**	**11,183**
Acquisitions	103	24	0	0	0	122	353	**602**
Disposals	0	0	0	0	0	0	0	**0**
Reclassifications	27	59	0	0	0	0	(86)	**0**
Acquisitions following business combinations	0	150	2,390	1,891	369	2	0	**4,802**
Amortisation (*)	(492)	(204)	(493)	(505)	(71)	(718)	0	**(2,483)**
Impairment losses	0	0	0	0	0	0	0	**0**
Translation differences	23	17	0	0	0	45	(2)	**83**
December 31, 2022	**2,974**	**567**	**5,260**	**4,284**	**298**	**512**	**292**	**14,187**
Acquisitions	97	20	0	0	0	11	174	**302**
Disposals	0	0	0	0	0	0	0	**0**
Reclassifications	90	87	0	0	0	47	(224)	**0**
Change in the scope of consolidation (discontinued operations)	(8)	(169)	0	0	0	(16)	(151)	(344)
Amortisation (**)	(463)	(139)	(593)	(479)	(123)	(377)	0	**(2,174)**
Impairment losses	0	(11)	0	0	0	0	0	**(11)**
Translation differences	(2)	(2)	0	0	0	(6)	8	**(2)**
December 31, 2023	**2,688**	**353**	**4,667**	**3,805**	**175**	**171**	**99**	**11,958**
December 31, 2021								
Historical cost	10,481	11,659	3,540	3,220	0	22,662	766	**52,511**
Accumulated amortisation	(6,542)	(8,641)	(177)	(322)	0	(21,441)	0	**-37,306**
Impairment losses	(626)	(2,497)	0	0	0	(160)	(739)	**-4,022**
Carrying amount	**3,313**	**521**	**3,363**	**2,898**	**0**	**1,061**	**27**	**11,183**
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**
December 31, 2023								
Historical cost	8,032	9,169	5,930	5,110	370	9,002	838	**38,451**
Accumulated amortisation	(4,718)	(6,308)	(1,263)	(1,305)	(195)	(8,670)	0	**(22,459)**
Impairment losses	(626)	(2,508)	0	0	0	(161)	(739)	**(4,034)**
Carrying amount	**2,688**	**353**	**4,667**	**3,805**	**175**	**171**	**99**	**11,958**

(*) Including 709 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".

(**) Including 475 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".

Investments during the year, of an insignificant amount, amounted to 302 thousand euros and were mainly correlated with IT projects of the Parent and the associate Strumenti Scientifici Cinel S.r.l. Lastly, investments of 52 thousand euros were made by Memry Corporation up to the sale date.

The item “Change in the scope of consolidation (discontinued operations)” (-344 thousand euros) refers to the net carrying amount of the intangible assets of the Nitinol business, the sale of which was finalized on October 2, 2023. For further information on the sale, see Note no. 16.

Please refer to Note no. 23 – *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.

21. GOODWILL

The changes in the item "Goodwill", with an indication of the operating segment[43] to which the goodwill is allocated and monitored, are shown below, with reference to both the current and the previous year.

(Thousands of euros)

Operating segment	SAES Industrial	SAES High Vacuum	SAES Medical Nitinol	Functional Acoustic Composites (SAES Chemicals)	SAES Packaging	Not allocated	Total
December 31, 2021	**945**	**10,501**	**37,185**	**0**	**0**	**0**	**48,631**
Increase	0	2,116	0	0	0	0	**2,116**
Impairment losses	0	0	0	0	0	0	**0**
Translation differences	0	0	2,182	0	0	0	**2,182**
December 31, 2022	**945**	**12,617**	**39,367**	**0**	**0**	**0**	**52,929**
Increase	0	0	0	0	0	0	**0**
Impairment losses	0	0	0	0	0	0	**0**
Change in the scope of consolidation (discontinued operations)	0	0	(38,961)	0	0	0	(38,961)
Translation differences	1	0	(406)	0	0	0	**(405)**
December 31, 2023	**946**	**12,617**	**0**	**0**	**0**	**0**	**13,563**

The item "Change in the scope of consolidation (discontinued operations)" (-38,961 thousand euros) refers to the net carrying amount of the goodwill of the Nitinol business, the sale of which was finalised on October 2, 2023. For further information on the sale, see Note no. 16.

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

(Thousands of euros)

Operating segment	December 31, 2023			December 31, 2022		
	Gross amount	Impairment losses	Carrying amount	Gross amount	Impairment losses	Carrying amount
SAES Industrial	1,009	(63)	946	1,008	(63)	945
SAES High Vacuum	12,617	0	12,617	12,617	0	12,617
SAES Medical Nitinol (discontinued operations)	0	0	0	42,767	(3,400)	39,367
Total goodwill	**13,626**	**(63)**	**13,563**	**56,392**	**(3,463)**	**52,929**

Please refer to Note no. 23 – *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.

22. RIGHT-OF-USE ASSETS

[43]For more details on the operating segments into which the Group is organized, please refer to Note no. 18.

(Thousands of euros)

Right-of-use assets	Buildings	Plant and machinery	Cars	Total
December 31, 2021	**5,154**	**551**	**694**	**6,399**
New leases entered into during the year	913	11	350	**1,274**
Early termination of leases	(28)	0	(25)	**(53)**
Reclassifications	0	0	0	**0**
Acquisitions following business combinations	257	49	3	**309**
Depreciation (*)	(2,034)	(239)	(349)	**(2,622)**
Impairment losses	0	0	0	**0**
Translation differences	170	2	2	**174**
December 31, 2022	**4,432**	**374**	**675**	**5,481**
New leases entered into during the year	1,336	4	326	**1,666**
Early termination of leases	(63)	0	(53)	**(116)**
Reclassifications	0	0	0	**0**
Change in the scope of consolidation (discontinued operations)	(2,228)	(7)	(23)	**(2,258)**
Depreciation (**)	(1,613)	(178)	(331)	**(2,122)**
Impairment losses	0	0	0	**0**
Translation differences	(35)	(2)	(6)	**(43)**
December 31, 2023	**1,829**	**191**	**588**	**2,608**
December 31, 2021				
Historical cost	9,489	926	1,375	**11,790**
Accumulated depreciation	(4,335)	(375)	(681)	**(5,391)**
Impairment losses	0	0	0	**0**
Carrying amount	**5,154**	**551**	**694**	**6,399**
December 31, 2022				
Historical cost	10,678	889	1,569	**13,136**
Accumulated depreciation	(6,246)	(515)	(894)	**(7,655)**
Impairment losses	0	0	0	**0**
Carrying amount	**4,432**	**374**	**675**	**5,481**
December 31, 2023				
Historical cost	3,719	852	1,566	**6,137**
Accumulated depreciation	(1,890)	(661)	(978)	**(3,529)**
Impairment losses	0	0	0	**0**
Carrying amount	**1,829**	**191**	**588**	**2,608**

(*) Including 1,363 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".
(**) Including 970 thousand euros reclassified to "Profit (loss) from discontinued operations, net of taxes".

New leases entered into during the year (+1,666 thousand euros) mainly referred to the renewal of certain leases for the car fleet of the Parent and SAES Coated Films S.p.A., as well as the renewal of leases for the offices of the Japanese branch of SAES Getters S.p.A. and an area dedicated to production activities of the subsidiary Spectra-Mat, Inc. Lastly, to be noted are the new lease agreements entered into by Memry Corporation and its German branch up to the date of sale, equal to 1,127 thousand euros (in particular, the renewal of the lease of the US production plants not owned, as well as the German office).

The item “Change in the scope of consolidation (discontinued operations)” (-2,258 thousand euros) refers to the net carrying amount of the goodwill of the Nitinol business, the sale of which was finalised on October 2, 2023. For further information on the sale, see Note no. 16.

23. IMPAIRMENT TEST OF NON-FINANCIAL ASSETS (PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, GOODWILL AND RIGHT-OF-USE ASSETS)

The 2024-2026 three-year plans, at the basis of the impairment tests, were approved by the Board of Directors on February 8, 2024. The assumptions of the impairment test were approved by the Boards of Directors which were held on February 15, 2024 (approval of the WACC) and on March

5, 2024 (approval of the other assumptions underlying the impairment test). On March 14, 2024, the same Board approved the results.

Intangible assets, property, plant and equipment and right-of-use assets

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

Intangible assets are mainly represented by software licences and intangible assets identified and valued as part of business combinations. These intangible assets may pertain to a single CGU or to groups of CGUs.

When preparing the consolidated financial statements at December 31, 2023, Management verified whether there are indications that the CGUs to which the property, plant and equipment, intangible assets and right-of-use assets are allocated may have suffered an impairment.

The CGUs identified by Management at December 31, 2023 are shown in the following table, indicating for each of them the legal entity and the operating segment of reference.

		SAES Industrial	SAES High Vacuum	Functional Acoustic Composites (SAES Chemicals)	SAES Packaging
Legal entity	SAES Getters S.p.A.	x	x	x	
	SAES Getters/U.S.A., Inc.	x	x		
	Spectra-Mat, Inc.	x			
	SAES Coated Films S.p.A.				x
	Strumenti Scientifici Cinel S.r.l.		x		
	SAES RIAL Vacuum S.r.l.		x		
	SAES Getters (Nanjing) Co., Ltd. (*)				
	SAES Innovative Packaging S.r.l (**)				
	SAES Nitinol S.r.l (**)				
	SAES Getters Export, Corp. (***)				
	SAES Investments S.A. (****)				

x = *CGU - Cash Generating Unit*
(*) Company whose flows are mainly derived from the commercialization of products of the Industrial CGU of SAES Getters S.p.A.
(**) Non-operating company.
(***) Service company that manages the exports of other US companies in the Group.
(****) Company with the exclusive purpose of managing the Group's liquidity.

As at December 31, 2023, Management identified no impairment indicators (trigger events) at **individual CGU** level, with the exception of:
- ***the Functional Acoustic Composites CGU (SAES Chemicals)***, whose assets are present exclusively in the financial statements of SAES Getters S.p.A. (2023 results down compared to the forecasts drawn up at the end of the previous year);
- the ***Packaging CGU,*** whose assets are mainly present in the financial statements of SAES Coated Films S.p.A. (2023 results down compared to the forecasts drawn up at the end of the previous year);
- the **Industrial CGU**, relating to the activities of SAES Getters/USA, Inc. (results expected to be down in 2024, compared to 2023);
- the **High Vacuum CGU**, relating to the activities of Strumenti Scientifici Cinel S.r.l. (2023 results down compared to the forecasts drawn up at the end of the previous year);

- the **High Vacuum CGU**, relating to the activities of SAES RIAL Vacuum S.r.l. (results expected to be down in 2024, compared to 2023).

For the CGUs on which trigger events were identified, the impairment tests were carried out by determining the value in use, calculated with the same methods and assumptions used for the impairment tests carried out at operating segment level (see the next section "Goodwill and corporate assets"). These impairment tests did not reveal any impairment losses on non-current assets allocated to the afore-mentioned CGUs.

No potential impairment emerged even when performing a sensitivity analysis and increasing the WACC by one percentage point.
It should be noted that no sensitivity analysis was carried out as at December 31, 2023 on the costs for the purchase of raw materials and for utilities as it was not considered significant.

Below are the WACCs that ensure that the recoverable amount of the CGU (coinciding with its value in use) is equal to the carrying amount of the net invested capital.

	Break-even WACC
Functional Acoustic Composites (SAES Chemicals)	24.4%
CGU Packaging di SAES Coated Films S.p.A.	15.3%
CGU Industrial di SAES Getters/U.S.A., Inc.	126.4%
CGU High Vacuum di SAES RIAL Vacuum S.r.l.	23.4%
CGU High Vacuum di Strumenti scentifici Cinel S.r.l.	48.6%

Goodwill & corporate assets

Goodwill and other intangible assets, if any, identified as a result of business combinations have been allocated to groups of CGUs, which coincide with the operating segments identified for the Group pursuant to IFRS 8 (for the operating structure in place as at December 31, 2023, please refer to Note no. 18), as the entire operating segment is expected to benefit from the synergies arising from the newly acquired business and their recoverability is monitored by Management at this level. In particular, the groups of CGUs identified by the SAES Group to which goodwill was allocated are:

- **SAES Industrial** operating segment;
- **SAES High Vacuum** operating segment.

With regard to the **SAES Chemicals** [44]and **SAES Packaging** operating segments, reference is made to the previous paragraph "Intangible assets, property, plant and equipment and right-of-use assets".

Finally, given the presence of non-current ancillary and common assets (corporate assets), for which it was not possible to identify a reasonable and consistent criterion for their allocation to the individual CGUs or groups of CGUs, a **second level impairment test** was carried out, taking into consideration the entire SAES Group and including corporate assets in the net invested capital. In carrying out the impairment test, the recoverable amount was determined by including the

[44] Limited to the **Functional Acoustic Composites** business, i.e. SAES functional composites for application in consumer electronics. The new **Functional Additives** business, also included within the SAES Chemicals operating segment, which includes the new functional materials developed in SAES laboratories and being validated by prospect customers, currently not generating cash inflows, was considered for the purpose of the impairment test as "Not allocated" and the related cash outflows were included in the second level impairment test. On the other hand, expected cash flows deriving from future investments aimed at strengthening the performance of the Functional Additives business were excluded from the second level impairment test.

financial outflows related to the new Functional Additives business[45] and the flows related to the corporate functions, for which expenses cannot be allocated unambiguously or through reliable drivers to individual operating segments (among these, basic research costs, incurred by the Group in order to identify innovative solutions, are of significant importance, as well as personnel expense related to central functions).
The second level test was also carried out as a result of the sale of the Nitinol business finalized on October 2, 2023 (see Note no. 16 for further details) and the resulting reduction in cash flows generated by the Group, as well as the consolidated net assets being higher than the market capitalization of SAES Getters S.p.A. as of December 31, 2023.

The impairment test consisted of estimating the **recoverable amount** of each CGU or each group of CGUs/operating segment and comparing the latter with the value of the net invested capital associated with the CGU or group of CGUs/operating segment. The recoverable amount was verified by determining the **value in use**, which corresponds to the present value of the future cash flows expected to be generated by each CGU or group of CGUs/operating segment. These cash flows were calculated on the basis of the most recent three-year plans drawn up by top management for the period 2024-2026 (approved by the Board of Directors on February 8, 2024), also taking into account past results, and do not include cash flows relating to future restructuring to which the SAES Group has not yet committed or relating to investments and expenses connected with the improvement or strengthening of the performance of the CGU/groups of CGUs. When preparing these estimates, management made use of numerous assumptions based on the following key variables:
- developments in the macroeconomic variables;
- estimated future sales volumes by business/product category/customer;
- *price and profit margin trends;*
- *compensation policy in the* three-year plan;
- cost of materials and of sales by product category;
- production costs, operating expenses and investments plan;
- exchange rates and inflation rates estimated by Management.

The expected growth in sales is based on forecasts provided by management, including indications on market trends provided by the main operators in the sectors in which SAES is active and the indications on future orders received from the Group's customers. Profit margins and operating expenses for the various businesses were estimated based on historical data, adjusted according to expected performance and expected market price trends. The values of maintenance investments and working capital were determined according to different factors, such as the forecast levels of future growth and the product development plan. These assumptions were influenced by future expectations and market conditions.

The **discount rate** used to discount the cash flows represents an estimate of the expected rate of return for each CGU/group of CGUs on the market. In order to select an appropriate discount rate to be applied to future flows, with the support of an external consulting firm, the following were taken into account:

▪ for the purpose of calculating the cost of debt, the yields to maturity of bonds with a credit rating in line with the Group's credit rating at the valuation date (basket of European corporate bonds rated 15-year BBB); a country risk premium based on the credit rating of the countries in which each CGU/group of CGUs generates revenue; a tax rate based on the rate in force in the country in which each CGU/group of CGUs is assumed to borrow debt.

[45] The new **Functional Additives** business, currently not generating cash inflows, was considered for the purpose of the impairment test as "Not allocated" and the related cash outflows were included in the second level impairment test. On the other hand, expected cash flows deriving from future investments aimed at strengthening the performance of the Functional Additives business were excluded from the second level impairment test.

- for the purpose of calculating the cost of equity, the normalised rate of long-term (fifteen-year) German government bonds; the beta of comparable listed companies belonging to the reference operating segment; an equity market risk premium of 5.5%; a premium for the small size of the SAES Group of 1.2% and based on the eighth decile of capitalization; a country risk premium based on the credit worthiness of the countries in which each CGU/group of CGUs generates revenue.

The financial structure was instead determined on the basis of the average debt of the comparable listed companies belonging to the reference operating segment.

The weighted average cost of capital (WACC) net of the taxes to be applied to the prospective cash flows was thus estimated specifically for each CGU/group of CGUs, while the overall Group WACC, used in the second level test, was calculated as the average of the WACCs of each group of CGUs/operating segments, weighted by the percentage of the revenue of the CGU on the total revenue realised by the Group.

	December 31, 2023		December 31, 2022	
Operating segments	**WACC**	**Weighting**	**WACC**	**Weighting**
SAES Industrial	8.1%	59.4%	8.1%	33.7%
SAES High Vacuum	10.1%	24.8%	12.0%	9.8%
SAES Packaging	8.3%	4.8%	9.0%	3.1%
Functional Acoustic Composites (SAES Chemicals)	9.5%	11.0%	10.2%	7.9%
SAES Group	8.8%	100.0%	9.0%	100.0%

In the model for discounting future cash flows, a terminal value is taken into account to reflect the residual value that the CGU or group of CGUs/operating segment should generate beyond the explicit three-year period covered by the plans; this value was estimated assuming a specific **growth rate** (g-rate) for each CGU/group of CGUs, calculated as the average of the long-term inflation rates (approximately thirty years) estimated for the countries in which the CGU/group of CGUs operates, weighted on the basis of the percentage weight of sales made by the CGU/group of CGUs in the reference country.

Operating segments	g-rate	
	December 31 2023	**December 31 2022**
SAES Industrial	2.1%	2.2%
SAES High Vacuum	1.9%	2.0%
SAES Packaging	2.1%	2.1%
Functional Acoustic Composites (SAES Chemicals)	2.2%	2.3%
SAES Group	2.1%	2.2%

Future cash flows were estimated by assuming an average level of **investment** in the period beyond the explicit three-year period coinciding with the direct investment in the last year of the plan, in which no expansion investments were included.

The specific ***tax rate*** used for each CGU/group of CGUs was calculated as the average corporate income tax (CIT) rate of the countries in which the CGU/group of CGUs operates, weighted on the basis of the percentage weight of sales made by the CGU in the reference country.

Operating segments	*tax rate*	
	December 31 2023	**December 31 2022**
SAES Industrial	24.9%	24.8%
SAES High Vacuum	24.3%	24.4%
SAES Packaging	23.2%	23.2%
Functional Acoustic Composites (SAES Chemicals)	25.0%	25.0%
SAES Group	24.7%	24.8%

On the basis of the checks carried out, no impairment losses emerged for non-current assets recognised in the financial statements.

No potential impairment emerged even when performing a sensitivity analysis and increasing the WACC by one percentage point.
It should be noted that no sensitivity analysis was carried out as at December 31, 2023 on the costs for the purchase of raw materials and for utilities as it was not considered significant.

Below are the WACCs that ensure that the recoverable amount of each group of CGUs (coinciding with its value in use) is equal to the carrying amount of the net invested capital.

	Break-even WACC
SAES Industrial	44.1%
SAES High Vacuum	30.8%
SAES Packaging	(*)
Functional Acoustic Composites (SAES Chemicals)	(*)
SAES Group	12.9%

(*) Please see the information reported in "Intangible assets, property, plant and equipment and right-of-use assets".

The estimation of the recoverable amount of the various CGUs/groups of CGUs required judgement and the use of estimates by management. The Group cannot therefore ensure that no impairment losses will arise in the future. Indeed, various factors, also related to changes in the market context and in the demand, also as a consequence of current international tensions, may require a revaluation of assets in future years.

24. EQUITY-ACCOUNTED INVESTEES

(Thousands of euros)

Equity-accounted investees	Actuator Solutions GmbH	SAES RIAL Vacuum S.r.l.	Flexterra	Totale
December 31, 2021	**0**	**2,362**	**0**	**2,362**
Acquisitions	0	0	0	**0**
Capital injections	600	0	0	**600**
Share of profit (loss)	(600)	167	0	**(433)**
Share of other comprehensive income (expense)	0	0	0	**0**
Dividends paid	0	0	0	**0**
Impairment losses	0	0	0	**0**
Elimination for control acquisition	0	(2,529)	0	**(2,529)**
December 31, 2022	**0**	**0**	**0**	**0**
Acquisitions	0	n.a.	0	**0**
Capital injections	200	n.a.	0	**200**
Share of profit (loss)	(200)	n.a.	0	**(200)**
Share of other comprehensive income (expense)	0	n.a.	0	**0**
Dividends paid	0	n.a.	0	**0**
Impairment losses	0	n.a.	0	**0**
Elimination for control acquisition	0	n.a.	0	**0**
December 31, 2023	**0**	**0**	**0**	**0**

As at December 31, 2023, the item refers to the joint venture **Actuator Solutions GmbH** and **Flexterra, Inc.**[46]
With regard to **SAES RIAL Vacuum S.r.l.**, it should be noted that on May 25, 2022 the SAES Group completed the purchase of the entire quota capital of the company (previously 49% owned) and,

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

starting from that date, SAES RIAL Vacuum S.r.l. was consolidated using the line-by-line method, rather than the equity method used previously.

Changes in 2023 include:

1) the capital increase carried out in July 2023 by SAES Nitinol S.r.l. in **Actuator Solutions GmbH,** amounting to +200 thousand euros, with the aim of ensuring a financial cushion to enable the German joint venture to continue operations;
2) the Group's share (50%) in the loss of **Actuator Solutions GmbH** (-200 thousand euros), equal to the amount of the aforementioned capital injection, accounted for with the aim of eliminating the carrying amount of the SAES equity investment.

Actuator Solutions GmbH

Actuator Solutions GmbH is headquartered in Gunzenhausen (Germany) and is jointly controlled 50% by SAES Nitinol S.r.l. and SMAIIA GmbH (a company owned by former shareholders of the 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 equity investment in Actuator Solutions GmbH from the date of incorporation until December 31, 2023.

(Thousands of euros)

	Initial capital injections	Subsequent capital increases	Share of (loss) for the period	Share of other comprehensive expense	Impairment losses	December 31, 2023
Actuator Solutions GmbH	13	10,188	(10,200)	(1)	0	0

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

(Thousands of euros)

Actuator Solutions GmbH	December 31, 2023	December 31, 2022
Statement of financial position	**50%**	**50%**
Non-current assets	2,848	3,017
Current assets	577	1,174
Total assets	**3,425**	**4,191**
Non-current liabilities	4,438	4,578
Current liabilities	424	1,473
Total liabilities	**4,862**	**6,051**
Share capital, reserves and retained earnings	(1,660)	(1,522)
Profit (loss) for the year	223	(338)
Other comprehensive income (expense)	0	0
Total equity	**(1,437)**	**(1,860)**

(Thousands of euros)

Actuator Solutions GmbH	2023	2022
Statement of profit or loss	**50%**	**50%**
Revenue	1,434	2,758
Cost of sales	(555)	(1,838)
Gross profit (loss)	**879**	**920**
Total operating costs	(1,409)	(1,419)
Other income (expense)	2	106
Operating loss	**(528)**	**(393)**
Net financial income	750	48
Net exchange gains (losses)	(2)	4
Income taxes	3	4
Profit (loss) for the year	**223**	**(337)**
Profit (loss) for the year and other comprehensive income (expense)	**223**	**(337)**

Overall[47], it has recorded net revenue of 2,867 thousand euros in 2023, compared to 5,515 thousand euros in the 2022 financial year. The two years are incomparable because at the end of 2022 Actuator Solutions had 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 profit 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 penalized by uncertainties in the supply chain, while fees generated by application developments in the actuator sector were in line (higher sales destined for the "smart" mattress sector and higher revenue from application developments for third parties in the medical and life sciences sectors, offset by lower sales to the SAES Group of components for the B!POD project and lower fees for services and consulting to customers).
Despite the decline in sales, gross profit is found to be broadly in line (1,758 thousand euros in 2023, compared to 1,840 thousand euros in 2022) due to better profit margins from new development businesses, compared to the more traditional automotive manufacturing business. On the other hand, the operating loss is slightly worse (-1,056 thousand euros in 2023, compared to -787 thousand euros in 2022), but the difference is solely due to the extraordinary capital gain in last year on the above-mentioned sale of the seat comfort automotive production line.
The year 2023 closed with a profit for the year of +445 thousand euros, compared to a loss of -677 thousand euros in the previous year: this improvement can be exclusively attributed to the non-recurring income of 1,719 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 SMAIIA GmbH (99 thousand euros). The same waver was granted in the prior year only by the SAES Group and only for an amount equal to 300 thousand euros.

To secure a financial cushion for Actuator Solutions GmbH and to enable its continued operation, in July 2023 SAES made a capital injection into the joint venture in the amount of 200 thousand euros. A similar capital injection was also made by the equal partner SMAIIA GmbH.
The share pertaining to the SAES Group (i.e. 50%) of the 2023 profit of the joint venture would have been +223 thousand euros, but, since the equity of the joint venture was negative [48]despite the aforementioned share capital increases carried out by SAES Nitinol S.r.l. during 2023 (+200 thousand euros), the share of the profit/loss accounted for was negative and equal to the value of the latter (-200 thousand euros), with the aim of eliminating the carrying amount of the SAES equity investment without setting up any provision for risks, as at December 31, 2023 there is no legal or implicit obligation for further recapitalisation by the Group.

[47] Amounts at 100%.
[48] Almost -1.4 million euros, pro-rata amount at 50%.

As the carrying amount of the investment in Actuator Solutions GmbH at December 31, 2023 had been fully impaired and since there were no recapitalisation obligations, it was not necessary to carry out any impairment testing.

Please refer to Note no. 34 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 and the shareholder agreements.

The following table shows the changes in the amount of the equity investment in Flexterra from the date of incorporation until December 31, 2023.

(Thousands of euros)

	Initial capital injections	Subsequent capital increases	Share of (loss) for the period	Share of other comprehensive expense	Impairment losses	December 31, 2023
Flexterra	8,146	6,201	(7,873)	(1,028)	(5,446)	0

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

(Thousands of euros)

Flexterra	December 31, 2023	December 31, 2022
Statement of financial position	**47.10%**	**46.84%**
Non-current assets	4,362	5,068
Current assets	397	420
Total assets	**4,759**	**5,488**
Non-current liabilities	0	0
Current liabilities	3,853	3,158
Total liabilities	**3,853**	**3,158**
Share capital, reserves and retained earnings	2,157	3,577
Reserve for stock option plans	173	173
Loss for the year	(1,374)	(1,926)
Other comprehensive income (expense) (*)	(50)	506
Total equity	**906**	**2,330**

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

(Thousands of euros)

Flexterra	2023	2022
Statement of profit or loss	**47,10%** (*)	**46.84%**
Revenue	1	0
Cost of sales	1	(38)
Gross profit (loss)	**2**	**(38)**
Total operating costs	(1,270)	(1,416)
Other income (expense)	108	4
Operating loss	**(1,160)**	**(1,450)**
Net financial expense	(242)	(207)
Net exchange gains (losses)	11	(286)
Income taxes	17	17
Loss for the year	**(1,374)**	**(1,926)**
Exchange differences from translation of financial statements in foreign currencies	(50)	506
Loss for the year and other comprehensive income (expense)	**(1,424)**	**(1,420)**

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

Overall[49], Flexterra closed the year 2023 with an operating loss of -2,462 thousand euros, an improvement compared to -3,096 thousand euros in 2022 due to the containment of operating expenses by the parent Flexterra, Inc. following the reorganization process implemented at the end of the previous year, in addition to extraordinary income arising from the licensing of intellectual property (139 thousand euros).
Thanks in part to the absence of the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd. which had penalized the previous year, 2023 ended with a loss of -2,915 thousand euros, a strong improvement from -4,111 thousand euros in 2022. Finally, there was a slight increase in financial expense, as a result of the new tranches of convertible bonds granted by SAES to Flexterra, Inc.

The SAES Group's share (47.10%) in the joint venture's loss for the year 2023 amounted to -1,374 thousand euros, to which the other comprehensive expense of -50 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.
SAES's share in the overall loss incurred by Flexterra in 2022 (-1,420 thousand euros) has not been recognized since SAES's stake in the joint venture has already been fully impaired and there is no recapitalization obligation for the Group to date.

As the carrying amount of the investment in Flexterra at December 31, 2023 had been fully impaired, it was not necessary to carry out any impairment testing.

Please refer to Note no. 34 for information on any changes and on the recoverability of the financial asset for the convertible bonds granted by the SAES Group to the joint venture.

25. INVESTMENTS IN OTHER COMPANIES

The following table shows the investments in other companies held as at December 31, 2023, other than subsidiaries, associates or jointly controlled companies. These investments not held for trading purposes are measured at fair value, with changes in the latter recognized in the statement of profit or loss in the case of EUREKA! and under the other items in the statement of comprehensive income, without future reversal in profit (loss) for the year, in the case of Cambridge Mechatronics Limited.

[49] Amounts at 100%.

Company	*Currency*	*Share capital*	*% of Ownership Direct*	*Indirect*
EUREKA! Fund I – Technology Transfer Milan (Italy)	EUR	28,757,550*	4.79	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	102,955**	1.83	-

* This amount represents the total capital payments by investors at December 31, 2023, against a total commitment by the latter of 62,675,500 euros.
** As at December 31, 2023, in addition to the share capital, the share premium reserve was GBP 91,373,097, for a total of GBP 91,476,052.

Note that in 2023, SAES Getters S.p.A. made capital injections into the venture capital fund EUREKA! **Fund I – Technology Transfer** in the amount of 759 thousand euros. At December 31, 2023, against a total commitment of 3 million euros, SAES had made total capital injections of 1,376 thousand euros[50] while the residual commitment is equal to 1,624 thousand euros.

With regard to **Cambridge Mechatronics Limited**, in December 2023, SAES participated in the ***equity fundraising* promoted** by the British company by acquiring 456,423 newly issue class B1 preferred shares, in addition to the 159,745 ordinary preferred shares subscribed at the end of 2020. SAES has also received 117,325 ordinary shares to compensate for the fact that the rights of the preferred ordinary shares acquired in 2020 were subordinated to those of the newly issued class B1 preferred shares. Upon completion of the transaction, SAES's stake in Cambridge Mechatronics Limited is 1.83%.

The following table shows the changes of each investment during 2023 and the previous year.

(Thousand of euros)

Investments in other companies	Eureka! Fund	Cambridge Mechatronics Limited	Total
December 31, 2021	**298**	**1,083**	**1,381**
Capital injections	195	0	**195**
Fair value measurement	(22)	0	**(22)**
Other changes	(5)	0	**(5)**
December 31, 2022	**466**	**1,083**	**1,549**
Capital injections	759	983	**1,742**
Changes in fair value - recognized in profit (loss) for the year	96		**96**
Changes in fair value - recognized in other comprehensive income		(514)	**(514)**
Other changes	0	0	**0**
December 31, 2023	**1,321**	**1,552**	**2,873**

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. In addition to being an investor in the fund, SAES is also a strategic partner of EUREKA! In the advanced materials sector, with access to the Fund’s deal flow in sectors and business areas of interest to the Group, with priority co-investment rights.

With regard to capital injections made in the current year:

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

- 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);
- 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.[51] and INTA Systems S.r.l.[52]
- a *further payment, equal to 167 thousand euros*, was made on August 2, 2023 to cover the investment in BeDimensional S.p.A.[53], as well as two additional Proofs of Concept (POC), in collaboration with the National Research Council and with the University of Bologna, respectively.
- on September 18, 2023, a payment of 72 thousand euros was made, to continue the investment in the companies already in the portfolio Endostart S.r.l., which has reached the milestone agreed with the investors, and INTA Systems S.r.l., which will thus be able to start the industrialization of its own lab-on-chip, as well as to cover the operating expenses of the fund;
- on December 7, 2023, 126 thousand euros were paid to cover the investments made in the following companies: NOVAC S.r.l. (to enable the continuation of technological development activities); Active Label S.r.l. (after the positive outcome of the proof of concept); RePET S.r.l. (whose technology enables the recovery and revalorization of post-consumer PET thermoplastic polymer from packaging through innovative green chemical recycling procedures); 3DNextech S.r.l. (which has developed a patented chemical treatment capable of giving remarkable cosmetic, mechanical and functional improvements to objects made through additive manufacturing).

The fair value measurement of the investment in the EUREKA! fund was positive and amounted to +96 thousand euros (representing revaluations to fair value of investments in start-ups held by the fund, net of SAES's share in management fees and other expenses for the year 2023), recognized in profit (loss) for the year. The fair value (Level 3 of the fair value hierarchy, unchanged from the previous year) is determined on the basis of the Net Asset Value (*NAV*) provided by the fund.

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.

[51] 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.
[52] **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.
[53] **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.

With regard to the capital injections made in the current year, in December 2023 SAES participated in the new equity fundraising promoted by Cambridge Mechatronics Limited. In particular, on December 18, 2023, SAES acquired, for a consideration of 840 thousand pounds (equal to 983 thousand euros), 456,423 newly issue class B1 preferred shares. These shares are granted certain preferential rights, including priority over capital redemption and a preferred dividend if actually distributed. SAES has also received 117,325 ordinary shares to compensate for the fact that the rights of the preferred ordinary shares acquired in 2020 were subordinated to those of the newly issued class B1 preferred shares. Upon completion of the transaction, SAES's stake in Cambridge Mechatronics Limited is 1.83%.

The *fair value* (Level 3 of the fair value hierarchy, unchanged from the previous year) of the equity investment, changes in which (-514 thousand euros) were recognized in other comprehensive income (FVTOCI), was determined by valuing the entire SAES equity package (456,423 newly acquired class B1 preferred shares and no. 117,325 ordinary shares received as compensation for the subordination of the shares acquired in 2020, as well as the same 159,745 ordinary preferred shares acquired in 2020) at the unit price of the new shares issued at the end of 2023 (1.84 pounds per share).

26. DEFERRED TAX ASSETS AND LIABILITIES

(Thousands of euros)

Deferred taxes	December 31, 2023	December 31, 2022	Difference
Deferred tax assets	10,224	9,029	1,195
Deferred tax liabilities	(4,182)	(11,386)	7,204
Total	**6,042**	**(2,357)**	**8,399**
Amount due for withholdings	1,088	1,038	50
Total	**7,130**	**(1,319)**	**8,449**

The item includes the amount due to the Parent for the recoverable part of the withholdings incurred. This amount appears to be essentially stable as the higher amount due for withholding taxes incurred during the year on dividends received from associates and royalties on the SAES trademark and proprietary patents were offset by the cancellation of those amounts due that had expired due to expiration of the terms (-341 thousand euros).

Deferred tax assets and liabilities were recognized, where the conditions were met, taking into account the offsetting for legal entities.
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	December 31, 2023		December 31, 2022	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Intragroup profit eliminations	14,778	3,673	18,844	5,183
Differences on depreciation/amortisation and impairment los	3,283	788	3,143	824
Post-employment benefits	231	66	276	77
Impairment losses on trade receivables and financial assets	705	169	296	72
Allowance for inventory write-down	2,639	634	6,686	1,573
Accrual of provisions for risks and charges	14	3	183	45
Costs allocated on an accruals basis and deductible in cash	23,955	5,696	15,573	3,679
Deferred taxes on recoverable losses	1,333	310	1,673	401
Exchange differences and other	1,673	401	4,817	1,716
Total		**11,740**		**13,570**
Offsetting		(1,516)		(4,541)
Deferred tax assets		**10,224**		**9,029**

Deferred tax assets were down from the end of the previous year due to the sale of the Nitinol business, only partially offset by deferred tax assets recorded by the Parent on the executive pension fund set aside at the end of 2023.

At December 31, 2023, the Group had tax loss carry-forwards equal to 88,058 thousand euros relating mainly to the Parent, to SAES Innovative Packaging S.r.l. and to SAES Coated Films S.p.A. (at December 31, 2022, the tax loss carry-forwards totalled 126,230 thousand euros and the decrease is mainly due to the fact that SAES Getters S.p.A. has used part of the past losses against taxable income for the year, which was realized through the proceeds on the sale of the investments in Memry Corporation and SAES Smart Materials, Inc. (Nitinol business).
The tax loss carry-forwards that were taken into account in determining deferred tax assets amounted to 1,673 thousand euros (amount unchanged from December 31, 2022) and were exclusively attributable to SAES Coated Films S.p.A. The deferred tax assets on said tax losses (401 thousand euros) were recognised on the basis of the probability that they will be recovered in future years, in light of the forecasts included in the subsidiary’s 2024-2026 three-year plan, approved by its Board of Directors on March 4, 2024.

(Thousands of euros)

Deferred tax liabilities	December 31, 2023		December 31, 2022	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Undistributed profits of subsidiaries	(17,778)	(724)	(76,294)	(4,244)
Fair value gains on property, plant and equipment and intangi	(17,871)	(4,726)	(53,224)	(11,443)
Fair value gains on securities	0	0	0	0
Post-employment benefits	(772)	(185)	(855)	(205)
Leases	(3)	(1)	(83)	(20)
Other	(252)	(62)	(67)	(15)
Total		**(5,698)**		**(15,927)**
Offsetting		1,516		4,541
Deferred tax liabilities		**(4,182)**		**(11,386)**

The decrease in deferred tax liabilities compared to December 31, 2022 is mainly attributable to the sale of the Nitinol business (in particular, it should be noted that the taxes due in the event of distribution of the profits and reserves of the sold subsidiaries Memry Corporation and SAES Smart Materials, Inc. are no longer valid).

27. OTHER NON-CURRENT ASSETS

The item “Other non-current assets” amounted to 61 thousand euros at December 31, 2023, compared to 376 thousand euros at December 31, 2022, and includes the deposits paid by the various Group companies, as part of their operations.

28. OTHER FINANCIAL ASSETS WITH THIRD PARTIES – NON-CURRENT

The item “Other financial assets with third parties – non-current” includes the convertible bond, including interest, granted by SAES Getters S.p.A. to Rapitag GmbH, which was fully impaired as it was deemed difficult to recover as a result of uncertainty on the future development of the German start-up business.

Description	Currency	Principal (Thousands of euros)	Timing of principal repayment (***)	Interest rate	Amount as at December 31, 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	2,336	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 tanche - paid in July 2022: 150 thousand euros				
second amendment of convertible loan disbursed in July 2021		additional tanche - paid in May 2023: 200 thousand euros				
second amendment of convertible loan disbursed in July 2021		additional tranche - paid in July 2023: 200 thousand euros				
Total		**2,090**			**2,336**	**1,819**
Loss allowance					**(2,336)**	**(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.
(***) In 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 self 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.

An amendment to the convertible bond was entered at the end of April 2023 with 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 financial asset corresponding to the first tranche of 200 thousand euros was impaired because it was deemed unlikely to be recoverable, generating a charge to profit or loss in the same amount.
A further amendment was entered on June 30, 2023: the disbursement of an additional 200 thousand euros, paid on July 4, is aimed at ensuring the continuation of the development activities of the German start-up. Again, the loan was impaired because it was judged difficult to recover, generating a charge to profit or loss in the amount of 200 thousand euros.

Finally, it should be noted that as at December 31, 2023, the financial asset corresponding to all interest accrued during the year (amounting to 117 thousand euros) was impaired.

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, 2025[54] 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, "Other financial assets with third parties – non-current" includes the financial asset related to the fact that USD 15,000 thousand of the proceeds from the sale of the Nitinol business[55] were deposited as escrow to cover any tax liabilities that may arise in the future in the hands of the sold companies Memry Corporation and SAES Smart Materials, Inc. but referring to the period prior to the sale. The financial asset for escrow as at December 31, 2023, is recorded in the financial statements at USD 10,772 thousand (equivalent to 9,749 thousand euros), reduced by USD 4,245 thousand (equivalent to 3,841 thousand euros), to keep considering the possible effects of some tax risks on the sale price.

29. INVENTORIES

(Thousands of euros)

Inventories	Raw, ancillary and consumable materials	Work in progress and semi-finished products	Finished products and goods	Total
Gross amount	11,132	7,024	7,073	25,229
Allowance for inventory write-down	(1,335)	(417)	(606)	(2,358)
Net Inventories at December 31, 2023	**9,797**	**6,607**	**6,467**	**22,871**
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	**(5,909)**	**(10,146)**	**(5,510)**	**(21,565)**
Including:				
Change in the scope of consolidation (discontinued operations)	(5,961)	(10,684)	(1,748)	**(18,393)**
Translation differences	(178)	(167)	(96)	**(441)**

Excluding the scope of the sale (the carrying amount of the inventories of the Nitinol business as of December 31, 2022 was 17,353 thousand euros), the decrease in inventories is mainly attributable to the Chemicals and Packaging Divisions and to the increased use of inventories to meet demand, with the aim of lowering the particularly high stock levels at the end of last year. The increase in inventories of the High Vacuum Division was to meet demand at the beginning of 2024.

Inventory is stated net of any allowance for inventory write-down, which, in 2023, recorded the changes shown in the table below.

[54] Extension of the conversion period from July 1, 2024 to April 13, 2025 agreed between the parties in April 2023.
[55]The sale was completed on October 2, 2023.

(Thousands of euros)

Allowance for inventory write-down	2023	2022
Opening balance	**4,782**	**4,369**
Accrual	739	1,172
Release to profit or loss	(375)	(575)
Utilisation	(93)	(354)
Change in the scope of consolidation (discontinued operations)	(2,631)	0
Translation differences	(64)	170
Closing balance	**2,358**	**4,782**

The item "Change in the scope of consolidation (discontinued operations)" refers to the net carrying amount of inventory/provision for obsolete goods of the Nitinol business, the sale of which was finalized on October 2, 2023. For further information on the sale, see Note no. 16.

30. TRADE RECEIVABLES

(Thousands of euros)

Trade receivables	December 31, 2023	December 31, 2022	Difference	Nitinol business as of December 31, 2022	December 31, 2022 with like-for-like scope
Trade receivables - Gross amount	15,037	35,035	(19,998)	19,314	15,721
Trade receivables - Loss allowance	(292)	(516)	224	0	(516)
Net book value	**14,745**	**34,519**	**(19,774)**	**19,314**	**15,205**

Excluding the scope of the sale (the carrying amount of the trade receivables relating to the Nitinol business as at December 31, 2022 was equal to 19,314 thousand euros), the decrease in trade receivables is mainly attributable to the different commercial strategy, with advance payment to some large customers, especially in the high vacuum sub-fund and in the industrial SMA sector. Lastly, to be noted is the reduction in receivables in the defence business, which saw a decline in sales in the last part of the year.

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

The loss allowance recorded the following changes during the year.

(Thousands of euros)

Loss allowance	2023	2022
Opening balance	**516**	**405**
Accrual	8	139
Release to profit or loss	(38)	0
Utilisation	(192)	(30)
Change in the scope of consolidation (discontinued operations)	0	0
Translation differences	(2)	2
Closing balance	**292**	**516**

The following table provides a breakdown of trade receivables, between those not yet due and those past due at December 31, 2023, compared with the previous year end.

(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	
December 31, 2023	**15,037**	10,522	2,437	980	303	446	57	292
December 31, 2022	**35,035**	23,577	6,422	2,514	598	1,265	143	516

Receivables past due for more than thirty days and not impaired, as they are deemed recoverable, represent an insignificant percentage when compared to total trade receivables, and their proportion has decreased slightly since the end of last year (from 12.9% as of December 31, 2022 to 11.9% as of December 31, 2023).

The table below illustrates the calculation of the average number of days needed by the Group to collect trade receivables after sale (Days of Sales Outstanding, DSO), at December 31, 2023 and December 31, 2022, respectively.

	December 31, 2023	December 31, 2022 (**)	Difference
Days of Sales Outstanding - DSO (*)	46	43	3

(*) DSO is an average collection time indicator for trade receivables and it is calculated as follows:
Trade receivables / Annualised net revenue * 365.
(**) Revenue from SAES RIAL Vacuum S.r.l. was included for the full year 2022; trade receivables at December 31, 2022 exclude receivables from companies sold during 2023, Memry Corporation and SAES Smart Materials, Inc.

The slight decline in DSO as of December 31, 2023, compared to December 31, 2022, is mainly attributable to the Packaging Division (more linear revenues during 2023, against more concentrated sales in the first part of 2022, with the same customer base and collection terms) and the sintered materials-Industrial Division (penalized by delayed payments from a major customer).

Regarding credit risk management on trade receivables, in order to understand how the Group monitors and manages credit quality, please refer to Note no. 50.

31. SUNDRY AND OTHER CURRENT ASSETS

(Thousands of euros)

Sundry and other current assets	December 31, 2023	December 31, 2022	Difference
Contract assets	1,375	20	1,355
VAT	1,206	1,167	39
Tax credit for public grants	1,322	1,075	247
Social security	38	33	5
Personnel	8	10	(2)
Other	34	41	(7)
Total sundry current assets	**3,983**	**2,346**	**1,637**
Prepaid expenses	2,070	2,923	(853)
Total other current assets	**2,070**	**2,923**	**(853)**
Total sundry and other current assets	**6,053**	**5,269**	**784**

The item "Contract assets" includes the positive differences deriving from the valuation of long-term contracts in the vacuum systems sector, with the aim of adjusting the revenue invoiced on the contracts on an accruals basis, in application of the assessment criterion based on the progress of the costs incurred, compared to the total costs estimated on the contract.

The item "Tax credit for public grants" includes tax credits for research and innovation support and other public grants (in particular, for investments in operating assets under Industry 4.0) claimed by the Group's Italian companies from the Treasury.

The item “Prepaid expenses” includes cost items that were paid in advance at the end of 2023, but pertaining to the following year (in particular, costs for the management of patents, consulting expenses and IT expenses).

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

32. CURRENT TAX ASSETS

The item “Current tax assets” which includes assets for tax advances paid, shows a balance of 794 thousand euros as of December 31, 2023, and compares with a balance of 1,851 thousand euros as of December 31, 2022.

The decrease compared to December 31, 2022 is mainly related to lower tax advances paid by the US associates compared to the total tax due for the year 2023, as well as the sale of the Nitinol business (361 thousand euros as at December 31, 2022 related to the sold companies).

33. DERIVATIVE FINANCIAL INSTRUMENTS

Currency	December 31, 2023		December 31, 2022	
	Notional (amount in currency)	**Fair value** (Thousands of euros)	**Notional** (amount in currency)	**Fair value** (Thousands of euros)
Thousands of USD	0	0	12,000	259
	Total	**0**	**Total**	**259**

As at December 31, 2022, "Derivative financial instruments" showed a balance of 259 thousand euros (zero balance as of December 31, 2023) and included the fair value of derivative financial instruments subscribed by the Group to hedge the risk of exposure to the variability of expected cash flows for 2023 originating from commercial transactions denominated in currencies other than the euro.
These derivative instruments were all settled in 2023, while the forward sale contracts on the US dollar to hedge foreign currency cash flows scheduled for 2024 were entered into after December 31, 2023 (see Note no. 56 for more details).

Not having prepared the documentation required by IFRS 9 for the accounting of hedge instruments according to the hedge accounting method, derivative financial instruments at December 31, 2022 were measured at fair value and the relative gains or losses deriving from such measurement were directly charged to the profit or loss.
The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:
- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the measurement date;
- the volatility curve implicit in the option’s market price (used to quantify the uncertainty about the future behaviour of the underlying).
As at December 31, 2022, the derivative instruments held by the Group belonged to Level 2 of the fair value hierarchy and during the previous year there were no transfers from one level to another.

34. FINANCIAL ASSETS WITH RELATED PARTIES

The item “Financial assets with related parties - current” includes loans granted to the joint venture **Actuator Solutions GmbH** (8,160 thousand euros) and the asset for the subscription of convertible bonds issued by the joint venture **Flexterra, Inc.** (6,560 thousand euros). However, financial assets with related parties were fully impaired at the end of the year as they were deemed difficult to recover, based on available information.

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 December 31, 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	3,060	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	5,100	6,098
	EUR	1,000				
	EUR	1,000				
	EUR	1,000				
	EUR	500				
	EUR	500				
Total		**8,000**			**8,160**	**9,621**
Loss allowance					**(8,160)**	**(9,621)** (**)
Total net of impairment losses					**0**	**0**

(*) Including interest.
It should be noted that during 2023, SAES Nitinol S.r.l. waived, for a total amount of 1,621 thousand euros, the remaining portion of interest accrued at December 31, 2022 on loans granted to Actuator Solutions GmbH. This waiver is in addition to those made in previous years, amounting to 800 thousand euros (for a total amount of waivers of 2,421 thousand euros).

(**) Compared to December 31, 2022, the decrease in the allowance for doubtful accounts (-1,461 thousand euros) is attributable to:
- use of the loss allowance following the waiver by SAES Nitinol S.r.l. of interest accrued on loans granted to Actuator Solutions GmbH (-1,621 thousand euros);
- increase in the allowance against interest accrued in 2023 and impaired because it was deemed difficult to recover (+160 thousand euros).

In 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 December 31, 2023, the financial asset, amounting to 160 thousand euros, corresponding to the interest accrued during the current year was impaired because it was deemed difficult to recover, also in light of the financial support (capital increase of 200 thousand euros made in July 2023) that was necessary to ensure the joint venture’s operational continuity and to carry on the development projects underway.

Flexterra, Inc.

Description	Currency	Principal (thousands of dollars)	Timing of principal repayment	Interest rate	Amount as at December 31, 2023 (*) (Thousands of euros)	Amount as at December 31, 2022 (*) (Thousands of euros)
Convertible note granted in July 2020	USD	3,000	exparing date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	3,477	3,373
Convertible note granted in August 2021: - first tranche disbursed in August 2021	USD	1,000	exparing date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	1,079	1,042
- second tranche disbursed in November 2021	USD	1,000			1,060	1,022
Convertible note granted in December 2022: - first tranche disbursed in January 2023	USD	250	exparing date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	243	0
- second tranche disbursed in June 2023	USD	250			237	0
Total		250	exparing date January 2024 or earlier, upon the occurrence of certain significant events (**)	8% annual fixed rate	234	0
		250			230	0
Loss allowance		**6,000**			**6,560**	**5,437**
Loss allowance - related parties					**(6,560)**	**(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 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 to Flexterra the first tranche of 250 thousand dollars of the additional convertible bond granted on December 7, 2022. The second tranche, in an equal amount, was disbursed on June 1, 2023 after SAES positively assessed an updated business plan.
On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. paid Flexterra the third tranche, also in the amount of 250 thousand dollars, while the fourth and final tranche, in the same amount, was approved on October 12, 2023.
The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, as a provision 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. 42). The impairment of the financial asset corresponding to the next three tranches instead generated a financial expense in the statement of profit or loss for 2023 of 698 thousand euros.

Finally, at December 31, 2022, the financial asset corresponding to all the interest accrued during the year (equal to 407 thousand euros) was impaired because, despite the new business opportunities for the advanced materials developed by Flexterra, uncertainty remains as to the timing of commercial achievement of the new initiatives.

35. SECURITIES

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

Description	Details	Underwriting company	Initial investment	Value at December 31, 2023 (thousand of euro)	Value at December 31, 2022 (thousand of euro)
Bond portfolio "Buy & Hold"	portfolio with a conservative investment profile and mainly with high flexibility and liquidity	SAES Investments S.A.	Nominal value of bonds in portfolio: 37.1 million euros at December 31, 2022	0	34,133
Dynamic Multi-Asset (DMAS)	diversified multi-asset portfolio of UCITS, OEIC, structured products and financial derivative instruments, where appropriate	SAES Investments S.A.	27 million euros at 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 at June 30, 2023 - 30 milion euros at December 31, 2022	15,035	28,315
Polizza *Cardif Lux Vie Multiramo* - Branch III	dynamic multi-line mandate, with the aim of preserving the value of the invested capital	SAES Investments S.A.	60 milion euros on the date of subscription	0	57,867
Total				**15,035**	**145,484**

All securities in the portfolio are managed for trading purposes in order to maximize returns on temporary investments of liquidity and are therefore measured at fair value through profit or loss (FVTPL).

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

The decrease in the total value of the portfolio compared to December 31, 2022 is mainly attributable to the sale of all of the securities in the portfolio, with the exception of two Credit Link Certificates (CLCs), in the first part of the year, 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. 36), while the remainder was used against the disbursement for the voluntary partial public tender offer on savings shares in August 2023 (Note no. 38).

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

(Thousands of euros)

	Nominal Value - December 31, 2023			Fair value - December 31, 2023		
Maturity date	**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	7,456	7,456
June 2026	0	7,500	7,500	0	7,579	7,579
Total	**0**	**15,000**	**15,000**	**0**	**15,035**	**15,035**

(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**

Regarding securities as of December 31, 2023, it should be noted that the fair value of Credit Linked Certificates (CLCs) is established by an independent third party and coincides with the prices of listed securities observable in the market (Level 1 of the fair value hierarchy, unchanged from the previous year).

36. OTHER FINANCIAL ASSETS AND OTHER LOAN ASSETS WITH THIRD PARTIES

The item includes the bank term deposits (652,091 thousand euros) in which the Group's liquidity was invested after the almost total divestment of securities in the portfolio completed in the first half of 2023 (see Note no. 35 for more details) and the collection at the beginning of October 2023 realized on the sale of the Nitinol business (see Note no. 16).
The average rate of return on term deposits during 2023 was 3.80%.
Term deposits have been classified, regardless of their due date, under other current financial assets instead of under “cash and cash equivalents” as they are held for investment purposes and not to meet short-term financial commitments.

Lastly, the item includes the financial asset related to the adjustment to the sale price of the Nitinol business (1,569 thousand euros), calculated on the basis of the working capital, debt, cash and tax assets of the US companies being sold as of the closing date. This adjustment is still subject to a verification procedure by the buyer and will be finalized by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 by Memry Corporation and SAES Smart Materials, Inc.

37. CASH AND CASH EQUIVALENTS

(Thousands of euros)

Cash and cash equivalents	December 31, 2023	December 31, 2022	Difference
Bank accounts	101,585	34,718	66,867
Short-term bank deposits	0	7,444	(7,444)
Loss allowance	(481)	(33)	(448)
Petty cash	8	10	(2)
Total	**101,112**	**42,139**	**58,973**

"Bank accounts" are held at leading banks and are denominated mainly in euros, Chinese renminbi and US dollars.
The average rate of return on bank accounts in 2023 was 1.90%.

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. The increase in the expected credit losses at December 31, 2023 (+448 thousand euros) was mainly a result of the higher amount of cash held by the Group, following the proceeds from the sale of the Nitinol business, whilst the riskiness associated with the banks with which SAES operates was down slightly.

For a detailed analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Statement of Cash Flows (Note no. 49).

Financial position

The Total Financial position 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	December 31, 2023	December 31, 2022
A.	Cash		37	101,112	34,695
B.	Cash equivalents		37	0	7,444
C.	Other current financial assets		35/36	668,695	145,743
D.	**Liquidity (A + B + C)**			**769,807**	**187,882**
E.	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt).		43/47	(3,007)	(65,332)
F.	Current portion of non-current financial debt	(*)	39/40	(1,088)	(54,639)
G.	**Current financial indebtedness (E + F)**			**(4,095)**	**(119,971)**
H.	**Net current financial position (G + D)**			**765,712**	**67,911**
I.	Non-current financial debt (excluding current portion and debt instruments)	(**)	39/40/43	(2,127)	(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)**			**(2,127)**	**(3,620)**
M.	**Total financial position (H + L)**			**763,585**	**64,291**

(*) Of which 1,088 thousand euros relating to current lease liabilities.

(**) Of which 1,654 thousand euros relating to non-current lease liabilities.

38. EQUITY

Equity attributable to the owners of the parent as at December 31, 2023 amounted to 823,190 thousand euros, an increase of 559,137 thousand euros compared to December 31, 2022, mainly attributable to the profit for the year (+632,296 thousand euros), which was only partially reduced by the disbursement for the partial voluntary offer finalized on July 31, 2023[56] (-44,096 thousand euros, including accessory costs), the distribution of dividends (-11,543 thousand euros) and the translation differences on the financial statements of foreign operations (-16,896 thousand euros, including the reclassification to the statement of profit or loss of the translation reserve attributable to the companies sold/liquidated during the year).
The following also should be noted:

- actuarial losses on defined benefit plans, net of the relative tax effect, recognised as equity in other comprehensive income, equal to -110 thousand euros;
- fair value loss on the equity investment in Cambridge Mechatronics Limited (-514 thousand euros, for details please refer to Note no. 25).

Share Capital

As at December 31, 2023, the share capital, fully subscribed and paid up, amounted to 12,220 thousand euros and is composed of 16,785,248 ordinary shares, for the rights of which please refer to the Articles of Association available at *www.saesgetters.com/it/investor-relations/corporate-governance/*.
Compared to December 31, 2022, the amount of the share capital has remained unchanged, while with regard to the changes in its breakdown, please refer to the paragraph "Treasury shares".
The implicit carrying amount per share was 0.72802 euros (compared with 0.554196 euros as of December 31, 2022).

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

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

Share premium reserve

The item amounts to 25,724 thousand euros at December 31, 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

On July 31, 2023 the **voluntary partial public offer**[57] on 1,364,721 SAES Getters savings shares concluded successfully. The consideration due to the holders of savings shares under the public offer and purchased by SAES Getters, equal to 29.31 euros for each savings share, was paid on

[56] For details on the voluntary partial public offer of savings shares (OPA) and on the subsequent mandatory conversion of savings shares into ordinary shares (Mandatory Conversion), please refer to the following paragraph "Treasury shares".
[57] The Offer Document was approved by Consob on July 6, 2023.

August 4, 2023, for a total of about 40 million euros, against the simultaneous transfer of ownership of these savings shares to the Company and their ensuing automatic cancellation.

The Public Offer was accompanied by the **Mandatory Conversion** into ordinary shares of the remaining 6,013,898 savings shares, which took place on August 4, 2023, based on the conversion ratio of 1 ordinary share for every 1 savings share. On the same date, the savings shares were then cancelled and delisted. For the mandatory conversion, 6,013,898 ordinary shares were used, corresponding to all of the 3,900,000 ordinary treasury shares and 2,113,898 newly issued ordinary shares, with no share capital increase.

Finally, please note that 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.

As a result of the above transaction, the share capital of SAES Getters S.p.A. as of December 31, 2023 consists of 16,785,248 ordinary shares, with a total number of exercisable voting rights of 21,803,734 (taking into account the 5,018,486 ordinary shares with increased voting rights pursuant to Article 11 of the Articles of Association).

The accessory costs related to the public offer and the subsequent Mandatory Conversion par to approximately 4.1 million euros and were deducted from equity, together with the costs for the repurchase of treasury shares (40 million euros).

The table below shows the breakdown of the share capital and the reconciliation between the number of outstanding shares and treasury shares for different share classes both as at December 31, 2023 and as at December 31, 2022.

		Partial voluntary public offer and cancellation			Mandatory conversion			
	December 31 2022	Purchase of own savings shares	Purchase of savings shares from withdrawing shareholders	Cancellation of own savings shares	by issuing new shares	through use of own shares	**Disposal of own shares**	**December 31 2023**
Outstanding ordinary shares	10,771,350				2,113,897	3,900,000	1	16,785,248
Treasury ordinary shares	3,900,000				1	(3,900,000)	(1)	0
Total ordinary shares	**14,671,350**	**0**	**0**	**0**	**2,113,898**	**0**	**0**	**16,785,248**
Outstanding savings shares	7,378,619	(1,364,721)	(1)		(2,113,897)	(3,900,000)		0
Treasury savings shares	0	1,364,721	1	(1,364,721)	(1)			0
Total savings shares	**7,378,619**	**0**		**(1,364,721)**	**(2,113,898)**	**(3,900,000)**	**0**	**0**
Total shares	**22,049,969**	**0**	**0**	**(1,364,721)**	**0**	**(3,900,000)**	**0**	**16,785,248**

In accordance with the provisions of Article 2357 of the Italian Civil Code, it should be noted that the Company does not hold any treasury shares at December 31, 2023 (as at December 31, 2022, the Company held 3,900,000 ordinary treasury shares).

Legal reserve

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

Other equity components

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 1,447 thousand euros at December 31, 2023, against a positive balance of 18,343 thousand euros at December 31, 2022.

The decrease of -16,896 thousand euros is due to both the overall effect on consolidated equity of the translation into euros of the foreign currency financial statements of fully consolidated subsidiaries (-3,077 thousand euros, mainly attributable to the US subsidiaries and a consequence of the devaluation of the dollar with respect to December 31, 2022), and the reclassification to the statement of profit or loss of the translation reserve attributable to companies sold[58]/liquidated[59] during the year (-13,819 thousand euros).

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 the shareholders of the 2022 dividends, approved by the Parent's Shareholders' Meeting (-11,543 thousand euros), the carry forward of the group's profit for 2022 (+12,350 thousand euros), and the actuarial gains on the defined benefit plans of the Parent and the subsidiaries, net of the relevant tax effect (+110 thousand euros) and the fair value loss on equity investments in other companies (-514 thousand euros). Lastly, note the reclassification, equal to -137,478 thousand euros, from the item "Treasury shares" to the item "Other reserves and retained earnings", as a result of the aforementioned
- cancellation of savings treasury shares repurchased during the year;
- use of ordinary treasury shares already held at the end of the previous year for the purpose of conversion of savings shares into ordinary shares.

For the complete list of reserves subject to taxation in the event of distribution, please refer to the Separate Financial Statements of SAES Getters S.p.A.

39. FINANCIAL LIABILITIES

This item was nil as at December 31, 2023 as a result of the repayment in 2023 of loans still open at the end of the previous year (specifically, the loan granted by the State of Connecticut to Memry Corporation, repaid early in February 2023, prior to the sale of the US subsidiary, and Lombard loan signed with JP Morgan, repaid on December 28, 2023, its natural maturity date).

The following table shows the changes in financial liabilities in 2023.

[58] Memry Corporation and SAES Smart Materials, Inc., sold on October 2, 2023.
[59] SAES Getters Korea Corporation, liquidated on March 17, 2023.

(Thousands of euros)

Financial liabilities	
December 31, 2022	**52,213**
New loans	0
Accrued interest	110
Repayment of the principal amount	(52,209)
Interest payments	(111)
Translation differences on foreign currency loans	(3)
December 31, 2023	**0**

40. LEASE LIABILITIES

(Thousands of euros)

	December 31, 2023	December 31, 2022	Difference
Lease liabilities - current	1,088	2,545	(1,457)
Lease liabilities - non-current	1,654	3,039	(1,385)
Total lease liabilities	**2,742**	**5,584**	**(2,842)**

The following table shows the changes in lease liabilities that occurred in 2023.

(Thousands of euros)

Lease liabilities	2023	2022
Opening balance	**5,584**	**6,479**
New leases signed during the year	1,666	1,274
Early termination of leases	(115)	(45)
Interest on financial liabilities	227	199
Repayments of financial liabilities	(2,220)	(2,606)
Interest expense paid	(227)	(199)
Acquisitions following business combinations	0	309
Change in scope of consolidation (discontinued operations)	(2,135)	0
Translation differences on foreign currency leases	(38)	173
Closing balance	**2,742**	**5,584**

The item “Change in the scope of consolidation (discontinued operations)” (-2,135 thousand euros) refers to the net carrying amount of lease liabilities of the Nitinol business, the sale of which was finalized on October 2, 2023. For further information on the sale, see Note no. 16.

Regarding the leases signed in 2023, to be noted is the renewal of some leased for the company car fleet of the Parent and SAES Coated Films S.p.A., as well as the renewal of the leases of the offices of the Japanese branch of SAES Getters S.p.A. and of an area dedicated to the production activities of the subsidiary Spectra-Mat, Inc. Lastly, to be noted are the new leases entered into by Memry Corporation and its German branch up to the date of sale, equal to 1,127 thousand euros (in particular, the renewal of the lease of the US production plants not owned, as well as the German office). For details on other leases signed in 2023, please refer to Note no. 22.

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

(Thousands of euros) Lease liabilities	December 31, 2023	December 31, 2022	Difference
Less than 1 year	1,088	2,545	(1,457)
Lease liabilities - current	**1,088**	**2,545**	**(1,457)**
Between 1 and 2 years	732	1,341	(609)
Between 2 and 3 years	621	831	(210)
Between 3 and 4 years	290	601	(311)
Between 4 and 5 years	11	256	(245)
Over 5 years	0	10	(10)
Lease liabilities - non-current	**1,654**	**3,039**	**(1,385)**
Lease liabilities	**2,742**	**5,584**	**(2,842)**

In order to aid understanding of the future cash-out related to lease agreements in place at December 31, 2023, the table below provides information on the non-discounted future cash flows.

(Thousands of euros) Cash flows for leases (not discounted)	December 31, 2023	December 31, 2022	Difference
Less than 1 year	1,150	2,789	(1,639)
current	**1,150**	**2,789**	**(1,639)**
Between 1 and 2 years	806	1,531	(725)
Between 2 and 3 years	658	918	(260)
Between 3 and 4 years	331	674	(343)
Between 4 and 5 years	13	286	(273)
Over 5 years	1	12	(11)
non-current	**1,809**	**3,421**	**(1,612)**
Total	**2,959**	**6,210**	**(3,251)**

Below is the list of lease agreements that provide for a renewal option which was not considered in determining the financial liability as such a 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 liabilities were equal to a total of 2,697 thousand euros (discounted amount).

	December 31,2023	
(Thousands of euros)	Potential cash flows for leases (not discounted)	Potential cash flows for leases (discounted)
Extension option not included in lease liabilities	3,144	2,697

The average weighted *incremental borrowing rate* (*IBR*) applied to the financial liabilities recognized in 2023 was equal to 6.23%.

41. 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 key employees of the Parent.

Finally, the item includes the portion of extraordinary remuneration recognized as a result of the sale of the Nitinol business, as part of the incentive plan called the *Asset Sale Plan*[60], for which payment beyond twelve months is provided by regulation (portion allocated to Executive Directors and employees qualified as Key Managers, amounting to 1,131 thousand euros). Please refer to Note no. 52 for further details.

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

(Thousands of euros)

Post-employment and other employee benefits	Post-employment benefits	Other employee benefits	*Phantom shares*	Non-current portion of short-term benefits	Total
December 31, 2022	**5,354**	**3,907**	**1,456**	**0**	**10,717**
Accrual (release) to profit or loss	320	(143)	2,148	1,131	3,456
Indemnities paid	(545)	(555)	0	0	(1,100)
Other changes	118	(978)	0	0	(860)
Change in scope of consolidation (discontinued operations)	0	0	0	0	0
Translation differences	0	(43)	0	0	(43)
December 31, 2023	**5,247**	**2,188**	**3,604**	**1,131**	**12,170**

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

With regard to defined benefit plans, the changes during 2023 are provided 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	December 31, 2023
Present value of defined benefit obligations	9,261	271	948	(1,100)	144	(1,004)	(1,042)	(43)	7,435
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**	**271**	**948**	**(1,100)**	**144**	**(1,004)**	**(1,042)**	**(43)**	**7,435**

"Actuarial (gains) losses on obligations" (144 thousand euros) refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in equity under retained earnings.

The item "Other changes" (1,004 thousand euros) refers to the portion of long-term monetary incentive plans that will be paid at the beginning of 2024 and which was therefore reclassified under "Sundry liabilities".

The item "Release to the profit or loss" (1,042 thousand euros) includes:

[60] Monetary bonus plan for the Executive Directors, the Key Managers, i.e. the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, non-current assets and assets, if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests. For further details, please refer to the Report on the remuneration policy and payments made for the year 2023.

- the partial release of the amount set aside in the previous two years for the three-year monetary incentive plan of the two Executive Directors, following the partial achievement of the assigned goals at the end of the three-year period; and
- the release of other benefits set aside for the CEO of the Nitinol business, no longer due following the sale completed on October 2, 2023 [61]and replaced by other bonuses and severance indemnities.

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

(Thousands of euros)	December 31, 2023	December 31, 2022
Financial expense	271	47
Current service cost	948	1,483
Release to profit or loss	(1,042)	(217)
Expected return on plan assets	0	0
Recognised past service costs	0	0
Total net costs in profit or loss	**177**	**1,313**

The decrease in "Current service cost" is mainly attributable to the fact that the year's provision for the three-year plans of both Executive Directors and employees followed a pro-rata methodology, based on the results of the first nine months of the year 2023, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

For the item "Release to profit or loss", please refer to what has already been commented on above. On the other hand, in 2022, the item included the reversal of the long-term monetary incentive plan of two employees of SAES Getters/U.S.A., Inc. (following resignation) and SAES Coated Films S.p.A. (due to failure to meet targets), respectively, as well as the non-compete agreement of an employee of the subsidiary SAES Coated Films S.p.A., who was transferred to the Parent's workforce.

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

In regard to the Italian companies of the Group, the 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.

Main economic and financial assumptions – defined benefit plans ITALY

The main **economic and financial assumptions** used for the actuarial calculations of defined benefit plans of the Italian companies at December 31, 2023 and December 31, 2022 respectively are provided below.

[61] On the same date as the closing of the sale, the CEO of the Nitinol business resigned.

	Italy	
	December 31, 2023	**December 31, 2022**
Average duration of the collective being assessed	**> 10 years**	**> 10 years**
Discount rate	3.10%	3.70%
Increase in the cost of living	2.50%	2.50%
Expected annual salary increase (*)	3.00%	3.00%
Annual rate of increase in post-employment benefits	3.38%	3.38%

(*) Hypothesis not considered for the actuarial valuation of the post-empoyment benefits of the Parent, a company with more than 50

As regards the choice of the discounting rate, the reference index was the Eurozone Iboxx Corporate AA observed at the end of the year, with a duration consistent with that of the collective benefit under valuation.

With regard to the **demographic assumptions**, RG48 mortality tables and INPS disability/invalidity tables were used.
As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities were used that were consistent with previous valuations, which adopt a time horizon deemed to be representative by the company under valuation. More specifically, an average turnover rate of 4.50% was used (3.50% in the previous year).

With regard to **advances on post-employment benefits**, an average annual rate of 3% and an average amount equal to 70% of the accumulated post-employment benefits of the companies subject to actuarial valuation was assumed (assumptions unchanged from those used as at December 31, 2022).

Main economic and financial assumptions – defined benefit plans USA

The main **economic and financial assumptions** used for the actuarial calculations of defined benefit plans of the US companies at December 31, 2023 and December 31, 2022 respectively are provided below.

	USA	
	December 31, 2023	**December 31, 2022**
Average duration of the collective being assessed	**> 10 anni**	**> 10 anni**
Discount rate	5.15%	4.50%
Expected annual salary increase	3.00%	3.00%

With regard to the choice of discounting rate, the iBoxx $ Domestic Corporates AA 1-10Y index recorded at the end of the year, with a duration consistent with that of the collective benefit under valuation, was chosen as the reference index.

With reference to **demographic assumptions**, regarding the probability of leaving employment due to causes other than death, a turnover probability of 2% was used (assumption unchanged from the previous year).

Main economic and financial assumptions – Long-Term Incentive Plan (LTIP)

The item “Other employee benefits” includes the provision for Long-Term Monetary 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 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 multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.

These plans fall under the category of other employee benefits and are subject to discounting. Below are the **discounting rates** used to discount the plans subscribed by key employees of the Parent and Strumenti Scientifici Cinel S.r.l. which reflect the rates of return on Italian government bonds, maturing at the end of 2024 (a maturity aligned with that of the plans under review).

Expiry year of the plan	Discount rate Italy
2024	1.23%

As already highlighted above, the portion of the three-year incentive plans of the Parent (referring to both Executive Directors and some key employees) that will be paid during the first half year of 2024 have been reclassified to the item "Sundry liabilities" (current liabilities).

***

The following table shows a breakdown of the actuarial differences relating to 2023.

(thousand of euro)	Post-employment benefits	Other defined benefit plans	Long-term monetary incentive plans (LTIP)	Total
Actuarial differences from:				
Change in assumptions	223	10	0	233
Variation related to past experience	(105)	16	0	(89)
Actuarial gains (losses)	**118**	**26**	**0**	**144**

With regard to defined benefit plans[62] (Italy and USA), the following table shows the effect on the obligation of an increase or decrease of half a percentage point of the discounting rate, as calculated by the independent actuary.

(thousand of euro)	Discount rate	
	+0,5%	-0,5%
Effect on the obligation for defined benefit plans (excluding LTIPs)	(261)	239

The table below shows instead the effect on the liability for three-year cash incentive plans (for employees, as those for Executive Directors are due at the end of year 2023) of an increase or a decrease of half a percentage point of the discounting rate.

(thousand of euro)	Discount rate	
	+0,5%	-0,5%
Effect on the obligation for long-term monetary incentive plans (LTIPs)	(1)	1

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

[62] The long-term monetary incentive plans (LTIP) are not included in this calculation; for these, we refer to the following table.

At the end of 2018, the Shareholders' Meeting of SAES Getters S.p.A. approved the adoption of a bonus plan based on phantom shares, targeting Executive Directors and a number of key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value[63]. 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 1,760,562[64]. The plan aims to remunerate the beneficiaries in relation to the increased capitalization of the company, for retention purposes and a greater alignment between performance and the Company's and shareholders' interests.

The table below shows the summary of the assignments of phantom shares made by the Board of Directors of SAES Getters S.p.A., at the proposal of the Remuneration and Appointments Committee, from the date of adoption of the plan to December 31, 2023, as well as the number of phantom shares that are still assigned as at December 31, 2023 because they have not been sold or withdrawn.

	Assignment date	**no. phantom shares assigned**	**assignment value** (euro)
First assignment	October 17, 2018	1,467,136 (*)	16.451
Second assignment	February 13, 2020	195,618	21.140
Total phantom shares assigned to Board of Directors		**1,662,754**	
Phantom shares withdrawn	October 17, 2018	(195,618) (**)	16.451
Phantom shares sold	October 17, 2018	(195,618) (***)	16.451
Total phantom shares assigned as at December 31, 2023		**1,271,518**	

(*) Of which no. 880,282 phantom shares assigned to the Executive Directors.
(**) Phantom shares waiver by a strategic employee of Parent who left the workforce in the first half of 2021.
(***) Phantom shares provided to heirs of a strategic employee of Parent in the first half of 2022.

The liability relating to the phantom share plan (3,604 thousand euros at December 31, 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, the economic and financial assumptions used at December 31, 2023 to estimate the fair value of the phantom shares are summarised below:
- different risk vesting period for each beneficiary, with estimated maximum service period equal to the assumed date of retirement;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;

[63] The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.
[64] Of which 880,282 phantom shares reserved for Executive Directors.

- for events that entail the waiver of the right to receive the incentive, a flat annual probability of occurrence ranging from 2% to 15% was taken into account, depending on the beneficiary's length of service and the position held in the company (this possibility was not contemplated for Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- the spot value of the SAES share estimated on the basis of the stock market price in December 2023 and adjusted for the expected extraordinary dividend in 2024, amounting to 12.51 euros, as already announced to the market;
- the expected dividend rate from 2025 onward was taken to be 3% over the term of the plan (obtained on the average of historical observations over the past five years);
- the annual volatility of the stock return, based on the historical volatility of the SAES share over the past five years, was estimated to be 29.98%.

42. PROVISIONS

The composition and changes in "Provisions" are shown in the table below.

(Thousands of euros)

Provision for risks and charges	December 31, 2022	Increase	Utilisation	Release to profit or loss	Change in scope of consolidation (discontinued operations)	Translation differences	December 31, 2023
Product warranty provision	74	0	0	0	(60)	0	14
Isopensione	0	11,400	0	0	0	0	11,400
Other provisions	373	62	(290)	0	0	(8)	136
Total	**447**	**11,462**	**(290)**	**0**	**(60)**	**(8)**	**11,550**

The Product warranty provision is recognised at the time of sale of the goods, to cover probable costs for returns from customers and the relevant provision is determined on the basis of historical data on returns. As of December 31, 2023, this provision was recognized exclusively by the manufacturing subsidiary SAES Getters/U.S.A., Inc.

On December 14, 2023, SAES Getters S.p.A. signed a union agreement with Federmanager/Assolombarda to incentivize the voluntary redundancy of up to a maximum of 15 executives who will reach the regulatory requirements for pension in the next 7 years, using the Isopension tool, as per Article 4 of Italian Law No. 92/2012. For the benefit of executives who join the Plan, which is scheduled to end on December 31, 2026, SAES will pay a benefit in an amount equal to the pension that they would be entitled to under current rules and will pay INPS the related notional contribution, until they reach the minimum requirements for retirement, which is expected to be within a maximum period of 7 years from the termination of employment.
As at December 31, 2023, an Isopension provision was set aside in the amount of 11,400 thousand euros, equal to the best estimate of the resources needed to meet the obligation that arose as a result of the signing of the above-mentioned union agreement.

The item “Other provisions” 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 (64 thousand euros at December 31, 2023). From the monitoring activities carried out to date, no environmental risks have emerged for the US associate.
Also worth mentioning is a provision of 50 thousand euros for two **labour disputes**, respectively, with an employee of the Avezzano (AQ) office of SAES Getters S.p.A. who appealed against a disciplinary measure (4 thousand euros the risk provision as at December 31, 2023) and with an employee of SAES Getters/U.S.A, Inc. whose working relationship was terminated due to behaviour

deemed not in line with the ethical and conduct standards required of all Group personnel (46 thousand euros risk provision as at December 31, 2023).
Lastly, the item includes a provision for legal expenses relating to a **dispute with a supplier** of the Parent, whose invoices have not been paid for the incorrect execution of the works awarded (10 thousand euros).

The "Utilisation" column refers mainly 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 bond 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 financial asset, given the uncertainty regarding the timing of the success of Flexterra's business initiatives.

The item “Change in the scope of consolidation (discontinued operations)” refers to the net carrying amount of the provisions of the Nitinol business, the sale of which was finalized on October 2, 2023. For further information on the sale, see Note no. 16.

The breakdown of provisions between current and non-current amounts is shown below.

(Thousands of euros)

Provisions for risks and charges	Current provisions	Non-current provisions	December 31, 2023	Current provisions	Non-current provisions	December 31, 2022
Product warranty provision	0	14	14	60	14	74
Isopensione	4,000	7,400	11,400	0	0	0
Other provisions	59	78	137	244	129	373
Total	**4,059**	**7,492**	**11,551**	**304**	**143**	**447**

With regard to the preliminary assessment report received on June 9, 2023 by SAES Getters S.p.A. following the tax assessment by the Italian tax authority on the income for the 2018 financial year and indicating a higher IRES taxable income of 21.8 million euros, as well as higher IRAP taxable income of 13.2 million euros (for further details see Note no. 51), no risk provision was set aside at December 31, 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 assessment notice 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 a higher taxable income of 13.2 million euros as "possible"; the remaining liability related to a higher taxable income of 8.6 million euros, on the other hand, was assessed as "likely," but can still be covered by the tax loss carryforwards available to the Company.

43. OTHER FINANCIAL LIABILITIES

(Thousands of euros)

	December 31, 2023	December 31, 2022	Difference
Other financial liabilities - current	0	30	(30)
Other financial liabilities - non-current	473	462	11
Other financial liabilities	**473**	**492**	**(19)**

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 three years from the closing date (i.e. starting from May 25, 2025).

Other financial liabilities - current, nil at December 31, 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 other financial liabilities in 2023.

(Thousands of euros)	December 31, 2022	Changes recognized in profit (loss) for the year	Payments	December 31, 2023
Bank commissions	30	437	(467)	0
Other financial liabilities - current	**30**	**437**	**(467)**	**0**
Deferred consideration SAES RIAL Vacuum S.r.l.	462	11	0	473
Other financial liabilities - non-current	**462**	**11**	**0**	**473**

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 11 thousand euros.

44. TRADE PAYABLES

(Thousands of euros)

Trade payables	December 31, 2023	December 31, 2022	Difference	Business Nitinol Dec. 31, 2022	December 31, 2022 with like-for-like scope
Trade payables	11,043	17,005	(5,962)	3,762	13,243
Total	**11,043**	**17,005**	**(5,962)**	**3,762**	**13,243**

Excluding the scope subject to divestment (trade payables pertaining to the Nitinol business as of December 31, 2022 came to 3,762 thousand euros), the reduction in trade payables is mainly attributable to lower purchases of raw materials in the Chemicals Division, with the aim of decreasing inventories, which were particularly high at the end of last year. There are also lower payables of the Parent for consultancy relating to special projects.

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

The following table provides a breakdown of trade payables between those not yet due and those past due at December 31, 2023 compared with 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
December 31, 2023	11,043	10,223	627	67	50	4	72
December 31, 2022	17,005	16,286	373	160	17	87	82

The amount of overdue trade payables is insignificant compared to the total amount of the item and, in any case, the total weight of payables over thirty days overdue on total trade payables appears to be decreasing compared to the end of the previous year (from 2% as of December 31, 2022 to 1.7% as of December 31, 2023).

45. SUNDRY LIABILITIES

(Thousands of euros)

Sundry liabilities	December 31, 2023	December 31, 2022	Difference	Business Nitinol Dec. 31, 2022	December 31, 2022 with homogeneous perimeter
Employees (holidays, wages, etc.)	18,288	6,258	12,030	1,846	4,412
Bonus	3,036	6,217	(3,181)	2,731	3,486
Social security bodies	4,395	2,330	2,065	368	1,962
Withholdings and tax (excluding income taxes)	1,385	1,764	(379)	367	1,397
Other	19,166	2,637	16,529	85	2,552
Total	**46,270**	**19,206**	**27,064**	**5,397**	**13,809**

The item "Employees" consists mainly of December salaries not yet paid at the end of the year and accrued and untaken vacations, as well as the portion of the Parent's three-year incentive plans referring to key employees that will be subject to payment during the first half of 2024 and have therefore been reclassified under current liabilities. The sharp increase compared to December 31, 2022 is mainly attributable to the aforementioned *Asset Sale Plan* (Note no. 16 and Note no. 41) related to the sale of the Nitinol business, of which only a first tranche, amounting to approximately 50%, has been paid by December 31, 2023 and the second tranche of which will be paid at the beginning of 2024 (subject to possible corrections for residual adjustments on the sale price, currently being finalized with the purchasing party).

The item "Bonus" includes the bonuses of Group employees accrued in 2023 (mainly relating to the Parent and the US subsidiaries[65]). The decrease compared to December 31, 2022 is related, in addition to the discontinued operations in the Nitinol business (see Note no. 16 for further details), to the fact that variable remuneration for the year 2023 was set aside by the Parent following a pro-rata methodology based on the results of the first nine months of the year, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

The item "Social security bodies" mainly includes the amounts owed by the Group's Italian companies to the INPS (Italy's social-security agency) for contributions to be paid on wages as well as amounts due the treasury fund operated by the INPS and to the pension funds under the reformed regulations on post-employment benefits. Again, the increase from December 31, 2022 is mainly attributable to contributions still to be paid on the second tranche of the *Asset Sale Plan* (Note no. 16 and Note no. 41) related to the sale of the Nitinol business.

The item "Withholdings and tax" primarily consists of the amounts owed by the Italian companies to the Italian tax authority for withholding taxes on the pay of employees and contractors and local taxes due by the US associates other than income taxes. The slight decrease coincides with the change in the scope of consolidation (sale of the Nitinol business, for details please refer to Note no. 16).

The item "Other" mainly includes liabilities of the Parent for both fixed and variable Directors' remuneration (18,554 thousand euros as at December 31, 2023, compared to 1,618 thousand euros at the end of the previous year) and from advances also received from SAES Getters S.p.A. for public grants for research activities (44 thousand euros as at December 31, 2023, compared to 155 thousand euros at the end of last year). Again, the sharp increase is attributable to the second tranche yet to be paid to the Executive Directors of the *Asset Sale Plan* (Note no. 16 and Note no. 41) related to the sale of the Nitinol business. On the other hand, the decrease in liabilities for Executive Directors' variable remuneration (accrued following a pro-rata methodology based on the results for the first nine months of the year 2023, i.e., before the sale of the Nitinol business)

[65] 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.

was offset by the liability for the three-year incentive plan (see Note no. 41), reclassified under current liabilities as the plan expired on December 31, 2023.

There are no liabilities due after more than five years.

46. CURRENT TAX LIABILITIES

At December 31, 2023, current tax liabilities amounted to 270 thousand euros (424 thousand euros as of December 31, 2023) and include tax obligations accrued during the year, net of advances already paid, relating to the Group's foreign subsidiaries and the IRES liability of the Italian companies. Regarding IRES, all the Italian companies[66] have joined the national tax consolidation with the Parent as the consolidating company and, therefore, positive taxable amounts are offset by both negative taxable amounts and past tax losses carried forward; while only on the residual taxable income is the IRES tax due (at the end of last year, no IRES tax liability was recorded in the financial statements because the consolidated taxable income was negative, while this year, thanks to the net proceeds[67] earned by the Parent from the sale of the investments in Memry Corporation and SAES Smart Materials, Inc. the consolidated taxable income is positive and the IRES liability is 231 thousand euros).
The slight decrease compared to the end of 2022 (change of -154 thousand euros) is mainly attributable to the change in the scope of consolidation (257 thousand euros current tax liabilities of the sold companies as of December 31, 2022), only partially offset by the above-mentioned higher IRES liability of the Group's Italian companies.

47. BANK LOANS AND BORROWINGS

(Thousands of euros)	December 31, 2022	Increase	Decrease	Changes recognized in profit (loss) for the year	Translation differences	Reclassifications	December 31, 2023
"Hot money" financing	35,625	103,500	(138,832)	1,212	0	0	1,505
Import financing	1,135	0	(99)	40	0	0	1,076
Financing for advance invoices	143	0	(143)	0	0	0	0
Revolving credit lines (RCF)	28,030	147,000	(176,054)	1,024	0	0	0
Bank overdrafts	369	57	0	0	0	0	426
Bank loans and borrowings	**65,302**	**250,557**	**(315,128)**	**2,276**	**0**	**0**	**3,007**

Using the cash from the sale of the Nitinol business, both revolving loans outstanding with Unicredit S.p.A.[68] and Intesa Sanpaolo S.p.A.[69] and the Parent's short-term loans in the form of "hot money" were repaid in October 2023.

As at December 31, 2023, banks loans and borrowings therefore have a residual value and mainly include:
- the current liabilities of the subsidiary SAES Coated Films S.p.A. in the form of "hot money" loans;
- the liabilities of SAES Coated Films S.p.A. related to short-term financing for import of goods, subscribed with primary financial institutions to increase the financial resources available to facilitate its procurement activities;
- overdrafts on current accounts mainly pertaining to SAES Coated Films S.p.A.

[66] 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).
[67] The gain net of sales costs of the Parent is subject to a limited tax rate of 5%, pursuant to the provisions of article 87 of the Consolidated Law on Income Tax (participation exemption).
[68] Revolving cash credit facility worth 30 million euros, subscribed on March 6, 2020 and extended on February 22, 2023.
[69]Revolving credit facility worth 30 million euros taken out on May 29, 2023.

As at December 31, 2023, the Group had unused credit facilities of 56 million euros, compared to 53.5 million euros as at December 31, 2022: the extinguishment of the Parent's revolving cash credit facilities was offset by the fact that, by virtue of the cash from the sale of the Nitinol business, the Group had no recourse to a financing in the form of hot money as at December 31, 2023.

Covenants

It should be noted that none of the aforementioned banks loans and borrowings, in any case of an immaterial amount, is subject to compliance with covenants.

48. OTHER CURRENT LIABILITIES

(Thousands of euros)

	December 31, 2023	December 31, 2022	Difference	Business Nitinol Dec. 31, 2022	December 31, 2022 with like-for-like scope
Other liabilities	545	176	369	0	176
Contract liabilities	4,802	4,238	564	311	3,927
Total other current liabilities	**5,347**	**4,414**	**933**	**311**	**4,103**

The item "Other liabilities" includes deferred income for tax credits granted in previous years to the Parent in relation to investments for the upgrading of production lines at the Avezzano plant (Marsica Territorial Pact), as well as those related to the purchase of Industry 4.0 capital goods. The increase compared to December 31, 2022 is due to the latter.

The item "Contract liabilities" primarily relates to sales revenue received from customers pertaining to future years. This item also includes the negative balance determined as the difference between the amount invoiced to the customer and the share of revenue for performance obligations recognised over-time at the reporting date with reference to the long-term contracts in the high vacuum segment. The increase from December 31, 2022 is mainly attributable to the different business strategy, with prepayment to some large customers, especially in the industrial SMA business.

There are no accrued liabilities due after more than five years.

49. STATEMENT OF CASH FLOWS

Cash flows used in **operating activities** came to -39,723 thousand euros, compared with cash inflows of +37,173 thousand euros in the previous year. Excluding cash flows related to discontinued operations (i.e., +22,503 thousand euros of cash flows generated by the Nitinol business in the period from January 1 to October 2, 2023, the date of the actual sale, as well as -68,110 thousand euros of cash outflows for charges incidental to the sale of the Nitinol business), operating activities generated cash inflows of +5,884 thousand euros, mainly supported by the Industrial and High Vacuum operating segments. The effect of the change in net working capital was also positive, thanks mainly to the reduction in stock levels (greater use of inventories to meet demand, with the aim of lowering the particularly high stock levels at the end of last year in the Chemicals and Packaging Divisions) and the decrease in trade payables (lower purchases of raw materials in the Chemicals Division, again with the aim of reducing inventories).

Investing activities generated 275,877 thousand euros in cash (cash outflows of -12,694 thousand euros in 2022), mainly due to the **proceeds collected from the sale of the Nitinol business** (+797,716 thousand euros[70])

In 2023, cash outflows for **investment in property, plant and equipment** amounted to 9,983 thousand euros (-15,293 thousand euros in 2022), while those for **intangible assets** amounted to 302 thousand euros (-602 thousand euros as of December 31, 2022).

In 2023, *capex* includes investments aimed at expanding production capacity in the sintered materials division, in the security and defence area and in the industrial SMA business (Industrial Division), as well as in the high vacuum division (High Vacuum Division). Investments also include work on upgrading the fire prevention system at the Roncello plant; the refurbishment of the offices in Lainate; investments by the Parent to replace traditional lighting systems with smart lighting systems with a lower energy impact; the purchase of new equipment for the R&D laboratories; and the purchase of plant engineering services, including seismic retrofitting, at the Avezzano plant. Lastly, investments in the amount of 3,023 thousand euros were made by Memry Corporation and SAES Smart Materials, Inc. up to the sale date.

Increases in intangible assets during the year are mainly related to projects in the IT field of the Parent and its associate Strumenti Scientifici Cinel S.r.l. Lastly, investments of 52 thousand euros were made by Memry Corporation up to the sale date.

Please refer to Notes no. 19 and no. 20 for further details.

With regard to disposals of property, plant and equipment and intangible assets, the proceeds from the disposal were of an immaterial amount in both years (+32 thousand euros in 2023, compared to +31 thousand euros in 2022).

Again in regard to investing activities, the proceeds from disinvestment of **securities** (for further information on changes in securities please see Note no. 35), which, net of purchases for the year, were equal to 133,015 thousand euros [71](net proceeds of +6,698 thousand euros in 2022), as well as coupons collected, net of management fees paid on the securities portfolio, of 1,140 thousand euros (+1,506 thousand euros in 2022).

During the year, the following should also be noted:

- the disbursement of -200 thousand euros for the **capital injection into** the joint venture **Actuator Solutions GmbH** (capital increase of -600 thousand euros last year);
- the disbursement of -400 thousand euros for **additional convertible bonds** granted to the German start-up **Rapitag GmbH** (-298 thousand euros as of December 31, 2022), as well as to the **Flexterra** joint venture (929 thousand euros);
- **investments in the venture capital fund EUREKA!** totalling -759 thousand euros (-190 thousand euros investments in 2022), as well as joining the **equity fundraising promoted by Cambridge Mechatronics Limited** (-983 thousand euros);
- cash outflows for the **subscription of bank time deposits** in which the Group's liquidity was invested (-646,813 thousand euros);
- **other interest and financial income collected**, amounting to +4,343 thousand euros, up sharply from +291 thousand euros in 2022, due to the increased liquidity available to the Group as a result of the almost complete divestment of the securities portfolio and the consideration collected from the sale of the Nitinol business.

Cash flows in 2022 instead included the cash outflows, net of cash and cash equivalents acquired, equal to 4,287 thousand euros[72], 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).

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[70]Consideration net of cash transferred, for details see Note no. 16.

[71] Disinvestments of securities amounted to 134,905 thousand euros, net of acquisitions amounting to 1,890 thousand euros.

[72] Cash and cash equivalents transferred at the closing date of 4,750 thousand euros, net of the cash and cash equivalents acquired of 463 thousand euros.

Cash flows used in **financing activities** came to -175,501 thousand euros, compared with -11,920 thousand euros in the previous year.
Financial management for 2023 was characterised by:
- the **payment of dividends** (-11,543 thousand euros, compared with -8,530 thousand euros in 2022);
- the disbursement for the public offer finalized at the end of July 2023, including accessory costs (-44,096 thousand euros);
- the taking out, net of repayments, of both short-term and long-term **loans** and the payment of the related interest (-116,948 thousand euros, compared with -154 thousand euros in 2022);
- **interest and other financial expense** paid for 467 thousand euros (431 thousand euros in 2022);
- the payment of **lease** liabilities and related interest (-2,447 thousand euros, compared to 2,805 thousand euros in 2022).

The **exchange rate effect** was a net loss of -1,289 thousand euros, mainly due to the effect of the devaluation of the renminbi on cash and cash equivalents held by the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and, to a lesser extent, the impact of the dollar on the cash held by the US subsidiaries.

The following table contains the Statement of cash clows, showing the cash flows attributable to continuing operations and cash flows generated by discontinued operations.

(Thousands of euros)	2023	2023 - from discontinued operations			2023 - from continuing operations
		Nitinol business Jan 1 - Oct 2, 2023	Nitinol business divestment transaction	Total	
Cash flows from operating activities					
Profit (loss) for the year	632,296	28,004	615,312	643,316	(11,020)
Income taxes	5,020	7,881	(1,138)	6,743	(1,723)
Depreciation of right-of-use assets	2,122	970	0	970	1,152
(Reversal of impairment losses) impairment losses on right-of-use assets	0	0	0	0	0
Depreciation of property, plant and equipment	9,516	2,084	0	2,084	7,432
(Reversal of impairment losses) impairment losses on property, plant and equipment	0	0	0	0	0
Amortisation of intangible assets	2,174	475	0	475	1,699
(Reversal of impairment losses) impairment losses on intangible assets	11	0	0	0	11
Gains (losses) on the disposal of property, plant and equipment and intangible assets	85	0	0	0	85
Gains from the sale of discontinued operations	(735,836)	0	(735,836)	(735,836)	0
Net financial (income) expense	(8,633)	179	0	179	(8,812)
Impairment losses on trade receivables	(30)	0	0	0	(30)
Other non-monetary expense (income)	(12,890)	0	(13,726)	(13,726)	836
Other non-monetary change in post-employment and other benefits	3,456	(180)	1,131	951	2,505
Accrual (utilisation) of provisions for risks and charges	11,403	0	0	0	11,403
	(91,306)	**39,413**	**(134,257)**	**(94,844)**	**3,538**
Change in operating assets and liabilities					
Cash increase (decrease)					
Trade receivables and other current assets	(3,989)	(534)	0	(534)	(3,455)
Inventories	2,729	(1,287)	0	(1,287)	4,016
Trade payables	(748)	(4,961)	0	(4,961)	4,213
Sundry and other current liabilities	65,059	(1,589)	66,147	64,558	501
	63,051	**(8,371)**	**66,147**	**57,776**	**5,275**
Payments of post-employment and other benefits	(1,100)	0	0	0	(1,100)
Taxes paid	(10,368)	(8,539)	0	(8,539)	(1,829)
Cash flows generated by (used in) operating activities	**(39,723)**	**22,503**	**(68,110)**	**(45,607)**	**5,884**
Cash flows from investing activities					
Acquisition of property, plant and equipment	(9,983)	(3,023)	0	(3,023)	(6,960)
Acquisition of intangible assets	(302)	(52)	0	(52)	(250)
Proceeds from the disposal of property, plant and equipment and intangible assets	32	0	0	0	32
Purchase of securities	(1,890)	0	0	0	(1,890)
Disinvestments of securities	134,905	0	0	0	134,905
Income from securities, net of management fees	1,140	0	0	0	1,140
Investments in joint ventures	(200)	0	0	0	(200)
Investments in other companies	(1,742)	0	0	0	(1,742)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired	0	0	0	0	0
Proceeds from sales of Nitinol business, net of cash divested	797,716	0	797,716	797,716	0
Other financial assets	(646,813)	0	0	0	(646,813)
Financial liabilities repaid to (granted by) related parties	(929)	0	0	0	(929)
Financial liabilities repaid to (granted by) third parties	(400)	0	0	0	(400)
Interest income on financial assets with related parties	0	0	0	0	0
Interest and other financial income received	4,343	2	0	2	4,341
Cash flows generated by (used in) investing activities	**275,877**	**(3,073)**	**797,716**	**794,643**	**(518,766)**
Cash flows from financing activities					
Proceeds from non-current financial liabilities, current portion included	0	0	0	0	0
Repayment of non-current financial liabilities, , current portion included	(52,209)	(209)	0	(209)	(52,000)
Interest paid on non-current financial liabilities	(111)	(1)	0	(1)	(110)
Proceeds from current financial liabilities	250,500	0	0	0	250,500
Repayment of current financial liabilities	(313,202)	0	0	0	(313,202)
Interest paid on current financial liabilities	(1,926)	0	0	0	(1,926)
Interest and other financial expense paid	(467)	(32)	0	(32)	(435)
Dividends paid	(11,543)	0	0	0	(11,543)
Other costs paid	0	0	0	0	0
Repayment of lease liabilities	(2,220)	(1,016)	0	(1,016)	(1,204)
Interest paid on leases	(227)	(150)	0	(150)	(77)
Purchase of treasury shares and ancillary costs	(44,096)	0	0	0	(44,096)
Cash flows used in financing activities	**(175,501)**	**(1,408)**	**0**	**(1,408)**	**(174,093)**
Increase (decrease) in cash and cash equivalents	**60,653**	**18,022**	**729,606**	**747,628**	**(686,975)**
Effect of exchange rate changes on cash flows	(1,289)	(561)	0	(561)	(728)
Total net increase (decrease) in cash and cash equivalents	**59,364**	**17,461**	**729,606**	**747,067**	**(687,703)**

(Thousands of euros)	2022	2022 - from discontinued operations			2022 - from continuing operations
		Nitinol business Jan 1 - Dec 31, 2022	Nitinol business divestment transaction	Total	
Cash flows from operating activities					
Profit (loss) for the year	12,350	36,779	(2,187)	34,592	(22,242)
Income taxes	12,107	9,794	(36)	9,758	2,349
Depreciation of right-of-use assets	2,622	1,363	0	1,363	1,259
(Reversal of impairment losses) impairment losses on right-of-use assets	0	0	0	0	0
Depreciation of property, plant and equipment	10,118	3,487	0	3,487	6,631
(Reversal of impairment losses) impairment losses on property, plant and equipment	339	244	0	244	95
Amortisation of intangible assets	2,483	709	0	709	1,774
(Reversal of impairment losses) impairment losses on intangible assets	0	0	0	0	0
Gains (losses) on the disposal of property, plant and equipment and intangible assets	30	0	0	0	30
Gains from the sale of discontinued operations	0	0	0	0	0
Net financial (income) expense	16,156	207	0	207	15,949
Impairment losses on trade receivables	139	0	0	0	139
Other non-monetary expense (income)	(236)	0	0	0	(236)
Other non-monetary change in post-employment and other benefits	3,314	(105)	0	(105)	3,419
Accrual (utilisation) of provisions for risks and charges	(230)	(189)	0	(189)	(41)
	59,192	**52,289**	**(2,223)**	**50,066**	**9,126**
Change in operating assets and liabilities					
Cash increase (decrease)					
Trade receivables and other current assets	(2,704)	(6,356)	0	(6,356)	3,652
Inventories	(5,873)	423	0	423	(6,296)
Trade payables	1,914	4,433	0	4,433	(2,519)
Sundry and other current liabilities	(102)	534	0	534	(636)
	(6,765)	**(966)**	**0**	**(966)**	**(5,799)**
Payments of post-employment and other benefits	(2,552)	0	0	0	(2,552)
Taxes paid	(12,702)	(9,972)	0	(9,972)	(2,730)
Cash flows generated by (used in) operating activities	**37,173**	**41,351**	**(2,223)**	**39,128**	**(1,955)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	(15,293)	(5,277)	0	(5,277)	(10,016)
Acquisition of intangible assets	(602)	(200)	0	(200)	(402)
Proceeds from the disposal of property, plant and equipment and intangible assets	31	0	0	0	31
Purchase of securities	(14,646)	0	0	0	(14,646)
Disinvestments of securities	21,344	0	0	0	21,344
Income from securities, net of management fees	1,506	0	0	0	1,506
Investments in joint ventures	(600)	0	0	0	(600)
Investments in other companies	(190)	0	0	0	(190)
Consideration paid for the purchase of subsidiaries, net of the cash and cash equivalents acquired	(4,287)	0	0	0	(4,287)
Proceeds from sales of Nitinol business, net of cash divested	0	0	0	0	0
Other financial assets	0	0	0	0	0
Financial liabilities repaid to (granted by) related parties	49	0	0	0	49
Financial liabilities repaid to (granted by) third parties	(298)	0	0	0	(298)
Interest income on financial assets with related parties	1	0	0	0	1
Interest and other financial income received	291	3	0	3	288
Cash flows generated by (used in) investing activities	**(12,694)**	**(5,474)**	**0**	**(5,474)**	**(7,220)**
Cash flows from financing activities					
Proceeds from non-current financial liabilities, current portion included	0	0	0	0	0
Repayment of non-current financial liabilities, , current portion included	(114)	(92)	0	(92)	(22)
Interest paid on non-current financial liabilities	(116)	(5)	0	(5)	(111)
Proceeds from current financial liabilities	568,500	0	0	0	568,500
Repayment of current financial liabilities	(567,767)	0	0	0	(567,767)
Interest paid on current financial liabilities	(657)	0	0	0	(657)
Interest and other financial expense paid	(427)	(63)	0	(63)	(364)
Dividends paid	(8,530)	0	0	0	(8,530)
Other costs paid	(4)	0	0	0	(4)
Repayment of lease liabilities	(2,606)	(1,061)	0	(1,061)	(1,545)
Interest paid on leases	(199)	(142)	0	(142)	(57)
Purchase of treasury shares and ancillary costs	0	0	0	0	0
Cash flows used in financing activities	**(11,920)**	**(1,363)**	**0**	**(1,363)**	**(10,557)**
Increase (decrease) in cash and cash equivalents	**12,559**	**34,514**	**(2,223)**	**32,291**	**(19,732)**
Effect of exchange rate changes on cash flows	(42)	218	0	218	(260)
Total net increase (decrease) in cash and cash equivalents	**12,517**	**34,732**	**(2,223)**	**32,509**	**(19,992)**

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)

	2023	2022
Cash and cash equivalents	101,112	42,139
Cash and cash equivalents - from Statement of Financial Position	**101,112**	**42,139**
Impairment losses on other financial assets (pursuant to IFRS 9)	481	33
Bank overdrafts (included in "Bank loans and borrowings")	(426)	(369)
Cash and cash equivalents - from Statement of Cash Flows	**101,167**	**41,803**

The following table provides the reconciliation between the balances of the liabilities arising from financial transactions at December 31, 2023 and December 31, 2022, with the changes arising from monetary and from non-monetary flows.

(Thousands of euros)	December 31, 2022	Cash flows	Non-cash flowa							December 31, 2023
			Change in scope of consolidation (discontinued operations)	Translation differences	Change in fair value	Accrued interest	Signing (termination) of lease contracts	Other movements	Reclassifications	
Financial liabilities	119	0	0	(2)	0	0	0	0	(117)	0
Leases liabilities	3,039	0	(680)	(21)	0	0	1,419	0	(2,103)	1,654
Other financial liabilities	462	0	0	0	0	0	0	11	0	473
Non-current liabilities, deriving from financial activities	**3,620**	**0**	**(680)**	**(23)**	**0**	**0**	**1,419**	**11**	**(2,220)**	**2,127**
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Current portion of non-current loans and borrowings	52,094	(52,320)	0	(1)	0	110	0	0	117	0
Other financial liabilities	30	(467)	0	0	0	437	0	0	0	0
Leases liabilities	2,545	(2,447)	(1,455)	(17)	0	227	132	0	2,103	1,088
Bank loans and borrowings, net of bank overdrafts	64,933	(64,628)			0	2,276	0	0	0	2,581
Current liabilities, deriving from financial activities	**119,602**	**(119,862)**	**(1,455)**	**(18)**	**0**	**3,050**	**132**	**0**	**2,220**	**3,669**

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. 43).

50. FINANCIAL RISK MANAGEMENT

The Group's main **financial assets** include cash and bank time deposits, immediately convertible into cash, in which the proceeds from the sale of the Nitinol business have been invested, as well as trade receivables that originate directly from operating activities. Also of note is the financial asset related to the fact that 15 million dollars of the proceeds from the sale of the Nitinol business were deposited as escrow to cover any tax liabilities that may arise in the future in respect of the sold companies Memry Corporation and SAES Smart Materials, Inc. but referring to the period prior to the sale, while the securities in the portfolio were almost completely sold during the first half of 2023 with the aim of reducing the Group's exposure to financial market volatility.
The Group's main **financial liabilities,** on the other hand, include short-term bank loans (including bank overdrafts) and lease liabilities, as well as trade payables.
The derivative instruments used by the Group, which are mainly forward sales contracts on the US dollar, whose purpose is to manage the currency risk originated by the sales of the Group's Italian companies in that currency, appear to be all settled as of December 31, 2023.

The Group does not trade in financial instruments and does not directly manage the securities in its portfolio, but relies on the support of specialised professionals.

The Board of Directors periodically reviews and defines the financial risk management policies, as summarized below.

Interest rate risk & financial investments risk

The Group's liquidity, resulting from the almost complete divestment of portfolio securities finalized during the first half of 2023 and the collection in early October 2023 resulting from the sale of the Nitinol business, has been invested in bank deposits and short-term time deposits, with the aim of maintaining the capital in view of possible future uses while ensuring adequate remuneration for a conservative risk profile.
These bank deposits and time deposits are subject to interest rate risk, the variability of which may affect the return, even significantly.

With regard to the securities remaining in the portfolio as at December 31, 2023, it should be noted that these securities have a conservative investment profile and consist mainly of buy&hold assets, which, if effectively held to maturity, allow them to cope with the risk of negative returns related to market turbulence.

The long-term financial debt was fully repaid during the 2023 financial year, while the short-term financial debt governed by variable interest rates and is exposed to the risk arising from their fluctuation. Since these are non-material loans, however, mainly related to the Group's more recently acquired Italian subsidiaries, no hedging is put in place against interest rate risk.

Interest rate sensitivity

With regard to current financial assets (cash and cash equivalents, bank time deposits), the table below provides details of the sensitivity of the Group's pre-tax profit and equity, assuming that all other variables are stable when interest rates change.

		(percentage points)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	euro	+/- 1	+/-2,404	+/- 1,816
	other currencies	+/- 1	+/- 334	+/- 250
2022	euro	+/- 1	+/-110	+/- 83
	other currencies	+/- 1	+/- 317	+/- 238

With regard to financial liabilities (average value during the year of both short-term and long-term debt), the table below provides details of the sensitivity of the Group's pre-tax profit and equity, assuming that all other variables are stable when interest rates change.

		(percentage points)	(thousand of euro)	(thousand of euro)
		Increase / Decrease	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	Euribor	+/- 1	-/+ 1,010	-/+ 763
	Libor	+/- 1	-/+ 0	-/+ 0
2022	Euribor	+/- 1	-/+ 1,287	-/+ 973
	Libor	+/- 1	-/+ 3	-/+ 2

There are no Interest Rate Swaps in place at December 31, 2023 and, therefore, no sensitivity analysis is provided regarding them.

Currency risk

The Group is exposed to currency risk on foreign commercial transactions. Such exposure is mainly generated by sales in currencies other than the reference currency; during 2023, 52.4% of the sales was denominated in foreign currency, while only 20.2% of the Group's operating expenses was denominated in a currency other than the euro.

In order to manage the financial impact resulting from fluctuations in exchange rates versus the euro, primarily of the US dollar, the Group has in place hedging contracts, the values of which are periodically determined by the Board of Directors at the beginning of the year (or at the end of the previous year) according to the net currency cash flows expected to be generated by the Italian companies of the Group[73]. 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 positions, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign associates, but denominated in euro).
Finally, the Group constantly monitors exchange rate trends in order to decide whether to enter into further risk hedging contracts linked to exchange rate fluctuations in amounts received in foreign

[73] The other Group companies are not included in this valuation as they have operating revenue and expenses mainly in the same functional currency of the financial statements and, therefore, are characterized by natural hedging.

currency from non-recurring company transactions or for funding needed to purchase in other currencies besides the euro.

Contracts entered into in order to hedge the 2023 dollar sales were all settled as at December 31, 2023 (see Note no. 33 for further details), while forward contracts for 2024 were entered into on February 9, 2024 (see Note no. 56).

Exchange rate sensitivity

Currency risk – Sensitivity analysis – Trade receivables/payables, including intragroup positions

For the current trade receivables and payables outstanding at the end of each year, including intragroup positions, the following table provides detailed information on the sensitivity of the Group's pre-tax profit and equity as the US dollar and Japanese yen exchange rates vary, maintaining all other variables fixed. This analysis includes both the trade receivables/payables to the Parent in euro of the foreign associates, and the intragroup trade receivables/payables in foreign currencies of SAES Getters S.p.A., the translation of which may result in exchange rate differences

	(percentage points)	(thousand of euro)	(thousand of euro)
US dollar	**Increase / Decrease**	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	+ 5% - 5%	(85) 223	(64) 168
2022	+ 5% - 5%	(139) 199	(106) 151

	(percentage points)	(thousand of euro)	(thousand of euro)
Japanese Yen	**Increase / Decrease**	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	+ 5% - 5%	(14) 15	(10) 12
2022	+ 5% - 5%	(20) 23	(16) 17

Currency risk – Sensitivity analysis – Cash and cash equivalents and financial assets/liabilities, including intragroup (excluding trade receivables and payables)

For net cash and cash equivalents and financial assets/liabilities (excluding trade receivables/payables), including intragroup and for cash pooling, outstanding at the end of each year, the following table provides information on the sensitivity of the Group's pre-tax profit and equity to changes in the US dollar exchange rate, all other variables remaining the same. This analysis includes both cash and cash equivalents and the parent's financial assets/liabilities with foreign associates, the translation of which may result in exchange rate differences.

	(percentage points)	(thousand of euro)	(thousand of euro)
US dollar	**Increase / Decrease**	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	+ 5% - 5%	(730) 822	(556) 625
2022	+ 5% - 5%	(45) 51	(34) 39

Since no forward contracts were outstanding as at December 31, 2023, no sensitivity analysis is provided on them.

With regard to the net financial position (NFP), a 5% depreciation of the US dollar would have worsened the net financial position at December 31, 2023 by around -392 thousand euros, while a 5% appreciation would have improved the net financial position by around +433 thousand euros.

	(percentage points)	(thousand of euro)
	Increase / Decrease USD	**NFP Effect**
December 31, 2023	+5% - 5%	(392) 433
December 31, 2022	+5% - 5%	(486) 537

Commodity risk

The Group's exposure to commodity risk 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.

Since this risk is assessed as insignificant as at December 31, 2023, no sensitivity analysis was carried out on raw material purchase costs for impairment testing purposes (see Note no. 23).

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.

Credit risk concerning other financial assets, including cash, cash equivalents, time deposits and portfolio securities, is not significant, given the nature of the counterparties. The bank deposits, including bank time deposits, are held with leading Italian and international financial institutions. Also with reference to the securities, investments, however of a residual amount, 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 may manifest itself in the Group's inability to properly balance the investments of the large amount of available liquidity after the sale of the Nitinol business, in order to have, when necessary, sufficient funds to finance organic growth activities and / or strategic transactions (such as mergers & acquisitions or organizational rationalization and restructuring) that involve extraordinary outlays.

In order to minimise such risk, the Administration Finance and Control Division acts as follows:
- constantly monitors the financial requirements of the Group;
- optimizes the liquidity management through a cash pooling arrangement in euro which involves nearly all of the Group's companies;
- invests liquidity in bank deposits and short-term time deposits, with the aim of maintaining capital for possible future uses while ensuring adequate remuneration for a conservative risk profile.

At December 31, 2023, the Group was not significantly exposed to liquidity risk, also considering the availability of bank deposits (and bank time deposits) and liquid securities it has. Please refer to Notes no. 35 and no. 36 and no. 37 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 2023.

51. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The following table shows the guarantees given by the Group to third parties as at December 31, 2023, essentially in line with those given at the end of the previous year.

(Thousands of euros)

Guarantees given by the Group	December 31, 2023	December 31, 2022	Difference
Guarantees	11,623	11,889	(266)

The following table shows information on contractual commitments for short-term and low-value lease payments, as well as accessory costs as at December 31, 2023.

(Thousands of euros)

	Less than 1 year	1-5 years	Over 5 years	Total
December 31, 2023	446	528	0	**974**
December 31, 2022	518	636	0	**1,154**

On June 23, 2020, the Group finalized an agreement with EUREKA! Venture SGR S.p.A. under which SAES has invested in the venture capital fund EUREKA! Fund I - Technology Transfer, a closed-end alternative mutual investment fund, qualified as a EuVECA fund, pursuant to EU Regulation 345/2013. The maximum commitment of SAES is 3 million euros, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. SAES' residual commitment at December 31, 2023 was equal to 1.6 million euros, against capital injections already finalised equal to 1.4 million euros[74] (for further details, see Note no. 25).

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

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. 34.

SAES Getters S.p.A. was subject to an assessment by the Italian tax authority in relation to income for the 2018 tax year. Following this assessment, on June 9, 2023, the Company received a preliminary assessment report 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 assessment notice 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, no risk provision was recognised in the financial statements at December 31, 2023. In its conclusions, the Company was supported by a tax expert who assessed the liability arising from a higher taxable income of 13.2 million euros as "possible"; the remaining liability related to a higher taxable income of 8.6 million euros, on the other hand, was assessed as "likely," but can still be covered by the tax loss carryforwards available to the Company.

52. RELATED PARTY TRANSACTIONS

Related Parties at December 31, 2023 included the following:
- **S.G.G. Holding S.p.A.**, relative majority shareholder that at December 31, 2023 held 30.11%[75] 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 SMAIIA GmbH (formerly Alfmeier Präzision Group), aimed at the development, assembly and marketing of actuator devices based on SMA technology.
With regard to Actuator Solutions GmbH, in 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 B!POD project) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract.
There is a sales agreement in place between the Parent and Actuator Solutions GmbH that envisages 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 (no commissions in 2023).
To secure a financial cushion for Actuator Solutions GmbH, in July 2023 SAES made a capital injection into the joint venture in the amount of 200 thousand euros. A similar capital injection was also made by the equal shareholder SMAIIA GmbH.
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. 34. At December 31, 2023, the financial liability of Actuator Solutions GmbH with SAES Nitinol S.r.l. was equal to a total of 8.2 million euros, including 0.2 million euros in interest accrued during the year 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

[75] 5,018,486 ordinary shares held by S.G.G. Holding had accrued an increase in the voting rights and, therefore, as of December 31, 2023, S.G.G. Holding holds 46.19% of the voting rights.

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. Moreover, in parallel with last year, at December 31, 2023 the financial asset corresponding to the interest accrued in the period January-December 2023 was impaired (160 thousand euros) as it was judged 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 December 31, 2023, the SAES Group granted three convertible bonds 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. 34). The first tranche, equal to 250 thousand dollars, of the last additional convertible bond granted on December 7, 2022 (total of 1 million dollar) 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. On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. paid Flexterra the third tranche, also in the amount of 250 thousand dollars, while the fourth and final tranche, in the same amount, was approved on October 12, 2023.

The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, 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 (698 thousand euros) in the statement of profit or loss for 2023.

Furthermore, it should be noted, that due to the continuing uncertainty about the timing of Flexterra's commercial establishment, the financial asset related to the interest accrued during 2023 on all the various tranches of the convertible bonds granted to the joint venture, amounting to 407 thousand euros, was also impaired because it was judged 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 particular, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, as well as Livia della Porta and Giulio della Porta, children of the Non-executive Director Luigi Lorenzo della Porta, are employees of the Parent.

In this regard, it should be noted that the Related Parties Committee met on the dates of February 9, 2023, March 8, 2023, and June 29, 2023, for evaluations regarding organizational changes that led to the assignment of the role of Group Chief Innovation Officer to Ginevra della Porta and the role of Packaging Division Manager to Lorenzo della Porta, resulting in the amendment of their employment contracts in order to award the position of executive.

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 related party transactions at December 31, 2023 compared with those at December 31, 2022.

(Thousands of euros)

	December 31, 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	25	(235)	40 (*)	0	42 (*)	160	(160)	0	41	0	8,160 (**)	(8,160)	0
Flexterra, Inc.	0	0	45 (*)	0	47 (*)	407	(1,105)	0	90	0	6,560 (***)	(6,560)	0
Total	**25**	**(235)**	**85**	**0**	**89**	**567**	**(1,265)**	**0**	**131**	**0**	**14,720**	**(14,720)**	**0**

(*) Costs recovery.
(**) Loan assets fully impaired (both principal and interest).
(***) Loan assets related to convertible notes fully impaired (both principal and interest).

(importi in migliaia di euro)

	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	16	(326)	40 (*)	0	42 (*)	160	(160)	1	41	(26)	9,621 (**)	(9,621)	0
Flexterra, Inc.	0	0	37 (*)	0	55 (*)	145	(379)	0	91	0	5,437 (***)	(5,437)	(234)
Total	**116**	**(444)**	**77**	**4**	**101**	**305**	**(539)**	**1**	**132**	**(26)**	**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).

The following table shows the guarantees that the Group gave to third parties (and, therefore, included in the detail reported in Note no. 51) in favour of the joint ventures.

(Thousands of euros)

Guarantees given by the Group	December 31, 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)**

The decrease compared to December 31, 2022 is mainly related to the reduction in the nominal amount of the credit facilities granted by the banks to the joint venture Actuator Solutions GmbH.

The following table shows the remuneration of key managers as identified above[76].

(Thousands of euros)

Total remuneration to key management	2023	2022
Short-term employee benefits	51,704	4,375
Post-employment benefits	481	837
Other long-term benefits	(443)	674
Termination benefits	0	0
Share-based payments	2,098	500
Total	**53,840**	**6,386**

The item "**Short-term employee benefits**" mainly consists of fixed and variable remuneration of the key managers. The very sharp increase compared to 2022 is attributable to the extraordinary remuneration paid to both Executive Directors and employees qualified as Key Managers following

[76] Also included in this amount is the remuneration received by Ginevra della Porta, Lorenzo della Porta, Livia della Porta and Giulio della Porta under the terms of their employment contracts with the SAES Group.

the sale of the Nitinol business, as part of the incentive plan called the *Asset Sale Plan*[77], for details of which see the Report on the remuneration policy and payments made in 2023. On the other hand, although with much lower absolute values, lower variable remuneration is reported, set aside following a pro-rata methodology based on the results of the first nine months of the year 2023, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

With regard to the remuneration related to the *Asset Sale Plan* in connection with the Nitinol business sale transaction, it should be noted that the two Executive Directors and the two Key Managers, have proposed to reduce by 30% the amount of the incentive to which they are entitled, net of tax and contribution adjustments related to regional and municipal surtaxes, which will be due from the beneficiaries themselves during the year 2024 (related to 2023) and the year 2025 (related to 2024). In addition, the Executive Directors have proposed that the payment of the incentive due to them, as reduced, should take place according to terms more favourable to SAES and, in particular, as to 50%, according to the timetable provided for in the *Asset Sale Plan* and, as to the remaining 50%, 12 months after the payment of the first tranche.
The aforementioned reductions were the subject of settlement agreements and, as such, the subject of favourable opinions, expressed unanimously, of the Remuneration and Appointments Committee and the Related Parties Committee, each for the parts within their respective areas of competence, as well as of resolutions of the Board of Directors.

The reduction in the item "**Post-employment benefits**" is mainly attributable to the lower cost for the end-of-term Indemnity recognized to the Executive Directors (defined contribution plan, calculated as a fixed percentage of the remuneration received, fixed and variable).

The item “**Other long-term benefits**” includes provisions for the three-year monetary incentive plans recognised to both Executive Directors and Key Managers. The positive balance is attributable to the partial release of the amount set aside in the previous two years for Executive Directors, following the partial achievement of the objectives assigned at the end of the three-year period (for further details on the three-year long term incentive plans, see Note no. 41).

The item "**Share-based payments**" includes the provision for the phantom share incentive plan: the higher amount compared to 2022 is correlated with the higher SAES share value starting from the beginning of the year, following the announcement of the sale of the Nitinol business (for further details on phantom shares, please refer to Note no. 41).

At December 31, 2023, the **amount due** to Key Managers, as defined above, was equal to 31,079 thousand euros, against 4,743 thousand euros at December 31, 2022. The increase is mainly related to the aforementioned *Asset Sale Plan* concerning the sale of the Nitinol business, of which only a first tranche, equal to approximately 50%, was paid by December 31, 2023, while the second tranche will be paid in 2024. The reduction in liabilities for variable remuneration (set aside following a pro-rata methodology based on the results of the first nine months of the year 2023, i.e., before the sale of the Nitinol business) and for three-year incentive plans (partial release of the amount set aside in the two previous years following the failure to fully achieve the assigned targets) was offset by the increase in the liabilities for the phantom shares plan (related to the appreciation of the share price).

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[77] Monetary bonus plan for the Executive Directors, the Key Managers, i.e. the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, non-current assets and assets, if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests.

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24, it should be noted that also in 2023 all Related Party transactions were carried out in the ordinary course of business, at financial conditions in line with standard market conditions.

It should be noted that, with regard to the aforementioned reduction in the remuneration linked to the *Asset Sale Plan* in relation to the transaction for the sale of the Nitinol business proposed by the two Executive Directors and the two Key Managers, although this reduction did not result in exceeding the materiality thresholds provided for transactions of Greater Significance pursuant to the "Regulation containing provisions on related party transactions" adopted by Consob with resolution no. 17221 of March 12, 2010, in view of the fact that the total amount of incentives due to the above-mentioned beneficiaries exceeded these thresholds, the procedure provided for transactions of Greater Significance was applied for the purpose of maximum transparency.

53. 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 and entities in 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 2023
INPS	Grants for employment in disadvantaged areas - "Decontribuzione Sud" (article 27 of Legislative Decree 104/2020)	1,089
MISE	Tax credit for research and development	215
Cassa per i servizi energetici e ambientali (CSEA)	Facilities for enterprises with an electricity-intensive business	722
Agenzia delle Entrate	Tax credit for new capital goods (Law 160/2019)	13
INPS	Exemption from the payment of social security contributions for new permanent employment/conversion in the period 2021 - 2022 (article 1 paragraphs 10-15 Law 178/2020)	22

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.

54. GROUP WORKFORCE

The following table shows the number of employees by category.

Group's employees	December 31, 2023	December 31, 2022	average 2023	average 2022
Managers	68	104	101	105
White-collars and junior managers	273	374	640	368
Blue-collars	300	687	317	692
Total (*)	**641**	**1,165**	**1,058**	**1,165**

(*) The figure does not include the employees of the joint ventures.

The number of employees as of December 31, 2023 was 641 (of which 112 were abroad) and compares with 1,165 employees as at December 31, 2022 (of which 621 were abroad): the decrease (-524 employees) is related to the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. (Nitinol business) finalized on October 2, 2023. Excluding this sale, as well as the liquidation of the Korean subsidiary SAES Getters Korea Corporation, the workforce as at December 31, 2023 decreased by 9 units compared to the end of the previous year (reduction concentrated in SAES Coated Films S.p.A.).
This figure does not include the staff employed in Group companies with contracts other than employment contracts, equal to 14 units (61 units as of December 31, 2022, a decrease of 47 units again mainly attributable to the aforementioned sale of the Nitinol business).

The decrease in the average number of employees in 2023 (1,058) compared to the previous year (1,165) is also mainly attributable to the sale of the Nitinol business. On a like-for-like basis[78], the average workforce would have increased by 9 units (increase concentrated in the Parent due to the strengthening of the workforce, to support future growth).

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	December 31, 2023	December 31, 2022
	50%	**50%**
Managers	1	1
White-collars and junior managers	14	13
Blue-collars	1	1
Total (*)	**16**	**15**

(*) The figure does not include the personnel employed with contracts types other than employement agreements, equal to 1 unit both on December 31, 2023 and on December 31, 2022 (according to the percentage of ownership held by the Group).

Flexterra	December 31, 2023	December 31, 2022
	47.10%	**46.84%**
Managers	2	2
White-collars and junior managers	3	3
Blue-collars	0	0
Total (*)	**5**	**5**

As at December 31, 2023, the number of employees is substantially in line with the end of 2022. This figure does not include resources employed at the joint ventures with contracts other than

[78] That is, excluding the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., as well as the liquidation of the Korean subsidiary SAES Getters Korea Corporation.

employment contracts (equal to 1 unit as at both December 31, 2023, and the end of 2022, again according to the percentage own by the Group).

55. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-duodecies "Disclosure of fees" of the Issuers' Regulations, introduced by Consob with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for audits and for the provision of other audit services, tax advisory services and other services other than auditing, indicated by type or category, are summarised in the table below.

(Thousand of euros)

Services	Subject who provided the service	Recipient	Fee	
Audit (*)	Parent Company auditor	SAES Getters S.p.A.	194	
Other audit services	Parent Company auditor	SAES Getters S.p.A.	66	(**)
Tax advisory services	Parent Company auditor	SAES Getters S.p.A.	0	
Other services	Parent Company auditor	SAES Getters S.p.A.	15	(***)
Audit (*)	Parent Company auditor	Subsidiaries	226	
Other audit services	Parent Company auditor	Subsidiaries	0	
Tax advisory services	Parent Company auditor	Subsidiaries	0	
Other services	Parent Company auditor	Subsidiaries	0	
Audit (*)	Parent Company auditor network	Subsidiaries	38	
Other audit services	Parent Company auditor network	Subsidiaries	0	
Tax advisory services	Parent Company auditor network	Subsidiaries	0	
Other services	Parent Company auditor network	Subsidiaries	0	

(*) Audit fees include ancillary costs related to the technology used to support the professional activity (connectivity, IT infrastructure, databases, proprietary and/or licensed software, etc.) as well as secretarial and communication expenses.

(**) Including:
- 18 thousand euros for certification activities of the tax credit recognized on investments in research and development (Law December 29, 2019, no. 160, article 1, from paragraph 198 to paragraph 209);
- 48 thousand euros for limited assurance engagement on Consolidated Non-financial Statement prepared pursuant to Legislative Decree December 30, 2016 no. 254.

(***) Assistance in the preliminary phase of assessing the impacts arising from the adoption of International Financial Reporting Standard IFRS 17 "Insurance Contracts."

56. EVENTS AFTER THE REPORTING DATE

On January 18, 2024 SAES Getters S.p.A. made a 5 million dollar payment to the US company TAE Technologies, Inc. following the **signing of a SAFE (Simple Agreement for Future Equity) and Call Option Purchase Agreement**. TAE Technologies, Inc. based in California but with international presence in the EU and UK, through its subsidiary TAE Fusion Power, LLC, is developing a new nuclear fusion solution to produce energy cleanly and without harmful emissions. The SAFE will be transformed into equity at the end of the fundraising operation launched by TAE at the end of the year 2023 and SAES will become a privileged investor of TAE, with the aim of encouraging the adoption of its innovative getter solutions in clean nuclear merger projects.
A further investment in TAE Technologies, worth 2.5 million dollars and with the same characteristics as the previous one, was authorized by the Board of Directors of SAES Getters S.p.A. on March 14, 2024.

On January 26, 2024, following the due date of a Credit Link Certificate (CLC) with a nominal value of 7.5 million euros, SAES Getters S.p.A. **signed two new CLCs**, amounting to 3.8 million euros each, maturing in December 2026 and December 2028, respectively. The first CLC provides for an annual fixed rate of 3.75%, while a floating rate based on the 3-month Euribor will accrue on the second CLC (1.90% + 3-month Euribor).

On February 2, 2024, SAES Nitinol S.r.l. made a capital injection **of 250 thousand euros into the joint venture Actuator Solutions GmbH**. A similar injection was also made by the German shareholder SMAIIA GmbH.

With regard to the **investment** completed **in the venture capital fund EUREKA!,** on February 7, 2024 **a payment of 100 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 already in the portfolio Eye4NIR S.r.l. (the new bridge round will allow the continuation of technological development activities) and 3DNextech S.r.l. (payment of the second tranche subject to notice pursuant to Golden Power regulations), as well as the new investment in RehouseIT S.r.l. (a Benefit Corporation whose mission is to revolutionize the construction industry through the development of an environmentally friendly building material designed and developed to emit up to 80% less CO_2 than standard concrete).

In order to protect the profit margins from exchange rate fluctuations, on February 9, 2024, **forward contracts were taken out on the US dollar** for a notional value of 11 million US dollars, with an average forward exchange rate of 1.0845 to the euro. These contracts will extend for the period February - December 2024.

In February 2024, SAES Nitinol S.r.l. signed the **waiver of the portion of interest accrued in 2023 on the loans granted *to the joint venture* Actuator Solutions GmbH**, amounting to 160 thousand euros, [79]to support its business continuity and accelerate its equity replenishment. The above waiver will have no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) had already fully impaired at December 31, 2023.

On February 27, 2024, SAES Getters S.p.A. signed a union agreement to incentivize the voluntary redundancy of up to a maximum of about 40 employees in the Lainate office who will reach the regulatory requirements for pension in the next 7 years, using the tool, as per Article 4 of Italian Law No. 92/2012 (**Isopension**). A similar agreement was signed for a maximum of 50 employees of the Avezzano office on March 8, 2024. The overall costs related to the employee Isopension plan are estimated at around 14 million euros for both sites and will be allocated in 2024 in a specific provision. The transaction, once completed, will allow savings in annual personnel expense of approximately 4.5 million euros.
The two agreements, which are expected to be concluded by the end of 2026, are in addition to the one signed for executives on December 14, 2023, whose provision, amounting to 11.4 million euros, is already in the financial statements at December 31, 2023.

On March 5, 2024, the **extension of the maturity date of the convertible bonds granted to Flexterra, Inc.** (principal of 6 million dollars) from January 31, 2024 **to March 31, 2025** was approved, as well as the payment of an **additional convertible bond** for a total of 500 thousand dollars, with the same characteristics as those already granted previously, for a total of 6 million dollars (i.e., due date on March 31, 2025 and annual interest of 8%). To be noted is that as a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).
Flexterra will receive from another shareholder a loan similar to that granted by SAES for a total of 200 thousand dollars.

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[79] This was in addition to the portion of interest, equal to 2.4 million euros, which SAES Nitinol S.r.l. had already previously waived.

On March 13, 2024, SAES Getters S.p.A. received a communication from the shareholder S.G.G. Holding S.p.A. regarding the list that the same shareholder intends to submit within the legal deadlines, in view of the **renewal of the Company's board of directors**.

The list does not include the name of Giulio Canale, who was a member of the Company's Board of Directors for numerous mandates. The shareholder indicated that, in a context of discontinuity, this choice was prompted by the intention to contain the Company's operating expenses, which had been greatly downsized following the sale of the Nitinol business, thanks to which a large amount of cash was generated to meet the extraordinary costs associated with the non-renewal.

At the March 14, 2024 Board meeting, the plan for managing the transition was presented, which includes an appropriate period during which Giulio Canale confirmed his willingness to provide full assistance to the Company.

The Board also noted that the reasons given by the shareholder are consistent with the initiatives already undertaken by the Company, aimed at a **reorganization of the Group**, for the purpose of cost containment, as well as the rejuvenation of management and the corporate population in general. The initiatives are aimed at aligning the organization with the strategic needs of the coming years, which will see the Company committed to bringing to the market the results of research in the world of fine chemicals and, in parallel, a process of inorganic growth in complementary activities to those of the Group.

In particular, the industrial initiatives already launched to date mainly concern the Parent and are aimed at increasing efficiency and effectiveness, as well as planning organizational stability:

i) **a rejuvenation** and **cost efficiency project** was launched through the use of the Isopension tool for the managers and employees of SAES Getters S.p.A., in view of the organizationally necessary replacements, a net saving of approximately 4.5 million euros is expected to be achieved when fully operational;
ii) a project was launched **to corporatize the scope of the High Vacuum Division**, with simultaneous construction of a pole of excellence at the Lainate site, where all the Division's activities will be concentrated;
iii) **rationalization of the industrial footprint of the Industrial Division, through concentration and strengthening of the activities of the shape memory alloys at the Avezzano site, while maintaining the product development activities at the Lainate site. Expansion of activities on the US market, through an organic growth plan, mainly in the** defence sector;
iv) **expansion of activities relating to the Chemicals Division** by strengthening the organisational structure aimed at entering particularly attractive new markets, first and foremost among them cosmetics;
v) goodwill of an **inorganic growth project in the Packaging Division**.

It is reported that one of the main directions for organic and inorganic growth is by focusing attention on sustainability issues.

Consistent with the Remuneration Policies of the last few years, with no exceptions, and as represented by the existing contractual arrangements, Giulio Canale has accrued the right to receive amounts for not submitting his candidacy for renewal and thus the termination of his term of office as a member of the Board of Directors of the Company.

The details of the amounts that will be disbursed by the Company to Giulio Canale are indicated below.

(Thousands of euros)	2024	2025	2026	Total
Compensation for non-renewal	3,568,906			**3,568,906**
Phantom Shares (*) (**)	6,583,397			**6,583,397**
Non-Compete Agreement		390,000	390,000	**780,000**
End-of-term indemnity		85,800	85,800	**171,600**
Total	**10,152,303**	**475,800**	**475,800**	**11,103,903**

(*) Estimate as of March 14, 2024; precise value will be calculated on April 23, 2024, as per the Phantom Shares Regulation.

(**) Including 1,234,676 euros already accrued in the Financial Statements at December 31, 2023.

Other payments to G. Canale for items already budgeted for 2023

(Thousands of euros)	2024	2025	2026	Total
2023 MBO & 2021-2023 LTIP	511,844			**511,844**
End-of-term indemnity	112,606			**112,606**
Asset Plan - second tranche (***)	6,934,777			**6,934,777**
Total	**7,559,227**	**0**	**0**	**7,559,227**

(***) Equal to the first tranche paid in November 2023, which does not include the final balance due to the future release of the escrow.

On March 13, 2024, SAES Nitinol S.r.l. signed an agreement with its German shareholder SMAIIA GmbH **to sell** to the latter, as of January 1, 2024, **50% of the amount of the loan granted to the joint venture Actuator Solutions GmbH** (total amount of the loan sold equal to 4 million euros) against a consideration of 200 thousand euros. It should be noted that the financial asset related to the interest bearing loan was already fully impaired as at December 31, 2023.

Lainate (MI), March 14, 2024

on behalf of the Board of Directors
Massimo della Porta
Chairman

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-*ter* of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his position as Deputy Chairman and Managing Director and in his capacity of Manager in charge of financing reporting of SAES Getters S.p.A., confirms, also in accordance with the provisions of article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the actual application

of the administrative and accounting procedures for the preparation of the consolidated financial statements, in the period January 1 - December 31, 2023.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 19, 2023, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007 and updated on December 20, 2012, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the "Law on Savings") implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market;
- The Control Model, with reference to the organisational chart of the SAES Group:
  - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of financial reporting (hereinafter the "Manager in Charge");
  - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
  - with specific reference to the latter aspect, envisages the integration of the Group Accounting Principles and the IAS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
  - defines the certification methods of the Subsidiaries with the aim of regulating the activities that the Chief Executive Officers, General Managers and Administrative Managers of the Companies included in the scope of consolidation must carry out with respect to the Manager in Charge;
  - defines procedures and the frequency of the administrative-accounting Risk Assessment process, to identity the most relevant processes for the purposes of accounting and financial disclosures.

2.2 Implementation of the Administrative-Accounting Control Model in SAES Getters S.p.A. and relative results of the internal certification process

Refer in this regard to paragraphs 2.2, 2.3 and 2.4 of the Certification of the separate financial statements of SAES Getters S.p.A., which are reported here with specific reference to the consolidation process.

2.3 Internal administrative-accounting control system of the subsidiaries of the SAES Group

- Following the administrative-accounting Risk Assessment carried out on the basis of the data of the 2022 consolidated financial statements and the interim financial report at September 30, 2023 - the most important administrative-accounting processes were selected, based on materiality criteria, for each of the Group companies.

- For the purpose of certifying the consolidated financial statements, the Manager in Charge requested for each of the subsidiaries involved in significant processes the transmission of a representation letter, drawn up in accordance with the format attached to the SAES Group's Administrative and Accounting Control Model and signed by the General Managers/Financial Controllers, certifying the accuracy of the company's accounting and financial reporting as well as the consistency of financial reports with respect to the company's transactions and related accounting records.

2.4 Results of the certification process by the subsidiaries of the SAES Group

- At today's date, the Manager in Charge, with the assistance of the *Group Reporting and Consolidation Manager,* has received all 12 representation letters requested, signed by the General Manager/Financial Controller of the subsidiaries and branches involved with the processes selected as important following the Risk Assessment process.

As a result of the audit activities carried out by the Internal Audit Function in support of the Manager in Charge, no significant aspects have emerged that need to be reported.

3. The following is also confirmed:

3.1. The consolidated financial statements as at and for the year ended December 31, 2023:

a) have been prepared in compliance with the applicable International Financial Reporting Standards endorsed by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council of July 19, 2002 and Delegated Regulation (EU) No. 2019/815 of December 17, 2018 of the Commission (in short "ESEF Regulation");
b) correspond to the accounting books and records;
c) provide a true and faithful account of the financial performance, financial position and cash flows of the issuer and the group of companies included in the scope of consolidation.

3.2. The Report on operations contains a reliable analysis of performance and of the results of operations, as well as the issuer's situation, and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2024

The Deputy Chairman and Managing Director and
Manager in charge of financial reporting

REPORT ON OPERATIONS OF SAES GETTERS S.P.A.

SAES Getters S.p.A. financial highlights

Statement of Profit or Loss Figures (thousands of euros)	2023	2022 [1]	Difference	Difference %
REVENUE				
- SAES Industrial	44.205	41.696	2.509	6,0%
- SAES High Vacuum	17.998	20.040	(2.042)	-10,2%
- SAES Chemicals	13.293	14.714	(1.421)	-9,7%
- SAES Packaging	0	0	0	n.a.
- Not Allocated [2]	62	32	30	93,8%
Total	**75.559**	**76.482**	**(924)**	**-1,2%**
GROSS PROFIT (LOSS)				
- SAES Industrial	20.937	19.329	1.608	8,3%
- SAES High Vacuum	9.590	11.917	(2.327)	-19,5%
- SAES Chemicals	2.574	2.820	(246)	-8,7%
- SAES Packaging	(166)	(125)	(41)	32,8%
- Not Allocated [3]	(500)	(148)	(352)	237,8%
Total	**32.435**	**33.793**	**(1.358)**	**-4,0%**
% of revenue	*42,9%*	*44,2%*	*147,0%*	*332,6%*
EBITDA (GROSS OPERATING LOSS)	**(104.047)**	**(4.903)**	**(99.144)**	**2022,1%**
% of revenue	*-137,7%*	*-6,4%*	*10729,9%*	
OPERATING LOSS	**(110.172)**	**(10.579)**	**(99.593)**	**941,4%**
% of revenue	*-145,8%*	*-13,8%*	*10778,5%*	
PRE-TAX PROFIT	**685.268**	**4.359**	**680.909**	**15620,8%**
% of revenue	*906,9%*	*5,7%*	*-73691,5%*	
PROFIT FOR THE YEAR	**686.983**	**2.936**	**684.047**	**23298,6%**
% of revenue	*909,2%*	*3,8%*	*-74031,1%*	

Statement of Financial Position Figures (thousands of euros)	December 31, 2023	December 31, 2022 [1]	Difference	Difference %
Property, plant and equipment	42.199	42.101	98	0,2%
Equity attributable to the owners of the pare	817.175	186.410	630.765	338,4%
Net financial position	719.834	15.140	704.694	4654,5%

Other Information (thousands of euros)	December 31, 2023	December 31, 2022 [1]	Difference	Difference %
Cash flows used in operating activities	(71.469)	(9.200)	(62.269)	676,8%
Research and development expenses	10.071	9.292	779	8,4%
Number of employees as at December 31 [4]	456	462	(6)	-1,3%
Personnel expense [5]	49.075	36.320	12.755	35,1%
Aquisition of property, plant and equipment	5.426	8.580	(3.154)	-36,8%

(1) Some comparative amounts do not coincide with what is reported in the 2022 Annual Financial Report as they were reclassified to reflect the effects of the sale of the investments in the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalised on October 2, 2023. Following this sale, the **SAES Medical Nitinol Division** ceased to exist and for the purposes of a better reading of the statement of profit or loss, the costs associated with the disposal of the equity investments were reclassified under a single item called "Costs associated with the disposal of equity investments". Consequently, the balances for the year 2022 were reclassified to ensure comparability between the two years (the reclassifications made on the comparative balances are detailed in Note10, paragraph "Costs associated with the disposal of the equity investments" to the Separate Financial Statements at December 31, 2023).
(2) Revenue deriving from the completion of development activities and from the market launch of highly innovative products, pursuing the objective of using the Company's advanced technologies to establish itself in new application sectors.
(3) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Company as a whole, but which refer to the Company as a whole, as well as those costs aimed at the development and market launch of new, highly innovative products.
(4) At December 31, 2023, this item includes:
- 445 employees (455 at December 31, 2022);
- the personnel working for the Company with contract types other than employment agreements equal to 11 units (7 units at December 31, 2022).

(5) At 31 December 2023, the severance costs, included in personnel expense, were 13,012 thousand euros (25 thousand euros in 2022) and include provisions for executive pension plans of 11,400 thousand euros. Compared to what is reported in the 2022 financial statements (80 thousand euros), 55 thousand euros were reclassified as costs associated with the disposal of equity investments.

Alternative performance indicators

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

Gross profit and gross profit margin

(thousand of euro)

	2023	2022
Revenue	**75,559**	**76,482**
Raw materials and change in raw materials	(14,525)	(19,916)
Direct labour	(7,730)	(8,188)
Manufacturing overheads	(17,808)	(17,725)
Change in work in progress and finished goods	(3,061)	3,139
Cost of Sales	**(43,124)**	**(42,690)**
Gross Profit	**32,435**	**33,793**
% Gross profit margin	*42.9%*	*44.2%*

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

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

EBITDA

(thousands of euros)

	2023	2022
Revenue	**75,559**	**76,482**
Profit for the year	**686,983**	**2,936**
Income taxes	1,715	(1,423)
Exchange gains	3,611	1,100
Exchange losses	(18,226)	(1,665)
Impairment loss on equity investments, loan assets and other financial assets	(8,523)	(13,687)
Impairment gains on equity investments	2,200	0
Financial income	11,466	1,646
Dividends from group company	7,667	30,709
Financial expense	(3,041)	(3,164)
Capital gain from alignment of equity investments	800,286	0
Operating loss	**(110,172)**	**(10,579)**
Depreciation of property, plant and equipment and amortisation of intangible assets	(5,359)	(4,802)
Depreciation of right-of-use assets	(755)	(779)
Impairment losses on property, plant and equipment and intangible assets	(11)	(95)
EBITDA	**(104,047)**	**(4,903)**
% of revenue	*-137.7%*	*-6.4%*

EBITDA is not considered as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Company's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the criterion applied to the Company may not be in line with those adopted by other Companies. EBITDA is calculated as "Pre-tax profit (loss) for the year, net of exchange gains (losses), share of the profit (loss) of equity-accounted investees, net financial income (expense), as well as impairment losses on property, plant and equipment and intangible assets and amortisation/depreciation". **Percentage EBITDA** is the ratio between EBITDA and sales.

Net Financial Position (NFP)

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

(thousands of euros)

		December 31, 2023	December 31, 2022
A	Cash	76,292	5,543
B	Cash equivalents	0	0
C	Other current financial assets	389,499	28,574
D	**Liquidity (A+B+C)**	**465,791**	**34,117**
E	Current financial debt (including debt instruments, but excluding current portion ofnon-current financial debt)	(7,425)	(68,746)
F	Current portion of non-current financial debt (*)	(739)	(782)
G	**Current financial indebtedness (E+F)**	**(8,164)**	**(69,528)**
H	**Net current financial position (indebtedness) (G+D)**	**457,627**	**(35,411)**
I	Non-current financial debt (excluding current portion and debt instruments) (**)	(1,612)	(2,034)
J	**Non-current financial indebtedness (I)**	**(1,612)**	**(2,034)**
	Total financial position (indebtedness) (H+J)	**456,015**	**(37,445)**

(*) Of which 739 thousand euros related to current lease liabilities

(**) Of which 1.140 thousand euros related to non-current lease liabilities

(thousands of euros)

	December 31, 2023	December 31, 2022
Total financial position (indebtedness) - in accordance to ESMA guidance	**456,015**	**(37,445)**
Current financial assets with related parties	253,720	49,378
Non-current financial assets with related parties	350	3,207
Other non-current financial assets with third parties	9,749	0
Securities in portfolio - non-current assets	0	0
Net financial position - included in Report on operation	**719,834**	**15,140**

Net Working Capital (NWC)

Net Working Capital is shown in the table below.

(thousand of euro)

	December 31, 2023	December 31, 2022
Inventories	12,448	14,935
Trade receivables	10,807	11,469
Trade payables	(9,851)	(11,774)
Net Working Capital	**13,404**	**14,630**

Exchange rate effect and organic change

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

To calculate the **organic change**, the costs and revenue in currencies of the current year are reconverted into euros at the incremental average exchange rate of the year and subsequently compared with those in euros of the previous year. Lastly, the **exchange rate** effect is calculated instead by the difference between overall change and organic change.

Information on SAES Getters S.p.A.

A pioneer in the development of getter technology, the Company SAES Getters S.p.A. (hereinafter the "Company") is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions are required. In more than 80 years of activity, the Company's getter solutions have been supporting innovation in the information display and lighting industries, in sophisticated high vacuum systems for accelerators and synchrotrons 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 Company 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 are used today for the production of actuator devices for the industrial sector (home automation, white goods industry, consumer electronics, healthcare, automotive and luxury sector).

More recently, the Company 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.

The Company also offers functional acoustic composites for the consumer electronics market and new functional materials developed from two main technological platforms are currently in the validation stage: special zeolites and microcapsules. These new developments can be applied in various sectors, from cosmetics to the paint & coatings segment, as well as that of polymers of natural origin.

Among the Company's most recent application sectors, that of advanced packaging is particularly strategic, where the Company 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.

The Company is headquartered in Milan.

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

As at December 31, 2023, S.G.G. Holding S.p.A. with registered office in Milan, via Santa Maria Fulcorina No. 2, is the main shareholder of SAES Getters S.p.A. but does not hold the majority of the voting rights that can be exercised at the Shareholders' Meeting[1] and does not exercise management and coordination activities over SAES Getters S.p.A. pursuant to Article 2497 of the Civil Code. Indeed, as described in more detail in the Report on Corporate Governance and Ownership Structure for 2023, S.G.G. Holding S.p.A., despite having the relative majority of the voting rights of SAES Getters S.p.A., does not exercise management and coordination activities in respect of the latter in view of the fact that S.G.G. Holding S.p.A., in management, operational and industrial terms, does not play any role in the definition of the annual budget and long-term strategic plans and investment choices, does not approve certain significant transactions of the Company and its subsidiaries (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 better specified in Note 36 to the Separate Financial Statements at December 31, 2023, following the joint partial voluntary public offer for 1,364,721 savings shares and subsequent mandatory conversion of savings shares not purchased into ordinary shares, completed on August 4, 2023, at the end of the year SAES Getters S.p.A. does not hold ordinary shares (as at December 31, 2022, ordinary treasury shares held were 3,900,000). Also, as a result of this transaction, starting from the beginning of August 2023, the savings shares were cancelled and are therefore no longer traded on the market. No subsidiary holds shares in SAES Getters S.p.A., not even through a trust company or a third party.

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.

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[1] S.G.G. Holding S.p.A. held 30.11% of the shares of SAES Getters S.p.A. at December 31, 2023, and has 46.19% of the voting rights (percentage calculated taking into account that 5,018,486 shares held by S.G.G. Holdings S.p.A. have accrued the increased voting right).

Organisational structure

The Company's organisational structure comprises four Divisions: Industrial, High Vacuum, 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 Company as a whole, and the costs related to the basic research projects or aimed to diversify into innovative businesses, are shown separately from the five Divisions.

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

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	High and ultra-high vacuum getter pumps, vacuum chambers and components and scientific instrumentation for accelerators, integrated vacuum mechanics solutions and getter technologies for industry and research
SAES Chemicals Division	
Functional Chemicals	Functional acoustic composites for consumer electronics applications and new functional materials being validated at prospects in different application sectors
SAES Packaging Division	
Packaging Solutions	Advanced lacquers and plastic films for the sustainable packaging sector

Compared with the previous year, to be noted is that the organisational structure has changed following the disposal of equity investments and, in particular, of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalised on October 2, 2023. Following this sale, the **SAES Medical Nitinol Division** ceased to exist and for the purposes of a better reading of the statement of profit or loss, the costs associated with the disposal of the equity investments were reclassified under a single item called "Costs associated with the disposal of equity investments". The balances for the year 2022 were reclassified accordingly, to ensure comparability between the two years (the reclassifications made on the comparative balances are detailed in Note 5, paragraph "Reclassifications on the 2022 balances" to the Separate Financial Statements at December 31, 2023).

SAES Industrial Division

Getters & Dispensers

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

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

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

Sintered Materials

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

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

SMA Materials

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

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

SAES High Vacuum Division

High Vacuum Solutions

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

The Division's core offering was enriched through the acquisition of Strumenti Scientifici Cinel S.r.l. in July 2021 and the acquisition of the entire quota capital of SAES RIAL Vacuum S.r.l. in May 2022. Strumenti Scientifici Cinel S.r.l. is a leading company in the supply of scientific instrumentation for accelerators and research and has made it possible to strengthen the SAES's leadership in the research market, expanding the technological and product offering from pumps to vacuum chambers, to beamlines, to synchrotron scientific instrumentation and to accelerators. SAES RIAL Vacuum S.r.l. is active in the supply of coated getter vacuum chambers and various vacuum devices for synchrotrons and accelerators as well as vacuum engineering services, for both industrial and research customers.

Recent acquisitions have enabled the Company to develop important skills in the design of systems that integrate vacuum mechanics, pumping units and control electronics. During 2022, the Division began supplying the NEG pump for the RFX Consortium, an important Italian contribution linked to the ITER project.

The pump, conceived, engineered, and built entirely by the Company, will be supplied together with the power supply and control system and will guarantee a vacuum in the RFX ion source.

SAES Chemicals Division

Functional Chemicals

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

Having passed the prototype stage, some of these materials are being validated by prospective customers, who are evaluating their use as functional additives in various application sectors, from paint & coatings segment to that of polymers of natural origin. A line of additives for the sector of personal care is also at an advanced stage of development.

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

SAES Packaging Division

Packaging Solutions

The *Functional Chemicals* technological platform has been used to develop the application of advanced functional coatings on innovative plastic films for food packaging, an area in which the Company operates through SAES Coated Films S.p.A., a well-established player in the advanced packaging sector. In the high-performance packaging market, in terms of protection and durability of the product to be stored, the Company competes with innovative solutions that add to the technological functionality the sustainability of materials designed for recycling and composting. The market to which the Division's activities are aimed is undergoing major expansion, under a European legislative pressure to convert plastic packaging into solutions with high recycling potential. Thanks to the experience gained through years of interaction with the plastic transformer industry and the food industry, SAES Coated Films S.p.A. is now able to design and develop innovative packaging solutions, taking advantage of the versatility of its technologies and products. Thanks to this strategic positioning, the Company is able to convey to the market the added value enabled by its technological portfolio and to further increasing awareness of its brand.

Significant events in 2023

The relevant event that most characterised the year 2023 is the **sale of equity investments in the US subsidiaries operating in the Nitinol business, Memry Corporation and SAES Smart Materials, Inc.,** to the company Resonetics, LLC. Resonetics, based in Nashua, New Hampshire, and whose main shareholders are the global investment company Carlyle and the leading private equity fund GTCR. The company is a leader in the design and production of devices for the medical and life sciences industry. The company is focused on the production and assembly of high-tech components and provides customers with a wide range of solutions and services, from design and development to large-volume prototyping.

On January 9, 2023, the Company signed a binding agreement for the sale of the two US subsidiaries, while the favourable opinion from the *Federal Trade Commission* (FTC) regarding the transaction was received on September 12, 2023, upon conclusion of the "Second Request" procedure pursuant to the *Hart Scott-Rodino Antirtrust Improvements Act*, launched at the end of March 2023. The closing of the transaction was finalised on October 2, 2023.

The scope of the sale by the Company includes the entire production process in the Nitinol business, vertically integrated (from the melting of the Nitinol alloy to the production of components) and located entirely in the USA. The Company's activity in the sector of shape memory alloys for industrial applications (*SMA Materials* Business, within the **SAES Industrial Division**) is excluded from the scope of the sale and will continue to be managed by the Company. To this end, a specific contract was signed for the supply by Resonetics to the Company concerning raw material in Nitinol necessary for the Company to continue its industrial SMA business. It should also be noted that the Company's medical business, which uses Nitinol trained wires and Nitinol-based thermostatic actuators (already classified in the *SMA Materials* Business, within the **SAES Industrial Division**), remains excluded from the scope of the sale.

The sale price was 880.1 million dollars, which is the contractually agreed upon price of 900 million dollars (approximately 17 times the adjusted EBITDA related to the sale scope during the period October 1, 2021-September 30, 2022), corrected following a negative adjustment of -19.9 million dollars calculated on the basis of the working capital, debt, cash and tax assets of the sold US companies as at the closing date. This adjustment is still subject to a verification procedure by the buyer and will be finalised by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 by Memry Corporation and SAES Smart Materials, Inc. It should be noted that 15 million dollars were deposited by way of escrow, as normal practice in this type of transaction, to cover any tax liabilities that may arise in the future for the US companies subject to sale. The financial asset related to escrow as at December 31, 2023, is recorded in the financial statements at 10.8 million dollars (9.7 million euros), reduced by 4.2 million dollars (3.8 million euros), to keep considering the possible effects of some tax risks on the sale price.

The carrying amount of the equity investments sold was 31.6 million euros. The capital gain generated by the transaction amounted to 800.3 million euros. Thanks to this transaction, the Company now has a significant injection of liquidity. The **guidelines on the use of proceeds from the sale** were approved by the Board of Directors of the Company held on October 2, 2023 and the following shall be submitted for approval at the next Shareholders' Meeting of April 23, 2024:

- the distribution of a dividend for the year 2023 of 12.51 euros per share, for a total dividend income, relating to the year 2023, of approximately 210 million euros;
- the promotion by the Company of a partial voluntary public offer (OPA) of up to 5,700,325 ordinary shares at a consideration of 24.56 euros per share (ex-dividend 2023) for a total maximum consideration of approximately 140 million euros.

It should be noted that the completion of the repurchase of treasury shares will take place at the same time as the cancellation of the treasury shares purchased, without reducing the amount of the share capital. The Offer is not conditioned by reaching a minimum number of subscriptions. If the number of shares brought to the Public Offer exceeds the maximum 5,700,325 shares being offered, an allocation will be made according to the *"pro-rata"* method. It is expected that, once the necessary approvals and authorisations have been obtained, the public offer may be finalised after the payment of the 2023 dividend and, in any case, by the first half year of 2024. The remaining net proceeds from the sale, indicatively 350 million, will be used to implement a new industrial plan for growth, both organic and inorganic, consistent with the Company's technical and scientific expertise.

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In **financial year 2023, revenue** amounted to 75,599 thousand euros, down 1.2% compared to 76,482 thousand euros in 2022. Excluding the negative exchange rate effect (-1.4%), revenue increased organically by 0.2% (182 thousand euros).

Both the **operating loss** and **EBITDA** deteriorated compared to 2022. The operating loss went from 10,579 thousand euros to 110,172 thousand euros, while EBITDA went from a loss of 4,903 thousand euros to a loss of 104,047 thousand euros. The decline in both indicators in 2023 is substantially due to non-recurring costs, in particular, operating expenses related to the sale of equity investments in the Companies operating in the **Nitinol** business, amounting to 84,799 thousand euros (2,268 thousand euros in 2022) and Severance costs amounting to 13,012 thousand euros (25 thousand euros in 2022), including 11,400 thousand euros related to the provision for the executives' Isopension agreement signed with Federmanager/Assolombarda at the end of the year, to incentivize voluntary exit up to a maximum of 15 executives of the Company.

The year 2023 closed with a **profit for the year** of 686,983 thousand euros, thanks to the capital gain from the disposal of the equity investments associated with the **Nitinol** business (amounting to 800,286 thousand euros).

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The main additional events that occurred in 2023 are described below.

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

At the beginning of January 2023, the Company 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.

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). 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.[2] and INTA Systems S.r.l.[3] A **further payment, equal to 167 thousand euros**, was made on August 2, 2023 to cover the investment in BeDimensional S.p.A.[4], as well as two additional Proofs of Concept (POC), in collaboration with the National Research Council and with the University of Bologna, respectively. On September 18, 2023, **a payment of 72 thousand euros** was made, to continue the investment in the companies already in the portfolio Endostart S.r.l., which has reached the milestone agreed with the investors, and INTA Systems S.r.l., which will thus be able to start the industrialisation of its own *lab-on-chip*, as well as to cover the operating expenses of the fund.

Lastly, on December 7, 2023, the amount of **126 thousand euros was paid** to cover the Investments carried out in the companies:
- NOVAC S.r.l., to allow the continuation of technological development activities;
- Active Label S.r.l., after the positive outcome of the proof of concept;

[2] 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.

[3] **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.

[4] **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.

- RePET S.r.l., whose technology allows the recovery and revaluation of the post-consumer PET thermoplastic polymer from packaging, through innovative green chemical recycling procedures;
- 3DNextech S.r.l., which has developed a patented chemical treatment capable of giving significant aesthetic, mechanical and functional improvements to items made through additive manufacturing.

At the end of January 2023, the Company provided to Flexterra the first tranche of 250 thousand dollars of the additional convertible bond granted on December 7, 2022. The **second tranche**, in an equal amount, was disbursed on June 1, 2023, after the Company positively assessed an updated business plan. On July 26, 2023, after the application milestones set forth in the contract were reached, the Company paid Flexterra the **third tranche**, also in the amount of 250 thousand dollars, while the **fourth and final tranche**, in the same amount, was approved on October 12, 2023. The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, as a provision for risks and charges had already been recognised as at December 31, 2022 against the Company's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the following three tranches has instead generated a financial expense in the statement of profit or loss in 2023.

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

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

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 at May 2023, the Company has made its facilities, laboratories and know-how available to Mimotype, to enable it to accelerate its application development program. The start-up entered phase 2 of the project on September 26, 2023, following the positive outcome of phase 1, and therefore the second round of contribution by the Company was activated. In June 2023, a second company was added to the acceleration program, **Vortex S.r.l. – Società Benefit**, 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 can have access to the Company's laboratories in Lainate, support for marketing activities, as well as access to the Company network, and will benefit from a grant. For the Company, there is also the possibility of becoming a shareholder of the start-ups, acquiring an investment of up to 15% of the share capital. The Company's goal, through **RedZone**, is to develop and grow innovation in advanced functional materials, supporting start-ups in the role of industrial partner. In the second call, with over 30 applications received, two start-ups were selected with which the contract finalisation phase began: **BacFarm,** a Sardinian biotech start-up that extracts innovative active ingredients from extremophilic bacteria for cosmetic applications (UV filters) and Flux Polymer, a Finnish-German start-up that develops smart coatings potentially applicable to the products of SAES Coated Films S.p.A.

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 at 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. His mandate ended in August 2023 following the conversion of the outstanding post-public offer savings shares into ordinary shares.

On April 28, 2023, the Board of Directors of the Company approved signing a **second amendment to the convertible bond granted to the German company Rapitag GmbH** (Munich). Specifically, the contract 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 as such targets were not met. The financial asset corresponding to the first tranche of 200 thousand euros was impaired because it was deemed difficult to recover. 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 the Company 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 bond granted to Rapitag GmbH was signed on June 30, 2023. The disbursement of an additional 200 thousand euros, paid on July 4, was aimed at ensuring the continuation of the development activities of the German start-up. Again, the loan was impaired because it was judged difficult to recover.

The **tax return for the 2018 tax year of the Company** was subject to an **assessment by the Italian tax authority**, following which, on June 9, 2023, the Company received a **preliminary assessment report** 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 Assessment Notice by the competent tax authority. Lastly, on September 25, 2023, the Italian tax authority, through the notice of a questionnaire, requested information on the same issues on which the aforementioned preliminary assessment report is concerned also with reference to the 2017 tax period.

In order to reduce the Company's exposure to financial market volatility, **all securities were sold** during the first half of 2023, **with the exception of the two Credit Link Certificates**(*CLC*) maturing respectively in January 2024 and June 2026.

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 of the subsidiary SAES Nitinol S.r.l.. Actuator Solutions GmbH. A capital injection 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 31, 2023 the **voluntary partial public offer**[5] on 1,364,721 savings shares of the Company concluded successfully. At the closing, the public offer had been accepted for a total of 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 the Company. Since the number of savings shares offered in acceptance of

[5] The Offer Document was approved by Consob on July 6, 2023.

the public offer is higher than the number of savings shares subject to the offer, a distribution coefficient of 28.389% was applied. The consideration due to the holders of savings shares tendered to the public offer and purchased by the Company, equal to 29.31 euros for each savings share, was paid on August 4, 2023, for a total of about 40 million euros, against the simultaneous transfer of ownership of these savings shares to the Company and their ensuing automatic cancellation. The Public Offer was accompanied by the **mandatory conversion** of 6,013,898 savings shares, not purchased by the Company, into ordinary shares, which automatically took place on August 4, 2023, based on the conversion ratio of 1 ordinary share for every 1 savings share of the Company. On the same date, the savings shares were then cancelled and delisted. For the mandatory conversion, 6,013,898 ordinary shares of the Company were used, corresponding to all of the 3,900,000 ordinary treasury shares and 2,113,898 newly issued ordinary shares, with no share capital increase.

On August 28, 2023 the **1 savings share** that the Company **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. The Company's share capital is now made up of 16,785,248 ordinary shares, for a total number of 21,803,734 exercisable voting rights (taking into account the 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 approximately 0.72802 euros per share.

On October 17, 2023 the **closure of the German Branch of the Company** was completed.

On December 14, 2023, the Company signed a **union agreement with Federmanager/Assolombarda** to incentivize the voluntary redundancy of up to a maximum of 15 executives who will reach the regulatory requirements for pension in the next 7 years, using the tool under Article 4 of Italian Law No. 92/2012 (**Isopension**). For the benefit of executives who join the Plan, which is scheduled to end on December 31, 2026, the Company will pay a benefit in an amount equal to the pension that they would be entitled to under current rules and will pay INPS the related notional contribution, until they reach the minimum requirements for retirement, which is expected to be within a maximum period of 7 years from the termination of employment. This initiative, the disposal of the equity investments in the Companies operating in the **Nitinol** business, is part of the new phase undertaken by the Company of transformation and reconfirmation of its technological value, also through a program of alignment and Adjustments of the organisational structures, in all its areas and functions, to the current market context. In relation to the Isopension agreement, the Company reports that it has made a provision as at December 31, 2023 for 11.4 million euros, par to the best estimate of the resources necessary to meet the undertaken obligation. The transaction, once completed, will allow savings in annual personnel expense for an approximate estimate of 4 million euros.

In December 2023, the Company participated in the equity fundraising **promoted by Cambridge Mechatronics Limited**, of which it is already a minority shareholder as at the end of 2020, following the subscription of 159,745 preferred ordinary shares. In particular, on December 18, 2023, the Company acquired, for a consideration of 840 thousand pounds, 456,423 newly issued class B1 preferred shares. These shares are granted certain preferential rights, including priority over capital redemption and a preferred dividend if actually distributed. The Company has also received 117,325 ordinary shares to compensate for the fact that the rights of the preferred ordinary shares acquired in 2020 were subordinated to those of the newly issued class B1 preferred shares. Upon completion of the transaction, the Company's stake in Cambridge Mechatronics Limited is 1.83%.

It should be noted that, using the cash from the sale of the equity investments in the companies operating in the **Nitinol** business, more precisely, in the month of October 2023, both outstanding revolving loans in place with Unicredit S.p.A.[6] and Intesa Sanpaolo S.p.A.[7] and the Company's **short-term loans in the form of "hot money"**, **were repaid**.

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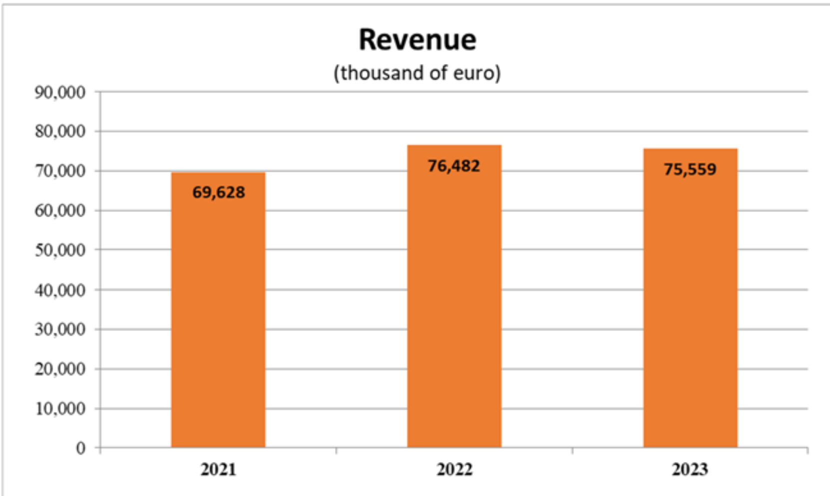
[6] Revolving cash credit facility for a value of 30 million euros, subscribed on March 6, 2020 and extended on February 22, 2023.

[7] Revolving credit facility worth 30 million euros opened on May 29, 2023.

In December, the waiver of the amount of 4,557 thousand euros related to the amount due **from the investee SAES Coated Films** was approved in order to improve its capital base.

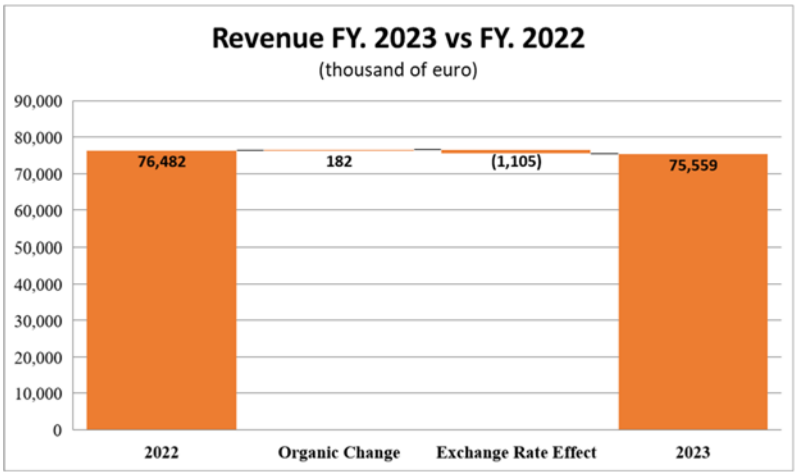
Revenue and results for 2023



In financial year 2023, **revenue** amounted to 75,559 thousand euros, down 1.2% compared to 76,482 thousand euros in 2022. Excluding the **negative exchange rate** effect (-1.4%, for -1,105 thousand euros), **organic growth** was 0.2% (182 thousand euros).

This performance was driven by the **Industrial Division** (organic growth + 8.0%, for 1,686 thousand euros more than the previous year), in particular by the good performance of ***SMA Materials*** sales, more precisely by the sales of SMA trained wires for mobile device applications, which well offset the decline recorded in the more traditional sector of Getters and Dispensers where a natural decrease in the more traditional segments was recorded (in particular, lamps and thermal insulation).

The following chart shows the **change in revenue** in 2023, highlighting the **exchange rate effect** and the difference due to the changes in sales prices and sales volumes (**organic growth**).



The following table provides a **breakdown of revenue by business segment** in 2023 and 2022, along with the **percentage change at current** and **comparable exchange rates**.

(thousands of euros)

Divisions and Businesses	2023	2022	Total difference	Total difference %	Exchange Rate Effect %	Organic change %
Getters & Dispensers	24,255	28,621	(4,366)	-15.3%	-1.7%	-13.5%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	19,950	13,075	6,875	52.6%	-2.5%	55.1%
SAES Industrial	**44,205**	**41,696**	**2,509**	**6.0%**	**-2.0%**	**8.0%**
High Vacuum Solutions	17,998	20,040	(2,042)	-10.2%	-1.4%	-8.8%
SAES High Vacuum	**17,998**	**20,040**	**(2,042)**	**-10.2%**	**-1.4%**	**-8.8%**
Functional Chemicals	13,293	14,714	(1,421)	-9.7%	0.0%	-9.7%
SAES Chemicals	**13,293**	**14,714**	**(1,421)**	**-9.7%**	**0.0%**	**-9.7%**
Packaging Solutions	0	0	0	n.a.	n.a.	n.a.
SAES Packaging	**0**	**0**	**0**	**n.a.**	**n.a.**	**n.a.**
Not Allocated	**62**	**32**	**30**	**93.8%**	**-0.1%**	**93.9%**
Revenue	**75,559**	**76,482**	**(923)**	**-1.2%**	**-1.4%**	**0.2%**

The revenue of the **Industrial Division** totalled 44,205 thousand euros, up by 6.0% compared to 41,696 thousand euros in the previous year. The performance of the euro against the major foreign currencies led to a negative exchange rate effect equal to -2.0%, net of which revenue organically grew by 8.0%. This growth was driven by the good performance of ***SMA Materials*** sales, in particular by sales of SMA trained wire for mobile devices, while in the more traditional sector of Getters and Dispensers (in particular, lamps and thermal insulation) there were some decreases.

Revenue of the *Getters & Dispensers Business* totalled 24,255 thousand euros in 2023, down by 15.3% compared to 28,621 thousand euros in 2022, with a negative exchange rate effect (-1.7%). The organic decrease was therefore -13.5% mainly due to the trend of structural negative growth in the more mature businesses (lamps and thermal insulation).

Revenue of the *SMA Materials Business* totalled 19,950 thousand euros in 2023, up sharply (+52.6%) compared to 13,075 thousand euros in 2022. Excluding the negative exchange rate effect (-2.5%), organic growth was 55.1%, mainly due to the mobile device sector.

Revenue of the **High Vacuum Division** amounting to 17,998 thousand euros, down sharply (-10.2%) compared to 20,040 thousand euros in the previous year, adversely affected by both the negative exchange rate effect (-1.4%) and from the slower times in fulfilling the order with the Consorzio RFX of Padua, active in experimental nuclear merger, despite the higher sales to industrial customers (-8.8% organic change).

Revenue of the **Chemicals Division** totalled 13,293 thousand euros, down 9.7% from 14,714 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2023 figure was affected by a contraction in sales in the first half of the year, attributable to the slowdown in the consumer electronics segment, which today constitutes the main outlet market for the products of this division. A recovery in sales in the second half of the year should be noted, despite the natural drop in orders in December.

Not-allocated revenue amounted to 62 thousand euros during 2023 (32 thousand euros in the previous year) and refer exclusively to initial sales related to the B!POD project, developed by the *Design House* of SAES, for which new sales events are planned during 2024.

A breakdown of revenue by geographical segment of customers is provided below.

(thousand of euro)

Geographical Segment	2023	%	2022	%	Total difference	Total difference %
Italy	**1,906**	2.5%	**1,997**	2.6%	(91)	-4.6%
Europe	**24,326**	32.2%	**26,558**	34.7%	(2,232)	-8.4%
North America	**8,104**	10.7%	**10,708**	14.0%	(2,604)	-24.3%
Japan	**4,404**	5.8%	**5,505**	7.2%	(1,101)	-20.0%
China	**30,505**	40.4%	**25,676**	33.6%	4,829	18.8%
South Korea	**1,976**	2.6%	**1,209**	1.6%	767	63.4%
Taiwan	**380**	0.5%	**1,214**	1.6%	(834)	-68.7%
Other Asian countries	**3,643**	4.8%	**3,142**	4.1%	501	15.9%
Others	**315**	0.4%	**473**	0.6%	(158)	-33.4%
Revenue	**75,559**	**100.0%**	**76,482**	**100.0%**	**(923)**	**-1.2%**

With regard to the **geographical distribution of revenue**, the year 2023 shows an increase in sales in the **Chinese market**, thanks mainly to *SMA materials* products for the mobile sector, despite the decline in the **Chemicals Division**.

Sales in **North America** are severely penalised by the slowdown in demand for getters in the electronic devices. The decline in **Japan** is instead attributable to lower revenue from high vacuum devices.

Gross profit, standing at 32,435 thousand euros in 2023, was down (-4.0%) compared to 33,793 thousand euros in 2022. The decline is a consequence of the aforementioned drop in sales in the **Chemicals Division**, as well as the lower profit margin in the **High Vacuum Division,** characterised by a more unfavourable product mix.

The **gross profit margin** was down compared to the previous year standing at 42,9%. The **Industrial Division** is the only one up, with an increase from 46.4% to 47.4%.
The following table shows the gross **profit** and **gross profit margin** in 2023 **by Division**, compared with the previous year.

(thousands of euros)

Division	2023	2022	Difference	Difference %
SAES Industrial	20,937	19,329	1,608	8.3%
% of revenue of the Division	*47.4%*	*46.4%*		
SAES High Vacuum	9,590	11,917	(2,327)	-19.5%
% of revenue of the Division	*53.3%*	*59.5%*		
SAES Chemicals	2,574	2,820	(246)	-8.7%
% of revenue of the Division	*19.4%*	*19.2%*		
SAES Packaging	(166)	(125)	(41)	-32.8%
% of revenue of the Division	*0.0%*	*0.0%*		
Not Allocated	(500)	(148)	(352)	-237.8%
% of revenue of the Division	*-806.5%*	*-462.5%*		
Gross Profit	**32,435**	**33,793**	**(1,358)**	**-4.0%**
% Gross Profit margin	***42.9%***	***44.2%***		

Gross profit in the **Industrial Division** amounted to 20,937 thousand euros in 2023, up by 8.3 % compared with 19,329 thousand euros in 2022. This growth was driven by the ***SMA Materials*** segment, which saw the gross profit practically doubling, thanks to the growth in revenue in the mobile business. On the other hand, the *Getters & Dispensers* segment showed both a gross profit and a decrease in profit margin, caused by the drop in revenue.

In the **High Vacuum Division**, gross profit stood at 9,590 thousand euros in 2023, down (-19.5%) compared to 11,917 thousand euros in 2022: the reduction is mainly attributable both to the organic decrease in the revenue and to inflationary impact on raw material costs.

The **Chemicals Division** closed the year 2023 with a gross profit of 2,574 thousand euros (19.4% of the Division's revenue), down compared to 2,820 thousand euros in the previous year (19.2% of the Division's revenue). The decrease is attributable to the slowdown in the consumer electronics market recorded in the first part of the year.

The **Packaging Division** closed the year 2023 with a gross loss of -166 thousand euros (in 2022 the loss was -125 thousand euros) caused by higher costs due to the repair of damage caused by hail at the Roncello site, owned by Saes Getters S.p.A..

The **not allocated** gross loss of -500 thousand euros in 2023, refers in part 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 with new sale events planned for 2024. In the previous year, the not allocated gross loss was -148 thousand euros, referring exclusively to the B!POD project.

The operating loss in 2023 was -110,172 thousand euros (-145.8% of revenue), down from the loss of -10,579 thousand euros (-13.8% of revenue) recorded in the previous year.

Excluding the exchange rate effect (at -359 thousand euros), the **organic change** was -99,234 thousand euros. Excluding also the non-recurring cost of both 2023 (operating expenses related to the sale of equity investments in the companies operating in the **Nitinol** business, amounting to 84,799 thousand euros and Severance costs amounting to 13,012 thousand euros, including 11,400 thousand euros related to the provision for the executives' Isopension agreement signed with Federmanager/Assolombarda at the end of the year, to incentivise the voluntary redundancy of up to a maximum of 15 executives of the Company) and 2022 (costs for the settlement of rights accrued by the heirs of a key employee of the Company, amounting to 1,890 thousand euros, costs related to the sale of equity investments in companies operating in the *Nitinol* business, amounting to 2,268 thousand euros), operating loss would have decreased organically by -5,581 thousand euros.

Lastly, it should be noted that in the current year the item "Other income and expense" includes income related to the tax credit for research and development costs, in accordance with the provisions of the 2021 Budget Law (236 thousand euros in 2023, compared to 413 thousand euros in 2022) and the cost, for 50 thousand euros, for donations including 30 thousand euros to support Emilia-Romagna. In the previous period, however, there was a cost of 100 thousand euros for donations to support Ukraine.

The following table shows **operating profit/loss** for 2023 **by Division**, compared with the previous year.

(thousands of euros)

Division	2023	2022	Difference	Difference %
SAES Industrial	12,145	9,464	2,681	28.3%
SAES High Vacuum	5,203	7,829	(2,626)	-33.5%
SAES Medical Nitinol	(84,799)	(2,268)	(82,531)	-3638.9%
SAES Chemicals	244	809	(565)	-69.8%
SAES Packaging	(1,046)	(1,142)	96	8.4%
Not Allocated	(41,919)	(25,271)	(16,648)	-65.9%
Operating loss	**(110,172)**	**(10,579)**	**(99,593)**	**-941.4%**
% Gross Profit margin	*-145.8%*	*-13.8%*		

The operating profit of the **Industrial Division** was 12,145 thousand euros in 2023, compared to 9,464 thousand euros in 2022: the increase is attributable to the higher sales recorded in the year, in particular in the *SMA Materials* business area.

The operating profit of the **High Vacuum Division** amounted to 5,203 thousand euros, down from 7,829 thousand euros in the previous year (-33.5%). The decrease is entirely due to the organic drop in revenue and to the gross profit, mainly due to the decline in gross profit margins due to the inflationary impact.

The operating loss of the **Medical Nitinol Division** for -84,799 thousand euros, compared to -2,268 thousand euros in 2022. These amounts relate to the costs associated with the disposal of equity investments.

The operating profit of the **Chemical Division** amounted to 244 thousand euros, compared to 809 thousand euros in the previous year. To be added to the slight decrease in revenue is the increase in selling expenses (in particular, higher personnel expense for staff expansion to ensure future growth in the most innovative businesses). Lastly, in the current year, non-recurring costs for the redundancy of personnel amounted to -187 thousand euros.

The operating loss of the **Packaging Division** was -1,046 thousand euros, a slight improvement from an operating loss of -1,142 thousand euros in the previous year. It should be noted how the costs pertaining to the division are mainly related to costs concerning the activities at the development laboratories in Lainate and the depreciation of the plant in Roncello, headquarters of SAES Coated Films S.p.A., owned by the Company.

The **not allocated** operating loss, equal to -41,919 thousand euros, against -25,271 thousand euros in 2022, and which in both years includes not only corporate costs, i.e. those expenses that cannot be directly attributed or allocated in a reasonable way to the business sectors, but that refer to the Company as a whole, but also the costs related to the basic research projects, aimed at diversifying into innovative businesses. The deterioration is mainly attributable to non-recurring costs for the year (such as costs for Executives' Isopension, amounting to -11,400 thousand euros; costs for employee termination, amounting to -955 thousand euros; costs related to governance, amounting to -787 thousand euros). In addition, to be noted are higher consultancy costs, also relating to the B!POD project, and higher costs for insurance coverage and IT projects.

Operating expenses were 145,054 thousand euros (192.0 % of revenue), compared with 47,137 thousand euros (61.6 % of revenue) in the previous year. Excluding the increase due to higher costs associated with the disposal of equity investments (82,531 thousand euros more than the previous year) and to the increase in severance costs (12,987 thousand euros more than in 2022 of which provision for the Executives Isopension agreement signed with Federmanage/Assolombarda at the end of the year, to encourage the voluntary redundancy of up to a maximum of 15 Executives, for 11,400 thousand euros), the increase in these expenses may be linked to an increase in personnel expense, higher commissions on sales, higher travel expenses and higher consulting costs.

Research and development expenses stood at 10,071 thousand euros, up compared to 9,292 thousand euros in 2022 (compared to what is reported in the 2022 Financial Statements, 19 thousand euros were reclassified as costs related to the disposal of equity investments). This increase is attributable for 270 thousand euros to higher personnel expense, for 105 thousand euros to higher severance pay, for 169 thousand euros to the increase in depreciation related to the entry into operation of investments, including the renovation of laboratories of Lainate and the emulsifier plant, 140 thousand euros for greater advisory costs, 130 thousand euros as a contribution for start-ups, and finally 117 thousand euros for lower utilities costs.

Selling expenses[8] stood at 11,826 thousand euros, in line with 11,690 thousand euros in 2022 (compared with the amount reported in the 2022 financial statements, 164 thousand euros were reclassified as costs associated with the disposal of equity investments). Significant changes include: lower personnel expense for 2,115 thousand euros (in 2022 costs of 1,890 thousand euros were recorded for the settlement of the rights accrued and paid to the heirs of a key employee of the Company); an additional 145 thousand euros for travel expenses (general increase in costs and post covid recovery); 512 thousand euros for increased commission costs for higher sales of SMA trained wire; 511 thousand euros higher costs for B!POD promotion; 418 thousand euros for consulting services (including 780 thousand euros for strategic consulting, offset by lower consulting on both the B!POD project and the **Chemicals division**).

General and administrative expenses increased by 14,469 thousand euros, of which 12,250 thousand euros in Severance costs (note that the Severance costs include the provision for the Executives Isopension agreement signed with Federmanager/Assolombarda at the end of the year, to incentivize the voluntary redundancy of up to a maximum of 15 Executives, for 11,400 thousand euros) and 800 thousand euros higher governance expenses.

The profit for the year takes into account the **amortisation/depreciation** of both **property, plant and equipment** and **intangible assets,** and **right-of-use assets** of amounting to 6,114 thousand euros, compared to 5,573 thousand euros (compared to what was reported in the 2022 financial statements, 8 thousand euros were reclassified as costs associated with the disposal of equity investment). The increase is mainly attributable to the renovation of the properties of the Lainate headquarters (Offices and Laboratories), as well as the entry into operation of the new emulsification pilot plant and the depreciation relating to the B!POD project.

EBITDA was -104,047 thousand euros in 2023 (-137.7% of revenue), down from -4,903 thousand euros in 2022 (-6.4% of revenue). In 2023, there were non-recurring costs related to the sale of equity investments of 84,799 thousand euros and Severance costs of 13,012 thousand euros (including 11,400 thousand euros related to the provision for the Executives' Isopension agreement signed with Federmanager/Assolombarda at the end of the year, to incentivize the voluntary redundancy of up to a maximum of 15 executives of the Company). In 2022, non-recurring costs related to costs for the settlement of the rights accrued and paid to the heirs of a key employee of the Company, for 1,890 thousand euros; costs relating to the sale of the equity investments in the companies operating in the **Nitinol** business, for 2,260 thousand euros. Net of the negative exchange rate effect (-368 thousand euros) and the non-recurring costs of both years, the change in EBITDA would have been -5,116 thousand euros.

The table below shows the **reconciliation of EBITDA and operating loss** in 2023, together with a comparison with last year.

(thousands of euros)

	2023	2022
Operating loss	**(110,172)**	**(10,579)**
Depreciation of property, plant and equipment and amortisation of intangible assets	(5,359)	(4,802)
Depreciation of right-of-use assets	(755)	(779)
Impairment losses on property, plant and equipment and intangible assets	(11)	(95)
EBITDA	**(104,047)**	**(4,903)**
% of revenue	*-137.7%*	*-6.4%*

Net other **income came to** 2,447 thousand euros, in line with 2022 (2,765 thousand euros). **"Other income"** includes the decrease in intragroup royalties for 207 thousand euros, as well as the Company's income related to the tax credit for research and development costs, in accordance with the provisions of the 2021

[8]Inclusive of Impairment losses on trade receivables (7 thousand euros as at December 31, 2023, compared with -97 thousand euros as at December 31, 2022).

Budget Law (236 thousand euros in 2023, compared to 413 thousand euros in 2022). On the other hand, the item "**Other expense**" mainly includes the property taxes and other taxes, other than income taxes. Please note that the amount for the financial year 2023, included 50 thousand euros for charitable donations of which the amount of 30 thousand euros was in support of Emilia-Romagna. In the previous year, however, there was a cost of 100 thousand euros for donations to support Ukraine.

Dividends, capital gain from the disposal of equity investments, net interest and other financial income (expense) and net exchange gains (losses) totalled 801,763 thousand euros in 2023, compared to 28,625 thousand euros in the previous year. Dividend income decreased by 23,042 thousand euros (it should be noted that in 2022 the Company benefited from dividends paid by Memry Corporation and SAES Smart Materials, Inc. for a total of 23,651 thousand euros), and exchange losses increased by 14,049 thousand euros (of which 14,495 thousand euros in Losses on forward sale contracts). These negative changes are mainly offset by the capital gain from the disposal of equity investments (800,286 thousand euros) and the increase in financial income (9,820 thousand euros more than the previous year).

2023 therefore closed with a **pre-tax profit** of 685,268 thousand euros, up from 4,359 thousand euros in the previous year. The improvement is a consequence of the capital gain from the disposal of equity investments in the amount of 800,286 thousand euros.

The income tax benefit for the year amounted to 1,715 thousand euros against an income tax expense of 1,423 thousand euros in 2022.

The 2023 financial year therefore closed with a **profit for the year** of 686,983 thousand euros compared to a profit of 2,936 thousand euros in 2022, mainly thanks to the capital gain from the disposal of equity investments.

Financial position – Investments – Other information

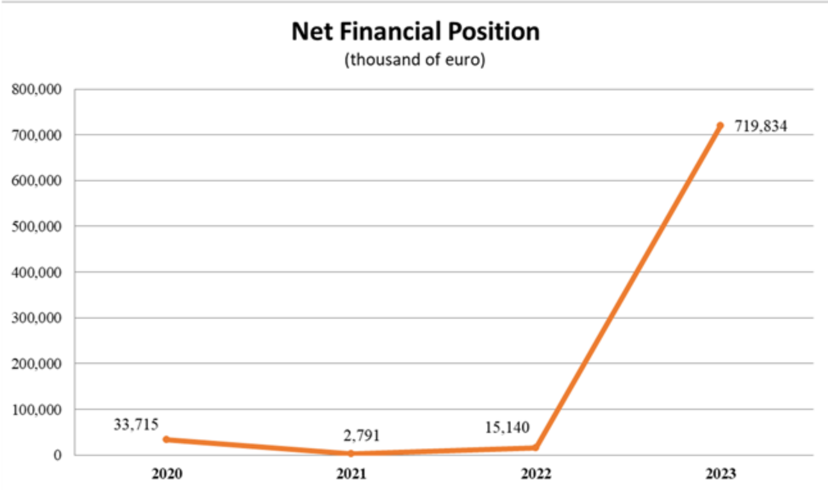
A breakdown of the items making up the net financial position is provided below:

(thousands of euros)

	December 31, 2023	December 31, 2022	Difference
Cash	2	2	(0)
Cash equivalents	76,291	5,542	70,749
Cash and Cash equivalents	**76,292**	**5,543**	**70,749**
Financial assets with related parties *	253,720	49,378	204,342
Securities	15,035	28,315	(13,280)
Derivative financial instruments	0	259	(259)
Other current financial assets	374,464	0	374,464
Current financial assets	**643,219**	**77,952**	**565,267**
Bank loans and borrowings	(459)	(62,658)	62,198
Other financial liabilities with related parties *	(6,966)	(6,088)	(877)
Lease liabilities	(739)	(782)	43
Current financial liabilities	**(8,164)**	**(69,528)**	**61,364**
Current financial position	**711,347**	**13,967**	**697,380**
Financial assets with related parties	9,749	0	9,749
Non-current financial assets with related parties	350	3,207	(2,857)
Non-current financial assets	**10,099**	**3,207**	**6,892**
Other financial liabilities	(473)	(462)	(11)
Lease liabilities	(1,140)	(1,572)	432
Non-current financial indebtedness	**(1,612)**	**(2,034)**	**422**
Non-current net financial position	**8,487**	**1,173**	**7,314**
Net financial position	**719,834**	**15,140**	**704,694**

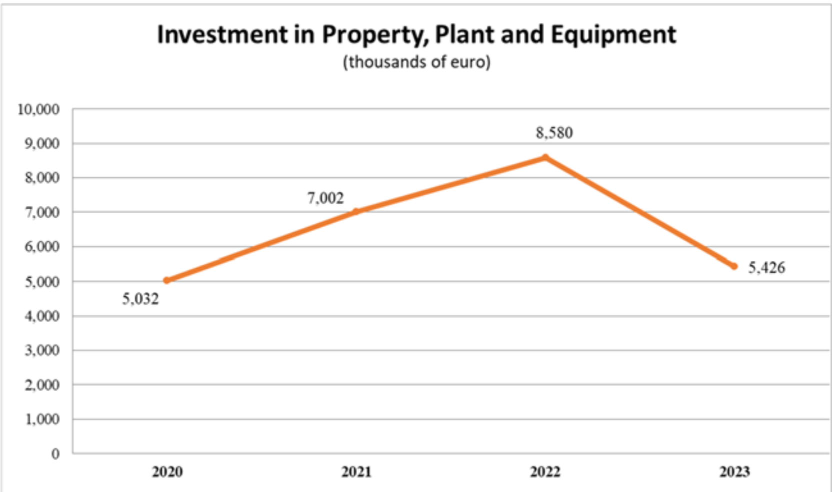
* It includes current liabilities and assets with subsidiaries and related companies

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



The **net financial position** at December 31, 2023 was 719,834 thousand euros, up sharply from a balance of 15,140 thousand euros at the previous year end.
The significant improvement in the net financial position (+704,694 thousand euros) is explained by the extraordinary sale of the equity investments in the companies operating in the **Nitinol** business.

Investments in property, plant and equipment for 5,426 thousand euros, were down compared to 2022 (8,580 thousand euros). The main investments refer mainly to the adjustments of the fire prevention systems of the buildings of Avezzano and Roncello (headquarters of the subsidiary SAES Coated Films S.p.A., but owned by SAES Getters S.p.A.) and energy efficiency activities at the Lainate and Avezzano sites, as well as the renovation of buildings in Lainate, the maintenance of production facilities and the purchase of equipment for the Corporate Labs in Lainate.



Disbursements for equity investments amounted to 928 thousand euros (related to SAES Nitinol S.r.l., [9]while in 2022 they had amounted to 4,750 thousand euros, following the payment for the acquisition of 51% of the

[9] In 2023, the Company re-capitalised the companies SAES Nitinol S.r.l. for 1,162 thousand euros (233 thousand euros through the waiver of loans, 29 thousand euros through shareholder payments to cover losses and 900 thousand euros through payments as "available reserves").

quota capital of SAES RIAL Vacuum S.r.l. **In addition, the Company in December 2023 recapitalised SAES Coated Films S.p.A. in the amount of 4,557 thousand euros through waiver of amounts due to the Company.**

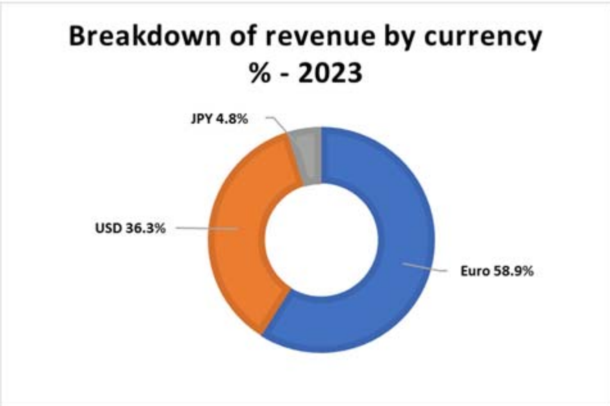
Equity investments in other companies amounted to 1,742 thousand euros, of which 759 thousand euros relating to the venture capital fund EUREKA! and 983 thousand euros relating to a capital injection on 1 December 2023 into *Cambridge Mechatronics Limited*. Last year, equity investments amounted to 168 thousand euros and were related to the EUREKA! Venture capital fund.

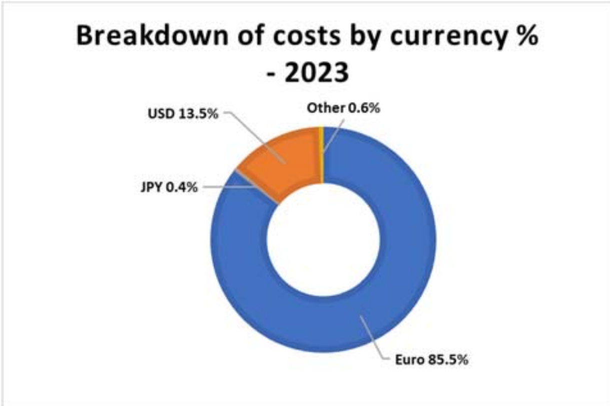
In 2022, dividends of -11,543 thousand euros were paid (-8,530 thousand euros in 2022).

For further details on the *capex* of the year, please refer to Notes No. 19 and 20.

Revenue and costs by currency

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





Financial statements ratios

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

Ratios		2023	2022
Pre-tax profit (loss)/Revenue	%	906.9	5.7
Profit (loss) from continuing operations/Revenue	%	909.2	3.8
Research & development expenses(*)/Revenue	%	13.3	12.1
Depreciation of property, plant and equipment/Revenue	%	6.9	6.1
Cash flow from (used by) operating activities/Revenue	%	(94.6)	(12.0)
Income taxes/Pre-tax profit (loss)	%	0.3	32.7
Revenue/average number of staff	thousand of euro	166.6	170.1
Accumulated depreciation/Property, plant and equipment	%	74.5	73.7

(*)Final year 2022 figures have been restated for better comparison with Final year 2023 figures. See in this regard Note No. 1, paragraph "Restatement of Final year 2022 balances."

Performance of subsidiaries in 2023

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

SAES Getters/U.S.A., Inc. reported consolidated revenue in 2023 of 35,009 thousand dollars (32,377 thousand euros, at the average exchange rate for the year 2023), compared with 37,745 thousand dollars (35,845 thousand euros, at the average exchange rate for the year 2022) in the previous year and a consolidated profit of 5,561 thousand dollars (5,143 thousand euros), compared with a consolidated profit of 7,065 thousand dollars (6,709 thousand euros).

Further notes are provided below.

The US Parent ***SAES Getters/USA, Inc.,*** Colorado Springs, CO (USA), mainly operating in the Industrial Division, in particular in the security and defense business, closed 2023 with revenue in the amount of 24,383 thousand dollars (equal to 22,550 thousand euros), compared to 26,548 thousand dollars (equal to 25,212 thousand euros) in 2022: the decrease is mainly due to the overstock situation, as well as some technical problems that are being resolved.

The company made a profit of 5,561 thousand dollars (equivalent to 5,143 thousand euros), compared to a profit of 7,065 thousand dollars (equivalent to 6,709 thousand euros) in 2022: despite an operating performance broadly in line with that of the previous year (the decline in revenue was in fact offset by a more favorable sales mix), the decline was due to the negative equity method 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 10,625 thousand dollars in 2023 (corresponding to 9,827 thousand euros), down compared to 11,197 thousand dollars in the previous year (corresponding to 10,634 thousand euros) penalised by overstock situations with some important customers.
The company closed the year 2023 with a loss of -304 thousand dollars (equal to -281 thousand euros), compared to a profit of 1,310 thousand dollars (equal to 1,244 thousand euros) in 2022: the result was affected both by the drop in sales and the consequent lower economies of scale, and by the increase in operating expenses adversely affected by non-recurring items (costs for the redundancy of an executive and extraordinary bonus granted to all SAES Group employees as a result of the exceptional value created with the sale of the Nitinol business).

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 2023, it achieved a profit of 3,582 thousand dollars (3,312 thousand euros), down compared to 4,951 thousand dollars (4,702 thousand euros) in the previous year due to lower commissions received by US companies, in particular by Memry Corporation, for which assistance was provided only until the date of sale (October 2, 2023).

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

The company manages the commercial activities of the Group in the People's Republic of China.
SAES Getters (Nanjing) Co., Ltd. ended 2023 with revenue of RMB 23,566 thousand (3,077 thousand euros), up 21.7% from RMB 19,370 thousand (2,736 thousand euros) driven by the high vacuum business (High Vacuum Division), as well as SMA products for the mobile segment (Industrial Division).
The company ended 2023 with a profit of RMB 3,451 thousand (450 thousand euros), compared to RMB 2,469 thousand (349 thousand euros) in 2022: increased revenue and a more favourable sales mix, despite higher operating expenses (in particular, increase in personnel expense for the extraordinary bonus granted to all SAES Group employees as a result of the exceptional value created with the sale of the Nitinol business; in travel expenses as a result of increased business activities after the pandemic; and in transportation costs on sales), allowed the company to end the year with a higher profit.

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

The corporate purpose of the company is to design, manufacture and sell shape memory alloy instruments and actuators, getters and any other equipment for creating high vacuum, either directly or by means of interests and investments in other companies. In order to pursue its corporate purpose, in July 2011 the company established the joint venture Actuator Solutions GmbH.

SAES Nitinol S.r.l. closed 2023 with a loss of -250 thousand euros (substantially coinciding with the impairment loss, amounting to -200 thousand euros, aimed at reducing to zero the value of the equity investment in Actuator Solutions GmbH following the capital increase of the same amount granted in July 2023, with the aim of guaranteeing a financial cushion for the joint venture to enable business continuity), compared with a loss of -677 thousand euros in the previous year (substantially coinciding with a similar impairment loss, amounting to -600 thousand euros, resulting from the two capital increases made in the fourth quarter of 2022).
The loss for both years include the impairment loss (160 thousand euros) on the financial asset corresponding to the interest income accrued on the loans granted to Actuator Solutions GmbH, which was fully impaired because it was deemed not recoverable.
To be noted is that 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.
Lastly, in early March, 2023, SAES Getters S.p.A., as Sole Quotaholder, approved the total waiver of its financial assets at the end of 2022 with 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 favor 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 2023 with a profit of +165 thousand euros, compared to a loss of -32 thousand euros in 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 rates), as well as the remuneration received from the transfer of its tax loss carryforwards to other SAES Group companies participating in the domestic tax consolidation.

SAES COATED FILMS S.p.A. – Roncello, MB & Lainate[10], MI (Italy)

SAES Coated Films S.p.A. (*formerly* Metalvuoto S.p.A.), based in the province of Monza Brianza, is a well-established player in the field of advanced packaging, producing metallised and innovative plastic films for food preservation. SAES Coated Films S.p.A. intends to compete in the "smart" food packaging sector, entering the market with a complete and innovative range of high-performance plastics, that are characterised by transparency, recyclability or compostability, and therefore with a low environmental impact.
SAES Coated Films S.p.A. established a Branch in Freiburg (Germany) in March 2021, with the aim of improving its presence in strategic markets, in order to boost new business opportunities.
In mid-January 2023, SAES Coated Films S.p.A. launched a thirteen-week ordinary wage supplementation program (CIGO) which involved almost all employees. After that period, the program, which resulted in a reduction in personnel expense of about 101 thousand euros, was not further renewed.
In 2023, SAES Coated Films S.p.A. recorded revenue of 5,502 thousand euros, almost halved from 10,641 thousand euros in the previous year, penalised both by the difficulties that the converting sector is

[10] Local unit in Lainate, at the headquarters of SAES Getters S.p.A

experiencing as a result of the contraction of consumption due to the inflationary crisis, and from an overstock 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 extraordinary bonus granted to all SAES Group employees as a result of the exceptional value created from the sale of the Nitinol business and the increased intragroup interest accrued on the financing received from SAES Getters S.p.A. (due to both the increase in financial resources received on loan and the general increase in interest rates) meant that 2023 closed with a loss of -2,943 thousand euros, compared to a more limited loss of -1,163 thousand euros in the previous year.
Finally, it should be noted that, at the end of November 2023 SAES Getters S.p.A., as the Sole Shareholder, resolved to fully waive the financial asset in the amount of 4,557 thousand euros with SAES Coated Films S.p.A. and representing the principal as at November 7 of the intragroup loan signed on February 8, 2021.

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

Strumenti Scientifici Cinel S.r.l., based in the province of Padua, is a consolidated international player in the sector of components and scientific instrumentation for synchrotrons and particle accelerators, the acquisition of which was completed by the SAES Getters S.p.A. 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.
In the year 2023, Strumenti Scientifici Cinel S.r.l. had revenue of 6,803 thousand euros, up 16% from 5,866 thousand euros in 2022. Despite the increase in revenue, the profit was down (31 thousand euros in 2023, compared to 314 thousand euros in 2022) due to inflationary factors that adversely affected profit margins, as well as the increase in operating expenses (in particular, an extraordinary bonus granted to all SAES Group employees as a result of the exceptional value created with the sale of the Nitinol business).

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

SAES RIAL Vacuum S.r.l. specialises in the design and production of vacuum chambers for accelerators, synchrotrons and for industry and was established at the end of 2015, jointly controlled by SAES Getters S.p.A. (49%) and Rodofil S.r.l. (51%). On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the quota capital of SAES RIAL Vacuum S.r.l., of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the SAES Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. As at that date, SAES RIAL Vacuum S.r.l. is a wholly owned subsidiary of the SAES Group and, therefore, fully consolidated, rather than using the equity method, which was used previously.
In 2023, SAES RIAL Vacuum S.r.l. recorded revenue for 7,048 thousand euros and a profit of 350 thousand euros. As already highlighted previously, in the last financial year the company was fully consolidated only starting from May 25, 2022, and from this date to December 31, 2022 the revenue stood at 3,974 thousand euros, with a profit of 136 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 SAES Group's other Italian companies.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)

The purpose of SAES Investments S.A., based in Luxembourg, is to manage the SAES Group liquidity, with the aim of maintaining the capital for possible future uses and at the same time guaranteeing a remuneration adequate to a conservative risk profile.

It should be noted that in order to reduce the Group's exposure to financial market volatility, during the first part of 2023, the company sold all the securities it held in its portfolio. Financial resources from the sale were invested in term deposits, together with cash from the sale of the Nitinol business the management of which was assigned by the SAES Getters S.p.A. to SAES Investments S.A. Lastly, it should be noted that the *Lombard* loan taken out by the Luxembourg associate with JP Morgan (principal par of 52 million euros) was repaid on its natural due date, i.e. on December 28, 2023.
The company ended 2023 with a profit of +2,199 thousand euros, to be compared with a loss of -11,109 thousand euros in 2022: the positive change is mainly attributable to the fact that in 2022 the management of the securities portfolio had closed with a loss due to international tensions in the financial markets, which were especially evident in the first part of the year, partly as a result of the conflict in Ukraine. The interest income accrued in 2023 on the *term deposits* in which cash and cash equivalents were invested were instead offset by the interest expense accrued on the loan that SAES Investments S.A. received from SAES Getters S.p.A. with the aim of transferring part of the consideration received from the sale of the Nitinol business to Luxembourg.

MEMRY CORPORATION – Bethel, CT (USA) – company sold on October 2, 2023

Memry Corporation is a technology leader in next-generation, highly engineered medical devices made of Nitinol shape memory alloy.
The company, together with its two Branches (the German Branch, based in Fribourg, and the Italian Branch, based in Lainate, both established with the aim of fostering the commercial expansion of Memry Corporation on the European market) and the US subsidiary SAES Smart Materials, Inc., was sold to the Resonetics Group on October 2, 2023.
Up to the date of sale (period January 1 - October 2, 2023), the company recorded revenue of 90,803 thousand dollars (83,975 thousand euros) and a loss of 12,393 thousand dollars (-11,461 thousand euros), exclusively attributable to non-recurring costs related to the aforementioned sale (in particular, consulting costs and remuneration to US employees, as well as to the CEO of the Nitinol business, who resigned at the closing date), for a total of 34,285 thousand dollars, corresponding to 31,707 thousand euros (amount net of the related tax effect).
Finally, it should be mentioned how, at the beginning of February 2023 in anticipation of the sale, Memry Corporation had early repaid 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) – company sold on October 2, 2023

SAES Smart Materials, Inc. is active in the development, production and sale of semi-finished Nitinol products.
In the period January 1 – October 2, 2023 (the date on which it was sold to the Resonetics Group, together with Memry Corporation), the company achieved revenue of 20,308 thousand dollars (18,781 thousand euros) and a profit of 3,670 thousand dollars (3,394 thousand euros). There are costs related to the sale (in particular, bonuses paid to US managers) amounting to 384 thousand dollars, corresponding to 355 thousand euros (amount net of tax effects).

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 SAES 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 2023

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, the Company 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 year 2023 closed with an operating loss of -2,461 thousand euros, an improvement compared to -3,096 thousand euros in 2022 due to the containment of operating expenses by the parent Flexterra, Inc. following the reorganization process implemented at the end of the previous year, both for an extraordinary income arising from the licensing of intellectual property (139 thousand euros).

Thanks in part to the absence of the exchange losses of the subsidiary Flexterra Taiwan Co., Ltd. which had penalized the previous year, 2023 ended with a loss of -2,915 thousand euros, a strong improvement from -4,111 thousand euros in 2022. Finally, a slight increase in financial expense, as a result of the new tranches of convertible bonds granted by the Company to Flexterra, Inc. was recorded.

The share pertaining to the Company in the loss in 2023 of the joint venture amounted to -1,373 thousand euros (-1,926 thousand euros in 2022); however, similar to last year, as the Company's equity investment in Flexterra has already been impaired in full and as there are to date no legal or implicit obligations for recapitalization by the Company, the Company's share of the loss for 2023 was not recognized 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 bond granted on December 7, 2022. The second tranche, in an equal amount, was disbursed on June 1, 2023, after the Company positively assessed an updated business plan. On July 26, 2023, after the application milestones set forth in the contract were reached, SAES Getters S.p.A. paid Flexterra the third tranche, also in the amount of 250 thousand dollars, while the fourth and final tranche, in the same amount, was approved on October 12, 2023.

The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, as a provision for risks and charges had already been recognized as at December 31, 2022 against the Company's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the three subsequent tranches instead generated a financial expense (698 thousand euros) in the statement of profit or loss for 2023.

Furthermore, it should be noted, that due to the continuing uncertainty about the timing of Flexterra's commercial establishment, the financial asset related to the interest accrued during 2023 on all the various tranches of the convertible bonds granted to the joint venture, amounting to 407 thousand euros, was also impaired because it was judged difficult to recover (the impairment loss in the previous year was similar and amounted to 379 thousand euros).

Research, Development and Innovation

Research and development expenses in 2023 totalled 10,071 thousand euros (13.3% of revenue) and increased slightly compared to those in 2022 (9,292 thousand euros, or 12.1% of revenue; in addition, compared to the 2022 financial statements, 19 thousand euros were reclassified as costs associated with the disposal of equity investment). The change is mainly attributable to higher expenses related to personnel employed in the research department in the amount of 392 thousand euros, higher expenses related to amortisation for 172 thousand euros, higher consultancy services for 140 thousand euros and lower costs for utilities of 117 thousand euros.

Research and development activities of the ***Group Research Labs*** in 2023 were carried out as part of ***Basic Research***, ***Applied Research*** and ***Experimental Development*** projects.
With regard to *Basic Research* aimed at developing knowledge on advanced materials, the activities of four projects regarding environmental sustainability, continued in collaboration with both Italian and European academic and industrial groups.

For the European project *"Ecoefishent"* (***www.cordis.europa.eu/project/id/101036428*** - Horizon 2020 program of the European Commission in the field of "*Climate Action, Environment, Resource Efficiency and Raw Materials*"), the Company, in collaboration with several European partners, is developing active formulations to be used in the creation of biodegradable and compostable barrier layers for food packaging, using bioactive elements extracted from fish processing waste products through green chemistry approaches. In particular, in 2023 the Company has developed gelatine-based formulations, optimizing their process characteristics and mechanical stability, in order to make them suitable for application on compostable substrates; evaluations are also underway on the possibility of applying new patent for the systems obtained.

The other *Basic Research* activities were carried out through a collaboration for three research doctorates supported by the Company. As part of a project for the development of mixed matrix membranes, co-financed by Italian Ministerial Decree no. 352/2022 for the National Recovery and Resilience Plan (NRRP), zeolite core capsules were prepared using membrane processes, exploring innovative electro-spinning techniques. The activity of a second doctorate has analysed innovative approaches for the preparation of lamellar fillers with functionalities for the transport of active functions on a laboratory scale and the procedures developed will be evaluated on a pilot scale in 2024. Finally, a third PhD project involved the development of barrier coatings through the use of new hybrid additives based on organometallic materials. All doctoral activities will also continue in 2024.

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

The *Specialty Zeolites* platform represents a proprietary and distinctive technology developed by the Company thanks to the wide modularity of the preparatory processes that allow the generation of new materials for different applications. In 2023, the development activities of optically active markers for tracking (anti-counterfeiting) of compostable formulations were finalised. The stabilisation of optically active molecules within porous zeolite structures and the consequent integration in thermoplastic polymeric formulations make it possible to obtain compostable films whose breakdown and origin can be verified through control techniques based on fluorescence measurements that can be implemented in production. In the second part of 2023, the qualification of this system in polymeric films produced on a pilot extrusion line by a major manufacturer of compostable polymers was completed. The qualification phase will continue in 2024 on a pre-industrial scale. In the meantime, activities continue to develop specialty zeolites as innovative additives for cosmetic formulations, to support the innovation activities managed by the Chief Innovation Office. This activity led to the deposit of a new patent in 2023.

With regard to the development of organic spheres, *Beads & Capsules* with core-shell structures, work was completed in 2023, in collaboration with the Institute of Membrane Technology (CNR) to explore the potential of the membrane-assisted nano-precipitation process for the preparation of functional additives with spherical shape, sub-micrometre size, and properties that can be determined through the combination of different materials in core-shell structures. An inotropic gelation process was adopted for the production of capsules of biopolymer, chitosan, with control of the size and morphology. These results were published by the Company in an international scientific journal (*Carbohydrate Polymers 2023*) with a high impact factor, demonstrating the innovative nature of the results produced. In the last period of 2023, the possibility of applying nano-precipitation processes for the preparation of polyphenol capsules with antioxidant power was investigated. This activity will also continue in 2024.

In the *Packaging Solutions* area, the creation of a laboratory focused on the development of active water-based lacquers for the deposition of thin coatings with a barrier or absorption function, using innovative additives deriving mainly from the platforms of special zeolites and of beads and capsules. 2023 activities focused mainly on the development of barrier coatings for oxygen, implementing new cross-linking systems to increase stability in high humidity and high temperature conditions, in order to make flexible films with barrier coatings suitable for pasteurisation and sterilisation processes. In 2023, a joint development agreement was executed with an important converter active in the production of flexible packaging for a range of applications. The activities were launched in the second half year of 2023 and provide for a continuous development over a period of eighteen months. The laboratory also continued with the incremental development of Coathink® products and the optimisation of processes in support of SAES Coated Films S.p.A., with the use of the pilot lacquering machine available in the laboratories of Lainate. In order to maximize the effectiveness of development activities and focus on activities in collaboration with industrial partners, the *Packaging Solutions* laboratory was reconfigured as a divisional development laboratory and will continue its activity in 2024 as part of the **SAES Packaging Division**.

With regard to *Innovative Alloys*, exploration activities continued for the study of atomisation processes of Nitinol powders, in order to make them suitable in terms of shape, size and morphology for additive manufacturing processes, while preserving their characteristic mechanical properties. With regard to the development of new metal alloys with getter properties, research activities continued for new systems capable of absorbing hydrogen under conditions of high equilibrium pressure, to be used in NEG pumps in the field of nuclear merger research. The activities carried out in 2023 allowed an extensive screening of the absorption properties of alloys of different compositions, providing a set of information that will form the basis for the development phase that will be pursued in 2024.

With regard to the developments in the *Shape Memory Alloys* (SMA) area, activities continued to consolidate and improve the smelting process in production to standardize cleanliness and machinability levels to the characteristics of previously developed laboratory-scale systems and ensure SMA alloy wire characteristics suitable for high-fatigue performance industrial applications. In recent months, the objective has been achieved by reaching carbon and oxygen content and the size of the inclusions typical of Clean Melt ingots. In parallel, a process to fine-tune the melting system of ternary alloys (NiTiCu) with clean melt properties was resumed, and a new high-frequency evaluation system for the dynamic characterisation of proportionally controlled actuators is being finalised. The new system, "New Generation Test Rig", 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 (*SCM - Super Clean Melt*). Activities were carried out for the consolidation of the processes of the aforementioned improvement training of *SCM - Super Clean Melt* thin wire in the 20-30 microns range in Lainate and 76 microns in Avezzano. Samples of *SCM* wires were sent to an external partner for evaluation.

As regards the *Dispensable Getter Solutions*, the activities of 2023 concerned the characterisation of the new reversible getters and the optimisation of dispensable formulations both for applications in organic electronics and for applications in microelectronics. In detail, for some DryPaste® formulations, the possibility of replacing some critical components, low molecular weight siloxanes, was investigated in order to improve the compatibility of the products with certain types of devices and the testing of AqvaDry® continued for *Active Matrix OLED* applications. In addition, the development of the third generation of getter systems continues, which involves the integration of ZeDry® dispensable getters on metal lids used in the packaging of optoelectronic devices.

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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 finalizing the creation of an innovative compostable flexible packaging. Sales are expected to begin in spring 2024.

B!POD is establishing itself in Italy and expanding commercially in other European countries, such as France, Great Britain and northern European countries. The launch of B!POD in London and Paris, carried out in September 2023, boosted sales in the last quarter of 2023 and increased brand awareness in Italy. New commercial events are planned for 2024 in Paris, London and in some selected Italian cities. New accessories and features are being developed to support the growth of the brand, whose first launches are expected by the end of 2024. From 2024, B!POD containers will be ISCC certified with "Ocean Bound" plastic materials. B!POD won the finalist award at the prestigious and international iF Design Award 2024.

The Nebula concept won the *RedDot Award* for innovative concept, an international award that was presented to the team during the ceremony held in Singapore in September 2023.

The new *B2C* product development project, launched in the last part of 2022, continued in the exploration phase of different concepts and involves the exploration of new materials in collaboration with the research laboratories (membranes, polymers for 3D printing, bio-based and bio-inspired materials).

RedZone, the start-up interaction program in which the Company 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 began activities in RedZone's Open Lab in the last quarter of 2023.

Finally, the second *RedZone* call was launched in mid-June 2023, covering the topics of smart packaging, cosmetic solutions, carbon capture materials, sensing & functional materials and advanced membranes. Over 30 applications were received, and two start-ups were selected with which the contract finalisation phase began: **BacFarm**, a Sardinian biotech start-up that extracts innovative active ingredients from extremophilic bacteria for cosmetic applications (UV filters) and **Flux Polymer**, a Finnish-German start-up that develops smart coatings potentially applicable to the products of SAES Coated Films S.p.A.

Regarding the search for new strategic and technological directions, an ambitious project dedicated to the cosmetics market was launched, the objective of which is to launch, during 2024, new products in line with the main directions of market innovation: optimisation of the sun protection, bio-active ingredients, replacement of harmful or unwanted raw materials.

Finally, systematic analysis of social and technological mega-trends and new emerging trends continues, to identify and select the Company's future 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 afore-mentioned 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 the Company.

The Company has decided to launch an ambitious project to apply artificial intelligence tools to the decades-long heritage of explicit and implicit legacy of laboratories, in particular that of NEG and SMA metallurgy, with the ultimate aim of extracting value from these databases and supporting researchers in the development of new materials as well as in the optimisation of existing materials. Preparatory to all this will be the creation of structured databases of all scientific literature and experimental data accumulated over the years.
Lastly, all research and development expenses incurred by the Company during the year were charged directly to profit or loss, as they did not meet the requirements for capitalisation.

Impact of the current geopolitical instability

Conflict in Ukraine

To be noted is that in 2023 the Company's **direct exposure** in Russia, Ukraine and Belarus continued to be marginal. Revenue in these countries was immaterial, also following the Company's decision to cautiously suspend all business activities.

During 2023, the **indirect effects** of the conflict (increases in energy and raw materials) subsided, and costs returned to standard levels.

In the year under analysis, the Company 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 Company's exposure to financial market volatility. The Company's financial resources, including those deriving from the sale of the Nitinol business to Resonetics, were invested in short-term term deposits, flexible and essentially risk-free.

Instability in the Middle East area

The current **conflict in Israel** has had immaterial direct effects on the Company's sales.

With regard to the **instability in the entire Middle East area** and, in particular, the **blocking of the Suez Canal,** no critical issues were reported with respect to customers. With regard to the supply chain, a slight increase in transport times and costs was reported, but no emergencies, as purchases are mainly managed by air, except in sporadic cases.

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The unpredictable dynamics of the geopolitical, military and economic development of the current crises, combined with the complex interdependencies between the world's economies and supply chains, make it impossible for us to provide reliable estimates on future impacts as the expected results of ordinary operations will continue to be affected by developments in the global macroeconomic context.

Company's main risks and uncertainties

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

Strategic risks

Risk related to the evolution of the market

Sector dynamics

2023 was a year of slight decline for the Company which, following the extraordinary disposal of the equity investments in the companies operating in the Nitinol business (closing on October 2, 2023), was affected, especially in the first half year of the year, by the slowdown in some business sectors (such as consumer electronics applications of the **Chemicals Division**), only partially offset by growth (in some cases sustained) of other business areas, in particular the SMA Materials segment.

The enormous value creation achieved with the equity investments disposal of companies operating in the Nitinol business, however, lays the foundations for the pursuit of the Company's growth strategies in the short-medium term, even in the face of heterogeneous market scenarios and sector performance and in some cases marked by uncertainties.

With reference to the Company's business sectors, the forecasts of a slowing inflation growth levels, both in Europe and in the United States, represent a generally favourable element, particularly with reference to Company's applications for consumer-facing end products (e.g., the consumer electronics applications of the **Chemicals Division** or the SMA Materials segment, whose aggregate global demand at the beginning of 2023 was affected by the reduction in purchasing power due to inflation levels in 2022, as well as by the effect on economic activities in China of the *"zero covid"* policies of the beginning of the year, which was followed by a strong recovery in sales volumes in the second half of the year). Vice versa, the evolution of inflation rates had a more reduced impact in those market sectors of the Company driven by public investments, such as the applications of the **High Vacuum Division** in the scientific field for the market of particle accelerators or research laboratories or applications in the *Getters & Dispensers* segment for the defence sector.

With respect to the businesses most exposed to the levels of the end-consumer demand, a risk is represented by the negative impact of any slowdown in the economy at domestic level (for example with reference to some relevant markets of the Company, such as China or Germany) or globally, although already in 2023 the fears of a widespread economic crisis were reduced and, in the short term, the increased margin for manoeuvre of the Central Banks, achieved through the interest rate hikes in the recent past, should allow, if necessary, more effective actions to stimulate the economy, such as to avoid heavy economic crisis scenarios (“hard landing”).

The Company, however, also operates within business sectors that are limitedly dependent on the economic cycle (within the *Getters & Dispensers* Divisions, as well as the luxury market, again in the SMA Materials segment, and international scientific research as far as the **High Vacuum Division** is concerned) which, by their very nature, are less exposed to the performance of the global economy.

The business sectors in which the Company operates are also affected by commercial tensions and conflicts at international level, albeit with very heterogeneous direct and indirect effects. Specifically, the ongoing conflict in Ukraine has led to the slowdown of some international research projects which, within them, provides for the contribution of Russian scientific partners. On the other hand, the effect of the conflict on energy prices was significantly and progressively mitigated during 2023, compared to the increase recorded between the end of 2022 and the first months of the year. The Middle East crisis had a direct immaterial impact on the Company's activities, except for limited slowdowns for some commercial activities towards the end of the year and sporadic increase in transport times and costs on some supplies from Asia (managed mainly by air, with very little exposure to the critical issues that have emerged in transport through the Suez Canal). Finally, trade tensions between the United States and China, with an uncertain outcome in the short and medium term, as well as the ongoing global trend of gradual insourcing of production chains and decoupling from countries considered to be higher risk, have had a generally balanced effect on the Company, favouring sales for some applications in Europe and the United States, but increasing competitive pressures in Far East markets, especially with reference to some more traditional businesses.

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

Another external factor that cannot be influenced by Company is changing legislation in the countries in which the Company distributes its products or in those where the markets of its customers are located. The rules and consequent operating normal practice are particularly important in the automotive sector, whose market is affected by environmental requirements (especially in Europe), or with regard to the packaging sector, in relation to which the initiatives adopted at EU level directed at favouring sustainable and/or compostable solutions, such as the *Packaging & Packaging Waste Regulation (PPWR),* which may be further developed both at national regulatory level and through new market standards. The functional polymer technology developed by the Company improves "high barrier" abilities of recyclable plastic films and, in addition, makes it possible to use non-petroleum-derived, and therefore compostable, plastic films. The use of these materials in the market is therefore sensitive to the introduction of norms or technical standards aimed at greater eco-sustainability, at a time when there is growing public concern about the environmental impact of plastics, as evidenced by the primary role that the *green* transition has taken in public investment choices in multiple geographical areas (e.g., Europe and the United States). The acceleration and large-scale implementation of these regulations, as well as their standardisation in relation to strategic geographical areas for the Company, could have a positive impact on the timing of the Company's success on the market for innovative, recyclable and compostable products in the food packaging sector.

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

<u>Competitive trends</u>

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

In recent years, aggressive competitors have emerged, for example in Asian markets, which, benefiting from the combined effect of national/local support policies and strategies of progressive decoupling of supplies from Western countries, also due to the afore-mentioned geopolitical dynamic, commercial tensions on international markets and changes in production chains, act with strong price cutting policies aimed at the most price-sensitive and mature industries, with consequent risks of a reduction in margins. In addition, competitive pressure for the Company could increase due to the completion of vertical integration and/or partnership operations by some direct competitors, even at markets historically less characterised by such dynamics, as well as the entry into some relevant markets of financially solid private investors, with the possible development of aggressive sales policies.

To respond to these risks, the Company has adopted a number of strategies. In particular, the Company aims to differentiate itself in the market through the high quality and performance levels of its products, with sustained investment in continuous improvement of its offerings, as well as the formulation of integrated commercial proposals including sales activities, development at the customer's premises and after-sales assistance. In addition, where possible and in compliance with current legislation, long-term supply agreements and commercial partnerships are stipulated, orders that are significant in terms of amount and volumes are favoured, opportunities for modifying procurement strategies/supervision of local markets and inorganic growth opportunities are carefully evaluated, for the external acquisition of distinctive technologies and technical capabilities that are functional to the Company's know-how and business activities or investment in potentially disruptive entrepreneurial realities, including through convertible financing to promising ventures or start-up support and acceleration programs such as RedZone. Through the acquisition of technologies or the development of new solutions and services, we work to expand and complete our product portfolio. The strong orientation towards product innovation drives the Company to support investments in research and development activities and to offer products that meet the reference standards and the specific requirements of customers, also by repositioning the range of products along different stages of the value chain.

Furthermore, as also mentioned, SAES seeks to diversify its target markets with a view to reducing its dependence on markets characterised by an increasing level of competition.
In parallel, market research continues to anticipate changes in demand, also by using alliances and agreements with leading specialised study centres. In addition, the collaboration with leading universities and commercial partnerships with established companies constitute important eminence tools for the Company, with the aim of increasing the Company's brand awareness even downstream of the markets in which it operates and of retaining its customers.

Drivers related to technological and technical trends

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

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

This risk is mitigated by continuous market analyses and through screening emerging technologies and of emerging trends, from a market pull point of view, both to identify new opportunities for development and to ensure that one is not prepared for the emergence of technological ageing.
Furthermore, as already mentioned, SAES seeks to reduce the importance of a single industry/application by diversifying the target markets and continuously investing in the development of innovative solutions, with a technology push approach.

Risk related to extraordinary transactions

The year 2023 was characterised by the sale of companies operating in the Nitinol business, which generated an enormous creation of value, necessary for the pursuit of future growth strategies (organic and inorganic) of the Company. In this context, the industrial reinvestment strategies of the proceeds obtained from the completion of extraordinary transactions (such as the one just mentioned) lead the Company to evaluate potential investments related to the purchase of controlling stakes/company branches/joint ventures in order to strengthen its position in the sectors in which it operates, diversify its product portfolio and expand into markets synergistic to those it is already present in, including through careful monitoring and scouting of innovative projects and start-ups as is the case with the RedZone project, launched in 2022 and continued during 2023, with the identification of and support for the first start-ups to join the initiative, or the provision of convertible financing to entities deemed promising. During the year, the Company continued its strategy of diversifying investments in companies characterised by technologically advanced production and high innovation (for example, Flexterra, Rapitag, Cambridge Mechatronics Limited, as well as active participation in the venture capital fund EUREKA!), which the Company believes could be instrumental to the growth of its business.

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

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

Diversity of business models

The Company includes different businesses and production sites in terms of size, production volumes, reference markets and operating activities, also attributable to medium-small companies as a result of the inorganic growth operations completed in recent years. In addition to these production sites, are investments (joint ventures, convertibles loans, minority interests in other companies, etc.) made by the Company, in entrepreneurial ventures functional to its business model, in some cases attributable to innovative structures of a smaller size and/or with the characteristics of start-ups, with an increased level of organisational and operational complexity of the Company, in relation to a limited overall size, with the risk of entailing inefficiencies and a significant weight of "structural" costs.

The Company mitigates the risks associated with the heterogeneity of business models within it by identifying and pursuing operational and functional synergies between production sites, overseeing service activities at the Company also to the benefit of peripheral structures, defining, where possible, cost structure efficiency objectives, monitoring operating performance levels and investing to limit possible production inefficiencies.

Risks of catastrophic events

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

In order to ensure business continuity during events that by their nature are extraordinary, crisis committees have been appointed to define the appropriate response strategy for the continuation of the Company's business activities.
With regard to the presence of some of the Company's production plants in earthquake-prone areas (for example in Abruzzo), the organisation has adopted specific risk mitigation measures, such as: operating in earthquake-proof buildings; drawing up special procedures to manage emergencies; ensuring that the relevant authorities make periodic checks of the buildings; taking out insurance policies to cover material assets and business interruption for the Italian sites and the foreign production associates; frequent evacuation drills for the employees that work there; investment plans finalised at the safeguarding of corporate assets and continuity of operations.

Uncertainty about the success of research and development projects

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

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

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

During 2023, the Company saw a substantial recovery in the development of research project development activities have returned to pre-pandemic levels, including the installation of new equipment at laboratories and their renovation. At the same time, the Company reviewed the overall portfolio of research projects, identifying the most promising ones in order to focus the investments of resources on the latter.

The risk is mitigated through periodic and structured reviews of the project portfolio, managed by the *Innovation Committee,* which, as part of its activities to support the *Chief Technology Officer* (*CTO*), is responsible for: i) defining the priorities of research and development projects; ii) proposing the annual budget for research and innovation in terms of costs and times; iii) preparing plan and budget proposals for approval by Management; iv) developing technological knowledge; v) evaluating and proposing new technological solutions; vi) developing and promoting a uniform and distinctive scientific approach for the different areas of the Company. In addition, in order to continuously monitor the expenses of individual projects and with the aim of optimizing the monitoring and commitment on these aspects, the innovation area uses specific tools for the management of research projects and provides for constant dialogue with the *Chief Innovation Officer* (CIO).

Where and when possible, SAES seeks to access public funding, obviously if the objectives are perfectly in line with the R&D project in question. In addition, "open" forms of cooperation are increasingly being used with external centres of excellence or with industrial partners through agreements to share investments in research and related results, in order to reduce development times and optimize the cost-effective commitment as regards the commitment of its partners.

Protection of intellectual property

The Company has always sought to develop original know-how, where possible protecting it with forms of industrial property rights, such as patents. It should be noted that there is growing difficulty in their defence, also due to the uncertainties relating to the legal systems of some of the countries in which the Company operates, as well as the advent of generative artificial intelligence systems and platforms, the use of which by the operators of the market is expected to grow. Finally, there is the risk, albeit remote, of violation of the intellectual property of others and/or of the onset of disputes in this regard.

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

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

Risks relating to dependence on customers deemed to be strategic

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

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

Risks related to the Company's digital transformation

The emergence in the market of innovative digital systems, platforms and techniques, such as generative artificial intelligence applications, as well as the increasingly widespread new methods of managing and monitoring internal operations, relations with its industrial partners, and customer activities relationship management and monitoring of other third parties (for example suppliers), entail the need for the Company to initiate investments in the field of digital transformation, whose favourable outcome is however dependent on the Company's ability to obtain, internally and externally, the key skills necessary for the success of these projects. The potential difficulty in having such skills, which are sometimes scarce in the market, represents a risk in terms of non-return on investment, partial effectiveness, and delays in the digital transformation process.

The Company mitigates this risk by constantly monitoring market developments, as well as its own positioning, examining investment opportunities in strategic digital transformation initiatives in an integrated manner or through individual solutions and development projects, even of more limited scope, and selecting the best professional partners to support it, who can boast adequate experience and success in implementing such initiatives.

Operational risks

Risks related to production planning

The occurrence of exogenous international shocks in the recent past (e.g. the Covid-19 pandemic, conflicts in Ukraine and the Middle East, or momentary disruptions in supply chains) has exposed the Company to the risk that its production planning and programming may be delayed, as a result of the freezing and/or postponement of shipments and/or supplies due to temporary difficulties of companies operating within the Company’s value chain. At the same time, the frenetic and heterogeneous recovery of certain markets following the pandemic or in response to exogenous shocks, with peaks of demand (sometimes driven by arbitrage strategies or "irrational" market dynamics) in some businesses accompanied by slowdowns in other activities, has meant that the Company has had to adopt a flexible model at its production sites, such as to allow for the rapid allocation of production to priority activities characterised by greater demand, in order to avoid the risk of not filling the entire order portfolio in a timely manner.

To mitigate the risk, the Company has activated business continuity plans in order to guarantee operational continuity with reference to operations, for example, drawing on inventory stocks, previously procured by increasing the minimum stock levels, such as to satisfy operational continuity in cases of need, as well as adopting *dual supplier* strategies that make it possible to reduce dependence on individual counterparties. In 2023, the Company also upgraded and replicated some production lines, as well as revised the organisation of activities at its production sites, e.g. by defining production campaigns concentrated in certain periods of the year, in order to make operations management more flexible and able to respond more effectively and promptly to changes in demand. Finally, the Company constantly monitors its service levels, promptly intervening in the event of a variance from its historical standards.

Risks associated with the recruitment and retention of critical skills

With reference to the labour market and more particularly to the ability to acquire and retain key technical and technological skills within the Company, while avoiding excessive growth in personnel expense, the Company effectively faced some general labour market difficulties, both in the process of selecting and hiring qualified personnel for the operations areas, as well as in defining retention strategies for profiles with critical technical know-how. In particular, the Company was not affected by the effects of some labour market trends that took hold as early as 2022 at global level (such as the “great resignation”) and, through collaboration with leading universities, research centres and employment agencies, it promptly met its needs for the hiring of qualified personnel. Given the above, with particular regard to the labour market in Italy, it should be noted that the scarcity of qualified STEM profiles on the market risks making the Company's recruitment process more onerous and expensive.

In order to mitigate the risk, as well as to favour the maintenance of key skills within the Company, continuous education and training activities are envisaged for personnel, as are the structuring of specific retention plans that integrate financial and welfare aspects, the implementation of initiatives that nurture the corporate wellness of employees, the development of ad hoc succession plans and the preservation of essential know-how within the Company, to support generational change and also in light of the Isopension plan launched at the end of the 2023 financial year.

Business continuity risk

The risk refers to the possibility that production and/or activities of the Company may be suspended due to internal events (e.g., accidents) or external events (e.g., extraordinary events such as catastrophic events that might have an impact on the Company by restricting its operations and business).
With reference to the continuity of business operations, the Company has a business continuity procedure that defines the response actions in case of unavailability of resources, business infrastructure and supply

chain. The Company also defines inventory policies for warehouses and dual suppliers so as to guarantee production continuity even in cases of supply chain disruption and has entered into smart working agreements to guarantee the continuity of remote activities for staff and sales personnel.

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

Risks related to the security of information systems

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

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

Compliance risks

Risks related to environmental sustainability and climate change

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

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

Finally, the increasing attention paid by end consumers, legislators and public opinion in general to the energy transition and to environmental protection issues may produce a significant impact in the markets downstream of those in which the Company operates. This impact can, therefore, have important "backwards" repercussions along the entire value chain, representing both a source of risks (for example, SMA Materials business for the automotive sector) and opportunities (for example, the packaging business or **High Vacuum Division**) for the Company, and entailing the need to change production processes through the timely introduction and effective use of green production factors, including cutting-edge technologies and energy- and resource-efficient production techniques, driving the transformation of business processes towards greater sustainability. In particular, regulatory developments in the automotive sector could increase the speed of the transition from combustion engines to hybrid and electric engines, which could have a negative impact on sales of SMA springs (SMA Materials business), which in any case have a non-significant weight both on the total revenue and the total revenue in the SMA Materials business. However, it should be noted how this risk may be more than offset for the Company by the opportunities that are likely to arise in relation to the packaging business, thanks to technological, consumer and regulatory changes in the sector, aimed at encouraging the use of eco-sustainable solutions, while maintaining the effectiveness of the products used in terms of high-barrier. There may also be opportunities in the **High Vacuum Division** through the Company's involvement in international research projects and private developments in the field of nuclear fusion as a possible new source of energy with a low environmental impact.

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

Furthermore, with regard to issues concerning climate change, the Company has initiated a process aimed at defining a sustainability plan that includes activities aimed at mitigating the areas of risk identified with concrete actions, which allow to contribute, among other things, to the reduction of emissions and the definition and implementation of products that contribute to the promotion of a circular economy. The definition of this sustainability plan is expected in 2024.

Risks related to regulatory requirements for listed companies

SAES Getters S.p.A. has been listed on the Italian Stock Exchange since 1986 and, as at April 2, 2001, joined the STAR segment (now Euronext STAR) – Segment Securities with High Requirements. Recent regulatory introductions at EU and national level (e.g. the enactment of the *Corporate Social Responsibility Directive*, which will soon also be transposed at national level), as well as the regulatory developments expected in the short and medium term (e.g. Corporate Social Due Diligence Directive), applicable in particular to listed companies, increase the number of legal requirements to which the Company is subject. At the same time, as publicly announced following the disposal of the equity investments in the companies operating in the Nitinol business completed on October 2, 2023, the Company expects in the short and medium term to pursue organic and inorganic growth strategies and investments of a financial nature that require the highest level of attention in relations with the market, the Supervisory Authorities and, more generally, with all the Company's stakeholders, with the risk of sub-optimal or untimely management of corporate governance and external reporting aspects.

The Company mitigates exposure to this risk by paying the utmost attention to relations with its internal governance structures, with external investors and with its stakeholders in general, including through the adoption and implementation of specific corporate procedures and/or the Company's policies and guidelines, by investing in training and awareness-raising activities aimed at company personnel, and by being supported in the management of the most sensitive and interpretative aspects of regulations by qualified and experienced external professionals.

Financial and reporting risks

Budget & planning risk

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

To mitigate this risk, the Company involves all interested company departments in the forecasting process and, in specific circumstances and where available, uses assessments made by third parties or with the cooperation of sector consultants to substantiate its own estimates; if the assumptions initially used change, additional reports are prepared and implemented, involving the various parties involved in the process.

Corporate planning, therefore, at individual Division level, makes it possible to intercept the developments expected for the Company in the short and medium term, to assess the adequacy of the organisational structure and the resources available, and to establish its development objectives, defining the investments to be made accordingly.

Tax risk

The international context in which the Company operates and the various tax regulations to which the investees must comply expose the Company to risks of a fiscal nature: the potential non-compliance with local tax laws as well as the interpretative aspects of some regulations would lead to increased costs and disputes with the tax authorities, with a potentially uncertain outcome, with a consequent impact on the Company's operational and commercial strategies, as well as on the Company's reputation.

For the purposes of assessing the tax risk, the Company considers the following assessments: political decisions in tax matters by local governments, geographical distribution of the investees, financial results achieved by the investees and cost structure at corporate level.

The management of the tax process is outsourced, in order to mitigate the risks associated with non-compliance with local regulations and ensure the execution of activities based on the professional skills of external providers with proven experience and reliability. Regular meetings between external advisors and the Company's *Chief Financial Officer* are to be regarded as additional risk management controls.

Financial risks

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

- *Interest rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of investments in cash and cash equivalents and the securities portfolio. This risk is also linked to the strategies implemented by governments and central banks to achieve the desired level of inflation (on this subject, please refer to the section on strategic risks above). With reference to the investment strategy of the proceeds from the disposal of the equity investments in the companies operating in the Nitinol business, the exposure to interest rate risk translates into the possible lower prospective profitability of the term deposits in which the Company's liquid assets were invested, whose return is correlated to the monetary policies of the Central Banks;
- *Currency risk*, related to the volatility of exchange rates, which may affect the relative value of the Company's costs and revenue depending on 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 profit or loss. The figures of the financial assets/liabilities denominated in currencies other than the euro also depend on the exchange rate, so not only are the financial results affected, but also the net financial position;
- *Price variation risk of productive factors (for example, raw materials)* which may affect the Company's product margins if it is not possible to offset this variation in the price agreed with customers. It should be noted that this risk is assessed as not significant as at December 31, 2023 and therefore no sensitivity analysis has been performed on raw material purchase costs for impairment testing purposes (see Note 22 to the Separate Financial Statements at December 31, 2023).
- *Credit risk*, associated with the solvency of customers and, in general, the ability to collect and measure financial assets;
- *Liquidity risk*, relating to the Company's ability to properly balance the investment of liquidity currently available after the disposal of the equity investment in companies operating in the Nitinol business, in order to have, when necessary, sufficient funds to finance organic growth activities and/or strategic transactions (such as mergers & acquisitions or organisational rationalisation and renovation) that involve extraordinary outlays.

- *Financial investment risk*, relating to the Company's ability to re-invest in low-risk securities that can be quickly liquidated (so as not to bind the Company) the collections deriving from the completion of any extraordinary disposal transactions, pending the identification of advantageous business opportunities (reference should be made to the discussion of M&A issues above), as well as relating to the valuation in the financial statements of these investments. In this regard, it should be noted that the Company's securities portfolio was significantly reduced during 2023, with the aim of favouring the (almost) certain returns of term deposits, which, in addition, are not affected by fair value fluctuations, from which the results of recent years have instead been adversely affected by unfavourable stock or bond performances. The securities still in the portfolio at the end of the year, which are very low in value, have a conservative investment profile and, if held to maturity, make it possible to face the risk of negative returns correlated with the financial market turbulence.

With regard to financial risk, the Board of Directors periodically reviews and defines the risk management policies, as described in detail in Note 49 to the Separate Financial Statements at December 31, 2023, to which reference is also made for the related sensitivity analyses.

Subsequent events

For events occurring after the end of the year, please refer to Note 55 of the Separate Financial Statements at December 31, 2023, "Significant events after the reporting period".

Business outlook

In the first **two-month period** of 2024, **revenue** amounted to 13,998 thousand euros, up by 16.7% compared to 11,995 thousand euros in the same period of 2022, despite the negative exchange rate effect (-1.1%). The **organic** change was positive for 17.8%: growth was driven by the *SMA Materials* (**Industrial Division**), **Chemicals Division** and **High Vacuum Division**.

The table below shows the **revenue for the first two months of 2024** for each Division, with the relative percentage change, at current and comparable exchange rates.

(thousands of euros)

Divsions and Businesses	Two months ended February 29, 2024	Two months ended February 29, 2023	Total difference	Total difference %	Exchange Rate Effect %	Organic change %
Getters & Dispensers	3,517	4,247	(730)	-17.2%	-1.1%	-16.0%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	4,212	2,945	1,267	43.0%	-1.0%	44.0%
SAES Industrial	**7,729**	**7,193**	**536**	**7.5%**	**-1.1%**	**8.5%**
High Vacuum Solutions	3,675	3,032	643	21.2%	-2.0%	23.2%
SAES High Vacuum	**3,675**	**3,032**	**643**	**21.2%**	**-2.0%**	**23.2%**
Functional Chemicals	2,579	1,758	821	46.7%	0.0%	46.7%
SAES Chemicals	**2,579**	**1,758**	**821**	**46.7%**	**0.0%**	**46.7%**
Packaging Solutions	0	0	0	n.a.	n.a.	n.a.
SAES Packaging	**0**	**0**	**0**	**n.a.**	**n.a.**	**n.a.**
Not Allocated	**16**	**12**	**4**	**33.3%**	**-6.6%**	**40.0%**
Revenue	**13,998**	**11,995**	**2,003**	**16.7%**	**-1.1%**	**17.8%**

In the coming quarters, we expect the growth in sales and results to be further consolidated, which will continue to benefit from the positive effects of the very strong financial position.

Other information regarding the Company

To illustrate the performance of subsidiaries, please refer to the paragraph "Performance of subsidiaries in 2023" and "Summary schedule of key data of subsidiaries".

The Company has three production sites, located in Lainate (MI), viale Italia 77, and Avezzano (AQ), via Diesel and via Nobel.

The management offices are located in Milan, Piazza Castello, 13.

The company has two Branch Offices, one in Taoyuan City (Taiwan), Zhubei City – Hsinchu Count 4F., No. 288, Zhuangjing N. RD., and one in Tokyo (Japan), 2F Terra Port Meguro BLGD 2-17-18.

Going concern

The separate financial statements are prepared on the **going concern** assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in the light of the results achieved in 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 significant cash availability as at December 31, 2023, deriving from the disposal of the equity investments in the companies operating in the Nitinol business, constitutes a further guarantee of going concern.

Related party transactions

As regards the Company's transactions with **related parties**, the full disclosure on related party transactions carried out during the year is provided in Note 51 to the Separate Financial Statements at December 31, 2023.

The Procedure on Related Party Transactions adopted by the SAES Group is available on the website ***www.saesgetters.com/it/investor-relations/corporate-governance/politiche-e-procedure/*****.**

With regard to transactions with related parties that fall within the ordinary exercise of operating activities and related financial activities and that are concluded under conditions similar to those usually applied to unrelated parties for transactions of a correspondent nature, entity and risk, and which are carried out under similar conditions as such, they are exempt from the application of the Procedure on Related Party Transactions, it should be noted that there were no transactions of greater significance concluded during the 2023 financial year. It should be noted that, with respect to the reduction in the compensation related to the *Asset Sale Plan* concerning the transaction for the sale of the Nitinol business proposed by the two Executive Directors and the two Key Managers (for details see Note 51 to the Separate Financial Statements at December 31, 2023), although this reduction did not result in exceeding the materiality thresholds provided for transactions of Greater Significance pursuant to the "Regulation containing provisions on transactions with related parties" adopted by Consob with resolution No. 17221 of March 12, 2010, in consideration of the fact that the total amount of the incentives due to the aforementioned beneficiaries exceeded these thresholds, the procedure provided for transactions of Greater Significance was applied, for the purposes of maximum transparency.

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.

Therefore, no information document was published following the sale of the Nitinol business (in particular, the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.).

Report on corporate governance and ownership structure

The **Report on corporate governance and ownership structures of SAES Getters S.p.A. for 2023**, drawn up pursuant to arts. 123-*bis* of the Consolidated Finance Act and 89-*bis* of the Consob Issuers' Regulations and approved by the Board of Directors on March 14, 2024, constitutes a separate report from this Report on Operations and is also available on the website *www.saesgetters.com*, in the "Investor relations – Corporate Governance" section.

Proposal to approve the Separate Financial Statements and the allocation of the dividend

Dear Shareholders,

We hereby submit the following proposed resolution for your approval

"The Shareholders' Meeting,

- after examining the figures of the separate financial statements of SAES Getters S.p.A., at December 31, 2023, accompanied by the Report on operations, the Report of the Board of Statutory Auditors, the Independent Auditors' Report and any other documentation envisaged by law;

- after acknowledging that the legal reserve has reached 20% of share capital;

- after acknowledging the results for the year ended December 31, 2023;

resolves

- *to approve the separate financial statements of SAES Getters S.p.A. as at and for the year ended December 31, 2023, which closed with a profit for the year of 686,982,953.57 euros;*

  (i) to distribute part of the profit for the year of 686,982,953.57 euros, net of net unrealised exchange gains pursuant to Art. 2426, paragraph 8-bis, of the Italian Civil Code, for an overall net amount of 209,983,452.48 euros and, therefore, attributing a dividend of 12.51 euros per ordinary share;

Profit for the year			**686.982.953,57**
(Net unrealised and undistributable exchange gains)			0,00
Distributable profit for the year			**686.982.953,57**
From distributable profit for the year			
- euro	12,51	for each one of	
	16.785.248	savings shares	209.983.452,48
For a maximum combined total of:			**209.983.452,48**

- to make payment of these amounts in favour of entitled ordinary shares, which will be in outstanding as at April 30, 2024 (Record date) effective from May 2, 2024, with detachment of coupon no. 40; the security will be traded ex-dividend from April 29, 2024;

- to award the Chairman, Deputy Chairman and Managing Director, jointly and severally, all powers necessary for the implementation of this resolution."

Lainate (MI), March 14, 2024

on behalf of the Board of Directors
Massimo della Porta
Chairman

SEPARATE FINANCIAL STATEMENTS OF SAES GETTERS S.P.A. AT DECEMBER 31, 2023

Statement of profit or loss

(euro)	Notes	2023	2022 [1]
Third party revenue		68,596,775	67,219,001
Intragroup revenue		6,961,896	9,263,231
Total revenue	8	**75,558,671**	**76,482,232**
Third party cost of sales		(40,807,465)	(39,084,741)
Intragroup cost of sales		(2,316,479)	(3,604,972)
Total cost of sales	9	**(43,123,944)**	**(42,689,713)**
Gross profit		**32,434,727**	**33,792,519**
Research & development expenses	9	(10,071,160)	(9,291,605)
Selling expenses	9	(11,833,879)	(11,593,360)
General & administrative expenses	9	(38,357,273)	(23,887,536)
Impairment losses on trade receivables	9	7,415	(96,810)
Costs associated with the disposal of equity investments	10	(84,798,756)	(2,267,516)
Total operating expenses		**(145,053,653)**	**(47,136,827)**
Intragroup royalties		1,089,895	1,296,948
Other third party income		453,896	547,029
Other intragroup income		1,483,230	1,496,398
Other third party (expenses)		(571,778)	(573,964)
Other intragroup (expenses)		(8,640)	(1,077)
Net other income	11	**2,446,603**	**2,765,334**
Operating loss		**(110,172,323)**	**(10,578,974)**
Dividends	12	7,667,124	30,708,794
Gain from the disposal of equity investments	13	800,286,209	0
Third party financial income		7,711,192	964,572
Intragroup financial income		3,754,829	681,511
Total financial income	14	11,466,021	1,646,083
Third party financial expense		(2,845,184)	(2,915,434)
Intragroup financial expense		(196,261)	(248,774)
Total financial expense	14	(3,041,445)	(3,164,208)
Exchange gains	15	3,611,081	1,099,656
Exchange losses	15	(18,225,933)	(1,665,335)
Impairment losses on equity investments, loan assets and other financial assets	16	(8,522,816)	(13,686,969)
Impairment gains on equity investments	16	2,200,000	0
Pre-tax profit		**685,267,918**	**4,359,048**
Income taxes	17	1,715,036	(1,423,304)
Current taxes		(1,050,717)	(1,558,963)
Deferred taxes		2,765,753	135,659
Profit for the year		**686,982,954**	**2,935,744**

[1] FY2022 figures have been restated for better comparison with FY2023 figures. See in this regard Note No. 5, section "Reclassifications on FY2022 balances."

Statement of comprehensive income

(euro)		2023	2022
Profit for the year		**686,982,954**	**2,935,744**
Net actuarial gains (losses) on defined benefit plans		(86,708)	499,779
Income taxes		20,810	(119,947)
Net actuarial losses on defined benefit plans related to equity-accounted investees		(513,561)	(22,445)
Other comprehensive income (expense), net of taxes		**(579,459)**	**357,387**
Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss		**(579,459)**	**357,387**
Profit for the year and other comprehensive income (expense), net of taxes		**686,403,495**	**3,293,131**

Statement of Financial Position

(euro)	Notes	December 31, 2023	December 31, 2022 [(1)]
ASSETS			
Non-current assets			
Property, plant and equipment	18	42,198,604	42,101,009
Intangible assets	19	293,834	254,855
Right-of-use assets	20	1,731,118	2,155,837
Equity investments and other financial assets	21	93,565,907	122,937,453
Deferred tax assets	23	6,525,609	3,422,887
Financial assets with related parties	31	350,000	3,206,630
Other financial assets with third parties	24	9,748,790	
Other non-current assets	25	51,536	59,317
Total non-current assets		**154,465,398**	**174,137,988**
Current assets			
Inventories	26	12,448,042	14,934,871
Third party trade receivables		6,787,668	7,323,503
Intragroup trade receivables		4,019,148	4,145,464
Trade receivables	27	10,806,816	11,468,967
Derivative financial instruments	28	0	258,517
Securities	29	15,035,348	28,315,316
Other financial assets and other loan assets with third parties	30	374,463,795	0
Financial assets with related parties	31	253,720,063	49,378,210
Tax consolidation assets	32	289,639	119,639
Sundry and other current assets	33	5,143,584	2,963,455
Current tax assets	34	165,282	339,639
Cash and cash equivalents	35	76,292,031	5,543,192
Total current assets		**748,364,600**	**113,321,806**
Total assets		**902,829,998**	**287,459,794**

EQUITY AND LIABILITIES			
Share capital		12,220,000	12,220,000
Share premium reserve		25,724,211	25,724,211
Treasury shares		0	(93,382,276)
Legal reserve		2,444,000	2,444,000
Other reserves and retained earnings		89,804,155	236,468,751
Profit for the year		686,982,954	2,935,744
Total equity	**36**	**817,175,320**	**186,410,430**
Non-current liabil ities			
Financial liabilities	37	472,508	461,892
Lease liabilities	38	1,139,583	1,571,949
Post-employment and other employee benefits	39	8,934,353	7,032,025
Provisions for risks and charges	40	7,413,278	11,434
Total non-current liabi lities		**17,959,722**	**9,077,300**
Current liabilities			
Third party trade payables		8,838,073	11,279,934
Intragroup trade payables		1,013,100	493,967
Trade payables	41	9,851,173	11,773,901
Financial liabilities with related parties	42	6,965,666	6,087,942
Lease liabilities	38	739,035	782,185
Sundry liabilities with third parties	43	42,861,812	9,794,321
Sundry liabilities with related parties	44	927,019	12,110
Other current liabilities	45	1,639,798	596,931
Current tax liabilities	46	237,388	22,685
Provisions for risks and charges	40	4,013,796	244,390
Bank loans and borrowings	47	459,269	62,657,599
Total current liabilities		**67,694,956**	**91,972,064**
Total equity and liabilities		**902,829,998**	**287,459,794**

[(1)] FY2022 figures have been restated for better comparison with FY2023 figures. See in this regard Note No. 1, paragraph "Restatement of FY2022 balances."

Statement of cash flows

(euro)	2023	2022 [1]
Cash flows from operating activities		
Profit for the year	686,982,954	2,935,744
Income taxes	(1,715,036)	1,423,304
Depreciation of right-of-use assets	754,629	778,611
Depreciation of property, plant and equipment	5,220,996	4,655,733
Impairment losses (reversal of impairment losses) on property, plant and equipment	0	94,983
Amortisation of intangible assets	138,718	146,474
(Reversal of) impairment loss on intangible assets	11,269	0
(Gains) losses from the sale of Property, plant and equipment and intangible assets	98,752	0
(Gains) losses from sale of equity investment in Medical business	(800,286,209)	0
Fair value (gains) losses on financial instruments	258,517	(249,675)
Impairment losses on trade receivables	(7,415)	96,810
Impairment losses on equity investments and financial assets	8,522,816	13,686,969
Impairment gains on equity investments and financial assets with subsidiaries	(2,200,000)	(43,200)
Accrual (utilisation) of provision for risks on investment	0	(712,411)
Dividends	(7,667,124)	(30,708,794)
Net other non-monetary (income) expense	682,295	(7,320)
Net financial (income) expense	(8,425,097)	1,518,125
Non-monetary variation in post-employment and other employee benefits	3,254,804	3,012,197
Accrual (utilisation) of provisions for risks and charges	11,405,642	1,053
	(102,969,489)	**(3,371,397)**
Change in operating assets and liabilities		
Cash increase (decrease)		
Trade receivables and other current assets	669,566	1,726,377
Inventories	2,486,829	(4,280,862)
Trade payables	(1,922,728)	2,300,030
Other current (assets) liabilities	30,450,044	(2,795,875)
Payments of post-employment and other benefits	(435,229)	(2,495,962)
Taxes paid	251,736	(282,493)
Cash flows used in operating activities	**(71,469,271)**	**(9,200,181)**
Cash flows from investing activities		
Increase of investments in subsidiaries	(928,369)	(4,750,000)
Decrease of investments in subsidiaries	138,020	0
Acquisition of property, plant and equipment	(5,426,272)	(8,579,912)
Acquisition of intangible assets	(188,966)	(238,416)
Proceeds from disposal of property, plant and equipment and intangible assets	8,929	89,202
Income from securities, net of management fees	738,762	813,392
Dividends collected from group companies	7,667,124	30,708,794
Disposal of securities in portfolio	14,775,000	0
Investments in other companies	(1,741,574)	(168,487)
Interest and other financial income received	5,396,616	303,939
Consideration received from the sale of equity investments	819,904,890	0
Financial assets with third parties	(400,000)	(298,000)
Interest income on financial assets with related parties	0	1,144
Other financial assets	(370,000,000)	0
Change in financial assets with related parties (cash pooling)	481,549	(567,723)
Loans to related parties granted during the year	(257,196,739)	(1,243,815)
Loans to related parties repaid during the year	49,500,000	7,165
Interest income on loans to related parties received during the year	243,813	293,757
Cash flows generated by investing activities	**262,972,783**	**16,371,040**
Cash flows from financing activities		
New short-term loans	250,500,000	567,500,000
Repayment of short-term loans	(313,000,000)	(567,000,000)
Interest paid on short-term loans	(1,885,956)	(639,000)
Interest and other financial expense paid	(487,613)	(156,446)
Payment of dividends	(11,542,795)	(8,530,485)
Repurchase of treasury shares and accessory costs	(44,095,809)	0
Change in financial liabilities with related parties (cash pooling)	739,053	(450,629)
Borrowings from related parties accrued during the year	991,226	3,787,669
Borrowings from related parties repaid during the year	(850,000)	(561,058)
Other financial liabilities	(3,000)	(1,000)
Repayment of lease liabilities	(806,006)	(737,261)
Interest paid on leases	(48,601)	(33,389)
Cash flows used in financing activities	**(120,489,501)**	**(6,821,599)**
Effect of exchange rate changes on cash flows	(3,283)	0
Increase (decrease) in cash and cash equivalents	**71,010,728**	**349,260**
Opening cash and cash equivalents	5,546,172	5,096,884
Cash and cash equivalents - merger effect	0	100,028
Closing cash and cash equivalents	**76,556,900**	**5,546,172**

[1] FY2022 figures have been restated for better comparison with FY2023 figures. See in this regard Note No. 1, paragraph "Restatement of FY2022 balances."

For details on the statement of cash flows, see Note 48

Statement of changes in equity

					Other items of equity					
(thousands of euros)	Share capital	Share premium reserve	Treasury Shares	Legal reserve	Other untaxed reserves	Revaluation reserve	Other reserves and retained earnings	Total	Profit (loss) for the year	Total equity
December 31, 2021	**12,220,000**	**25,724,211**	**(93,382,276)**	**2,444,000**	**138,081**	**2,614,431**	**242,945,833**	**192,704,280**	**(8,291,582)**	**184,412,931**
Merger effect							7,235,088	7,235,088		7,235,088
Coverage of loss for 2021							(8,291,582)	(8,291,582)	8,291,582	0
Dividends paid							(8,530,485)	(8,530,485)		(8,530,485)
Profit for the year									2,935,744	2,935,744
Other comprehensive income							357,387	357,387		357,387
December 31, 2022	**12,220,000**	**25,724,211**	**(93,382,276)**	**2,444,000**	**138,081**	**2,614,431**	**233,716,240**	**183,474,687**	**2,935,744**	**186,410,430**
Merger effect								0		0
Allocation of profit for 2022							2,935,744	2,935,744	(2,935,744)	0
Dividends paid							(11,542,795)	(11,542,795)		(11,542,795)
Decrease			93,382,276				(137,478,085)	(44,095,809)		(44,095,809)
Profit for the year									686,982,954	686,982,954
Other comprehensive expense							(579,459)	(579,459)		(579,459)
December 31, 2023	**12,220,000**	**25,724,211**	**0**	**2,444,000**	**138,081**	**2,614,431**	**87,051,644**	**130,192,367**	**686,982,954**	**817,175,320**

Notes

1. GENERAL INFORMATION

SAES Getters S.p.A. (hereinafter the "Company") is the entity that draws up the separate financial statements and has its registered office in Lainate (Milan), Viale Italia, 77. The management offices are located in Milan, Piazza Castello, 13.

The Separate Financial Statements as at and for the year ended December 31, 2023 (hereinafter the "Separate Financial Statements") include the financial statements of the Company and its subsidiaries (hereinafter the "Company").

The Company 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 Company, including in the area of advanced materials, is also active in the business of shape memory alloys for industrial applications. Furthermore, 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, optoelectronics, advanced photonics, telecommunications (5G) and telephony). Finally, the Company offers functional acoustic composites for the consumer electronics market; new functional materials are being currently validated and may find application in various sectors, from cosmetics to the paint & coatings segment, as well as the natural-origin polymers segment.

On October 2, 2023, following the binding agreement signed on January 9, 2023 and after obtaining a favourable opinion from the *Federal Trade Commission* (FTC) issued on September 12, 2023, the closing of the transaction, for the disposal of the equity investments in the US subsidiaries operating in the Nitinol business, Memry Corporation and SAES Smart Materials, Inc., was finalised. For further information on the disposal, please refer to the Report on Operations of SAES Getters S.p.A., paragraph "Significant events in 2023".

Following the joint voluntary public offer involving 1,364,721 savings shares and the subsequent cancellation of these shares, as well as the subsequent mandatory conversion of the savings shares, not purchased, into ordinary shares completed on August 4, 2023, the share capital of the Company at the end of the year is represented entirely by ordinary shares. See Note 36 for further details.

S.G.G. Holding S.p.A., with registered office in Milan, via Santa Maria Fulcorina, 2, is the main shareholder of the Company, owning 30.11% of the total ordinary shares of SAES Getters S.p.A. and holding 46.19% of the voting rights[11] (as a result, it does not hold an absolute majority of the voting rights that can be exercised at the Shareholders' Meeting).[12] S.G.G. Holding S.p.A. does not exercise any management and coordination activity with respect to SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code (as specified in the 2023 Report on corporate governance and ownership). The share capital of S.G.G. Holding S.p.A. is in turn owned by a plurality of shareholders, none of whom individually exercise control over the company.

2. BASIS OF PREPARATION

These Separate Financial Statements are prepared:

[11] Percentage calculated considering that 5,018,486 shares held by S.G.G. Holding S.p.A. have accrued the increased voting rights.
[12] As at December 31, 2022 S.G.G. Holding S.p.A. held 34.44% of the ordinary shares of SAES Getters S.p.A., accounting for 51.15% of the voting rights (percentage calculated by taking into account that 5,018,486 ordinary shares held by S.G.G. Holding S.p.A. benefited from the increased voting right, as well as of the voting rights of the treasury shares held by SAES Getters S.p.A.). The holding percentage of S.G.G. Holding S.p.A. was reduced during year 2023 following the joint partial voluntary public offer concerning 1,364,721 savings shares and the subsequent mandatory conversion of the savings shares, that were not acquired, into ordinary shares finalised on August 4, 2023.

- in compliance with the *International Financial Reporting Standards* issued by the *International Accounting Standards Board* and endorsed by the European Union (hereinafter "IFRS"), as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38 of February 28, 2005;
- based on the going concern assumption since, despite the presence of a difficult economic, financial and geopolitical context, in light of the results achieved in 2023, the forecasts for future years and the substantial financial resources available, there are no significant uncertainties as to the company's ability to continue as a going concern;
- using the euro as the presentation currency.

The Board of Directors has approved and authorised the publication of these Separate Financial Statements with the resolution approved on March 14, 2024.

3. BASIS OF PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS

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

With reference to the requirements of Consob resolution No. 15519 of 27 July 2006 and Consob Communication No. DEM/6064293 of July 28, 2006, the following should be noted:
- excluding disposals of equity investments in the companies Memry Corporation and SAES Smart Materials, the effects of which have been classified under "costs associated with the disposal of equity investments" and for details of which see Note 10, no other significant income and expense deriving from non-recurring transactions or from events that do not recur frequently in the ordinary course of business, as well as positions or transactions deriving from atypical or unusual transactions, were identified;
- the amounts of positions and transactions with related parties are summarised and described in Note 51.

4. USE OF ESTIMATES AND JUDGEMENTS

When preparing the Separate Financial Statements, Company Management was required to make estimates and judgements required by the application of accounting standards and affecting the amounts of the assets, liabilities, costs and revenue recognised in the Separate Financial Statements, as well as the information included in the notes. However, as these are estimates, the results obtained in the future will not necessarily be the same as those shown in these Separate Financial Statements. These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the review of accounting estimates are recognised prospectively.

Assumptions and uncertainties in estimates

As at December 31, 2023, information on assumptions and uncertainties in estimates that have a significant risk of causing material changes to the carrying amount of the assets and liabilities in the separate financial statements of the following year is provided in the following notes:

- *Impairment test* of non-current assets (property, plant and equipment, intangible assets, right-of-use assets and equity investments): main assumptions for determining recoverable amounts (see Note 22 – *Impairment test* of non-financial assets - property, plant and equipment, intangible assets, and right-of-use assets - and equity investments in subsidiaries);
- measurement of the useful lives of property, plant and equipment and of intangible assets for the calculation of depreciation and amortisation (see Notes 18 and 19);
- measurement of the net realisable value of inventories (see Note 26);
- recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and quantification of an outflow of resources (see Note 40);
- measurement of obligations for defined benefits plans and share-based payment plans: main assumptions used to estimate liabilities (see Note 39);
- recognition of lease contracts: estimate of the marginal borrowing rate for the discounting of payments due for leases and if there is reasonable certainty that the Company will exercise the extension options (see Note 38);
- recognition of deferred tax assets: availability of future taxable profits against which the deductible temporary differences and tax losses carried forward can be used (see Note 23).

Fair value measurements

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

- for the initial recognition of financial instruments and for the subsequent measurement of derivative financial instruments and certain non-derivative financial assets, such as, for example, equity investments in other companies and securities (see Notes 21 and 29);
- for the disclosure in the separate financial statements relating to financial instruments measured at amortised cost (see Note 37);
- for the performance of the impairment tests if the value in use is not used as the basis for the calculation of the recoverable amount (see Note 22);
- for the opening recognition and subsequent measurement of share-based payment plans (see Note 39).

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

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

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

On the basis of the above, the fair values are divided into the following hierarchical levels based on the input data used in the valuation techniques:
- *Level 1:* (unadjusted) prices quoted on active markets for identical assets or liabilities;
- *Level 2:* input data other than the quoted prices referred to in Level 1 that are observable for the asset or liability, both directly (prices) and indirectly (derived from prices);
- *Level 3:* input data relating to the asset or liability that are not based on observable market data.

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

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

5. RECLASSIFICATION OF 2022 BALANCES

Following the disposal of the equity investments in the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., finalised on October 2, 2023, the statement of profit or loss balances for the year 2022, presented for comparative purposes, were reclassified with respect to the amounts recognized in the Separate Financial Statements at December 31, 2022. In particular, the costs associated with the disposal of equity investments were reclassified in a single item called "Costs associated with the disposal of equity investments", in line with what is stated for the 2023 financial year.

These reclassifications, which had no effect on the profit for the year and equity and therefore did not require the presentation of the financial position at the beginning of the comparative period, are detailed in the table below.

(euro)	2022	Reclassifications FY2022	2022 Reclassified
Revenue	**76,482,232**		**76,482,232**
Total cost of sales	(42,689,713)		(42,689,713)
Gross Profit	**33,792,519**		**33,792,519**
Research & development expenses	(9,310,212)	18,607	(9,291,605)
Selling expenses	(11,757,255)	163,895	(11,593,360)
General & administrative expenses	(25,972,550)	2,085,014	(23,887,536)
Impairment losses on trade receivables	(96,810)	0	(96,810)
Costs associated with the disposal of equity investments	0	(2,267,516)	(2,267,516)
Total operating expenses	**(47,136,827)**	**0**	**(47,136,827)**
Intragroup royalties	1,296,948		1,296,948
Other third party income	547,029		547,029
Other intragroup income	1,496,398		1,496,398
Other third party (expenses)	(573,964)		(573,964)
Other intragroup (expenses)	(1,077)		(1,077)
Net other income	**2,765,334**		**2,765,334**
Operating loss	**(10,578,974)**	**0**	**(10,578,974)**
Dividends	30,708,794		30,708,794
Third party financial income	964,572		964,572
Intragroup financial income	681,511		681,511
Total financial income	1,646,083		1,646,083
Third party financial expense	(2,915,434)		(2,915,434)
Intragroup financial expense	(248,774)		(248,774)
Total financial expense	(3,164,208)		(3,164,208)
Exchange gains	1,099,656		1,099,656
Exchange losses	(1,665,335)		(1,665,335)
Impairment losses on equity investments, loan assets and other financial assets	(13,686,969)		(13,686,969)
Pre-tax profit	**4,359,048**	**0**	**4,359,048**
Income taxes	(1,423,304)		(1,423,304)
Current taxes	(1,558,963)		(1,558,963)
Deferred taxes	135,659		135,659
Profit for the year	**2,935,744**	**0**	**2,935,744**

In addition to the above, it should be noted that the statement of financial position balances at December 31, 2022 were reclassified with respect to the balances recognized in the Separate Financial Statements at December 31, 2022, for the purpose of a better presentation and to ensure comparability with the balances as at December 31, 2023. The statement of financial position reclassifications are detailed in the table below.

(euro)	December 31, 2022	Reclassifications at December 31, 2022	December 31, 2022 Reclassified
ASSETS			
Non-current assets			
Property, plant and equipment	42,101,009		42,101,009
Intangible assets	254,855		254,855
Right-of-use assets	2,155,837		2,155,837
Equity investments and other financial assets	122,937,453		122,937,453
Deferred tax assets	2,399,786	1,023,101	3,422,887
Financial assets with related parties	3,206,630		3,206,630
Other non-current assets	59,317		59,317
Total non-current assets	**173,114,887**	**1,023,101**	**174,137,988**
Current assets			
Inventories	14,934,871		14,934,871
Third party trade receivables	7,323,502		7,323,502
Intragroup trade receivables	4,145,464		4,145,464
Trade receivables	11,468,966		11,468,966
Derivative financial instruments	258,517		258,517
Securities	28,315,316		28,315,316
Financial assets with related parties	49,378,210		49,378,210
Tax consolidation assets	119,639		119,639
Sundry and other current assets	2,121,359	842,097	2,963,456
Current tax assets	2,204,837	(1,865,198)	339,639
Cash and cash equivalents	5,543,192		5,543,192
Total current assets	**114,344,907**	**(1,023,101)**	**113,321,806**
Total assets	**287,459,794**	**0**	**287,459,794**

EQUITY AND LIABILITIES			
Share capital	12,220,000		12,220,000
Share premium reserve	25,724,211		25,724,211
Treasury shares	(93,382,276)		(93,382,276)
Legal reserve	2,444,000		2,444,000
Other items of equity	236,468,751		236,468,751
Profit for the year	2,935,744		2,935,744
Total equity	**186,410,430**	**0**	**186,410,430**
Non-current liabil ities			
Financial liabilities	461,892		461,892
Lease liabilities	1,571,949		1,571,949
Post-employment and other employee benefits	7,032,025		7,032,025
Provisions for risks and charges	11,434		11,434
Total non-current liabi lities	**9,077,300**	**0**	**9,077,300**
Current liabilities			
Third party trade payables	11,279,934		11,279,934
Intragroup trade payables	493,967		493,967
Trade payables	11,773,901		11,773,901
Financial liabilities with related parties	6,087,942		6,087,942
Lease liabilities	782,185		782,185
Sundry liabilities with related parties	8,164,332	1,629,989	9,794,321
Other payables related parties	0	12,110	12,110
Other current liabilities	0	596,931	596,931
Current tax liabilities	34,795	(12,110)	22,685
Employee benefits	2,226,920	(2,226,920)	0
Provisions for risks and charges	244,390		244,390
Bank loans and borrowings	62,657,599		62,657,599
Total current liabilities	**91,972,064**	**0**	**91,972,064**
Total equity and liabilities	**287,459,794**	**0**	**287,459,794**

As a result of the reclassifications on the statement of financial position items mentioned above and to reflect a more detailed exposure of 2023 movements, reclassifications were also made on the figures of the 2022 statement of cash flows, as detailed in the table below:

(euro)	2022 Published	Reclassifications 2022	2022 Reclassified
Cash flows from operating acti vities			
Profit for the year	2,935,744		2,935,744
Income taxes	1,423,304		1,423,304
Depreciation of right-of-use assets	778,611		778,611
Depreciation of property, plant and equipment	4,655,733		4,655,733
Impairment losses (reversal of impairment losses) on property, plant and equipment	94,983		94,983
Amortisation of intangible assets	146,474		146,474
Fair value gains on financial instruments	(249,675)		(249,675)
Impairment loss on trade receivables	96,810		96,810
Impairment losses on equity investments and other financial assets	13,686,969		13,686,969
Impairment gains on equity investments and financial assets with subsidiaries	(43,200)		(43,200)
(Utilization) provision for equity investment risks	(712,411)		(712,411)
Income from equity investments	(30,708,794)		(30,708,794)
Net other non-monetary income	(7,320)		(7,320)
Net financial expense	1,518,125		1,518,125
Non-monetary variation in post-employment and other employee benefits	5,265,934	(2,253,737)	3,012,197
Accrual (utilization) of provisions for risks and charges	1,053		1,053
	(1,117,660)	**(2,253,737)**	**(3,371,397)**
Change in operati ng assets and liabili ties			
Cash increase (decrease)			
Trade receivables and other current assets	1,726,377		1,726,377
Inventories	(4,280,862)		(4,280,862)
Trade payables	2,300,030		2,300,030
Other current (assets) liabilities	(3,060,803)	264,928	(2,795,875)
	(3,315,258)	**264,928**	**(3,050,330)**
Payments of severance and other benefits to employees	(4,484,770)	1,988,808	(2,495,962)
Taxes paid	(282,493)		(282,493)
Cash flows used in operating activi ties	**(9,200,181)**	**0**	**(9,200,181)**
Cash flows from i nvesting activities			
Increase of investments in subsidiaries	(4,750,000)		(4,750,000)
Decrease in investments in subsidiaries	0		0
Purchase of Property, plant and equipment	(8,579,912)		(8,579,912)
Purchase of intangible assets	(238,416)		(238,416)
Proceeds from the sale of Property, plant and equipment and intangible assets	89,202		89,202
Income collected on securities in portfolio, net of management fees paid	813,392		813,392
Dividends collected from Group companies	30,708,794		30,708,794
Disposal of securities in portfolio	0		0
Equity investments in other enterprises	(168,487)		(168,487)
Interest income and other financial income received	303,939		303,939
Long-term financial receivables from related parties repaid (granted) during the year	(3,447,013)	3,447,013	0
Financial assets with third parties	0	(298,000)	(298,000)
Interest income on financial assets with related parties	1,144		1,144
Change in financial assets with related parties (cash pooling)	(567,723)		(567,723)
Change in loans to related parties	2,206,120	(2,206,120)	0
Loans to related parties granted during the year	0	(1,243,815)	(1,243,815)
Loans to related parties granted during the year	0	7,165	7,165
Interest income on loans to related parties received during the year	0	293,757	293,757
Cash flows generated by investing activities	**16,371,040**	**0**	**16,371,040**
Cash flows from financing activities			
New short-term loans	567,500,000		567,500,000
Repayment of short-term loans	(567,000,000)		(567,000,000)
Interest paid on short-term loans	(639,000)		(639,000)
Interest and other financial expense paid	(156,446)		(156,446)
Payment of dividends	(8,530,485)		(8,530,485)
Repurchase of treasury shares and accessory costs	0		0
Change in financial liabilities with related parties (cash pooling)	(450,629)		(450,629)
Change in loans from related parties	3,226,611	(3,226,611)	0
Borrowings from related parties accrued during the year	0	3,787,669	3,787,669
Loans to related parties repaid during the year	0	(561,058)	(561,058)
Other financial liabilities	(1,000)		(1,000)
Repayment of financial liabilities for leasing contracts	(737,261)		(737,261)
Interest paid on leases	(33,389)		(33,389)
Cash flows from financing activities	**(6,821,599)**	**0**	**(6,821,599)**
Effect of exchange rate changes on cash flows	0		0
Increase (decrease) in cash and cash equivalents	**349,260**	**0**	**349,260**
Opening cash and cash equivalents	5,096,884		5,096,884
Cash and cash equivalents – merger effect	100,028		100,028
Closing cash and cash equivalents	**5,546,172**	**0**	**5,546,172**

6. AMENDMENTS TO SIGNIFICANT ACCOUNTING STANDARDS

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

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

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

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

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

The entity must apply the new 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.

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 (whose provisions are in effect in Italy as at December 31, 2023, but applicable as at January 1, 2024) 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 are applicable to annual reporting periods beginning on or after January 1, 2023.

The adoption of the aforementioned new standards and amendments introduced starting from January 1, 2023 did not have a significant impact on these Separate Financial Statements at December 31, 2023.

Accounting standards, amendments and interpretations endorsed by the European Union, but whose application is not yet mandatory and not adopted early by the Company

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been adopted early by the Company as at December 31, 2023.

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.

With reference to the accounting standards that will come into force from January 1, 2024, no significant effects are currently expected on the Separate Financial Statements of the Company.

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

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

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.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the IASB published an amendment called *"Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".* The document requires an entity to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the report to be provide in the notes to the financial statements. The amendment shall apply from January 1, 2025 but early adoption is allowed.

The adoption of these amendments is not expected to have any significant impact on the Company's Separate Financial Statements.

7. SIGNIFICANT ACCOUNTING STANDARDS

Unless otherwise indicated, the accounting standards described below were applied consistently for all years included in these Separate Financial Statements.

From January 1, 2023, the Company adopted the "Amendments to IAS 1 - Disclosure of accounting policies". The amendments require report to be provided on "material" and no longer "significant" accounting policies. Although the amendments did not entail any changes in the accounting policies, in some cases have an effect on the disclosure of accounting policies reported in this Note.

Mergers of subsidiaries

Mergers fall within the broader phenomenon of concentrations/integrations between several companies and represent the most complete form of business combination, as they involve both the legal and economic unification of the parties involved. Mergers with subsidiaries represent a reorganisation of the group, with no transfer of control of the merged companies and no economic exchange with third parties. Therefore, they cannot be classified as business combinations within the scope of application of IFRS 3.

In the absence of references to specific IFRS standards or interpretations for such transactions, it should be noted that IAS 1.13 requires in general terms that financial statements must provide a reliable and faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria set forth in the so-called IFRS Conceptual Framework for assets, liabilities, expenses, and revenue, and IAS 1.15 establishes the obligation to select, in accordance with the hierarchy laid down by IAS 8, the accounting policies appropriate for achieving the general objective of reliable and faithful representation. Since these transactions, by their nature, have no significant influence on the cash flows of the merged companies, the related accounting is carried out according to the principle of continuity of values. The costs and revenue of the merged company are recorded from the first day of the year (or the date of acquisition of control if later) in which the merger became legally effective as it is not possible, from a legal standpoint, to restate the balances of the comparative years.

Foreign currency

Foreign currency transactions

The Company’s functional currency is the Euro. Foreign currency transactions are translated into the Company's currency at the exchange rate in effect on the date of the transaction. Monetary items in foreign currency at the reporting date are translated into the functional currency using the exchange rate on the same date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates in force on the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate on the same date of the transaction.

Translation of the financial statements of foreign operations

The assets and liabilities of foreign branches are translated into euro using the exchange rates in force at the reporting date. Revenue and costs of foreign branches are translated into euro using the average exchange rates for the year. Foreign exchange gains and losses arising from the translation of the financial statements of foreign branches are recognised under other comprehensive income and included in the translation reserve. In preparing the statement of cash flows, the cash flows of foreign branches expressed in currencies other than the euro are translated using the average exchange rates for the year.

The following table shows the exchange rates used for the translation of foreign branches' Financial Statements.

Currency	December 31, 2023		December 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate
Japanese yen	151.9903	156.3300	138.0274	140.6600
Taiwan dollar	33.6983	33.8740	31.3223	32.7603

Owned property, plant and equipment

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

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

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

Land	0%
Buildings	3% - 25%
Plant and machinery	5% - 33%

Intangible assets

The intangible assets, which all have a finite useful life, are recognised at cost, net of amortisation and any accumulated impairment losses.

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

The estimated useful lives of intangible assets are indicated below:

Industrial patent rights and intellectual property rights	3/5 years
Concessions, licenses, trademarks and similar rights	3/7 years
Other	2/7 years/term of contract*

* leasehold improvements are amortised on the basis of the residual duration of the lease. Specifically, reference is made to the property located in Milan, Piazza Castello

Leased property, plant and equipment, cars (Right-of-use assets and Lease liabilities)

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

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

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

The right-of-use asset is subsequently amortised on a straight-line basis from the start date to the end of the lease term, unless the Company acquires ownership of the asset at the end of the lease term, in which case the right-of-use asset is amortised over the useful life of the underlying asset.
Whenever there is an indication that the right-of-use asset may have suffered an impairment loss, it is subject to an impairment test (see the following paragraph "Impairment losses on non-financial assets (property, plant and equipment, intangible assets, right-of-use assets and equity investments)".

Equity investments in subsidiaries and joint ventures

Equity investments in subsidiaries and joint ventures are measured using the cost method, adjusted if necessary for impairment losses.
The risk deriving from any losses exceeding the carrying amount of the investee is recognised in a specific provision to the extent that the investor is committed to performing legal or implicit obligations of the investee, or in any event to hedging its losses.
Dividends are recognised in profit (loss) for the year when the right to receive them arises.

Impairment losses on non-financial assets (property, plant and equipment, intangible assets and right-of-use assets) and equity investments in subsidiaries

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

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

With specific reference to equity investments in subsidiaries, in addition to the previously mentioned indicators, it is verified whether the carrying amount of the equity investment exceeds the carrying amounts of the net assets (including goodwill) of the investee as recognised in the Consolidated Financial Statements, or whether the subsidiary has declared a dividend distribution in an amount exceeding the comprehensive income for the same year.

If, based on this verification, it emerges that the non-financial assets or the equity investments in subsidiaries may have suffered an impairment loss, the Company estimates their recoverable amount by performing an impairment test.

When the recoverable amount of a single non-financial asset cannot be estimated, the Company estimates the recoverable amount of the *CGU - Cash Generating Unit* to which the asset belongs. The CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows generated by other assets or groups of assets.
If the carrying amount of a CGU (or a group of CGUs) exceeds its recoverable amount, an impairment loss is recognised in the profit (loss) for the year, which is first recognised as a reduction in the carrying amount of goodwill, if any, and only then in the other assets of the CGU (group of CGUs) in proportion to their carrying amount up to the amount of the recoverable amount.
The recoverable amount of a *CGU* or an equity investment is the higher between its fair value, less costs to sell, and its value in use.

The value in use is represented by the present value of expected cash flows calculated by applying a discount rate that reflects current market valuations of the time value of money and of the specific risks of the asset comprising the *CGU* (or group of *CGUs*) or equity investment.

Explicit future cash flows cover a period of three years, except in cases where explicit forecasts require longer periods, such as in the case of newly started businesses and start-up initiatives. The long-term growth rate used to estimate the terminal value is assumed at a value not exceeding the average long-term growth rate of the sector, the country, or the reference market.

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

For the purposes of the impairment test, the carrying amount of a *CGU* or an equity investment is compared with the related recoverable amount.

Impairment losses recognised in previous years are reversed up to the carrying amount that would have been determined if the impairment loss had never been recognised.

Financial assets and liabilities

Recognition, initial measurement, and offsetting

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

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

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

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

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

- *Hold to Collect (HtC)*: the objective is to own the financial assets in order to collect the related contractual cash flows until their maturity. If the contractual cash flows are represented solely by payments on fixed dates of principal and interest, the financial assets are subsequently measured at amortised cost; otherwise, they are measured at fair value through profit or loss (FVTPL). At the reporting date, the financial assets managed under the HtC business model consisted of trade receivables from and financial receivables from related parties and third parties and are subsequently measured at amortised cost using the effective interest rate method and presented net of impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit (loss) for the year, as are any gains or losses on derecognition.
- *Hold for trading*: the objective is to maximize returns through the purchase and sale of financial assets and residually collect the related contractual cash flows. At the reporting date, the financial assets managed under the business model "other" consist of investments in monetary and bond instruments for dynamic cash surplus management and are measured at fair value through profit or loss.

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

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

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

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

Subsequent measurement of non-derivative financial liabilities

Non-derivative financial liabilities, mainly represented by trade payables and financial liabilities, are initially recognised at fair value, which normally corresponds to the consideration received net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Interest expense and exchange gains (losses) are recognised in profit (loss) for the year, as are any gains or losses deriving from derecognition.
With reference to lease liabilities, see the previous paragraph "Leased property, plant and equipment, cars (Right-of-use assets and lease liabilities)".

Financial derivatives

The derivative financial instruments subscribed by the Company are represented by forward sale contracts on foreign currencies and have the purpose of hedging the exposure to currency risk originating from the Company's commercial transactions, within pre-established operating limits.
During the year, a contingent hedging contract was also signed to hedge the currency risk associated with the collection in dollars deriving from the disposal of the equity investments in the companies operating in the Nitinol business, Memry Corporation and SAES Smart Materials, Inc.

Although the derivative instruments subscribed by the Company have an economic purpose of hedging the currency risk, the Company does not account for these instruments according to the rules of hedge accounting, in that the documentation required to designate the hedging relationship and monitor its effectiveness for accounting purposes is not provided.
Based on this choice, all derivative instruments are measured at fair value through profit or loss (FVTPL).

Inventories

Inventories, consisting of raw materials, purchased goods, semi-finished goods, work in progress and finished goods, are valued at the lower of cost and net realisable value; cost is determined using the FIFO (first in, first out) method. In the case of goods produced by the Company, the cost includes the direct costs of materials and labour and indirect production costs (variable and fixed).

Employee benefits

Short-term benefits

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

Post-employment benefits

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

With reference to "Defined contribution plans", the related cost is recognised in the profit (loss) for the year as a "personnel expense" over the period in which the employees provide their services.

On the other hand, with reference to "Defined benefit plans", the Company recognises the liability determined on the basis of an actuarial calculation, using the Projected Unit Credit Method. Current service costs (portion accrued by the employee) and interest expense relating to the increase in the present value of the TFR obligation arising from the approaching time of payment of the benefits are recognised in the profit (loss) for the year as "Cost of sales/operating expenses". Actuarial gains and losses are recognised in other comprehensive income and will never be reclassified subsequently to profit (loss) for the year.

Other long-term benefits

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

Cash-settled share-based payment transactions

The Company has an incentive plan based on phantom shares for Executive Directors and certain key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value.

The above-mentioned incentive plan represents a cash-settled share-based payment plan. The Company therefore recognises a liability over the period during which the employees accrue the unconditional right to receive the payment, which is measured at each reporting date and at the settlement date on the basis of the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit (loss) for the year as "operating expenses".

Benefits due to employees for termination of employment

Benefits due to employees for termination of employment are recognised as an expense when the Company has committed itself without the possibility of withdrawal in offering such benefits or, if earlier, when the Company recognises restructuring costs.

The estimate of the benefits due to employees in relation to the Isopension agreements is recognised at the time of signing the agreements with the trade unions and is classified as provisions. When the uncertainty on the estimate of these benefits ceases, the relative amounts are reclassified to "Post-employment and other employee benefits" under non-current liabilities and "Sundry liabilities" under current liabilities. Benefits fully payable beyond twelve months from the end of the year are discounted.

Provisions

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

Ordinary shares and treasury shares

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

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

Revenue from contracts with customers

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

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

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

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

Government grants

Government grants are recognised in the separate financial statements when there is reasonable certainty that they will be received and that the Company will comply with the conditions for their receipt.
Grants related to assets are recognised initially in deferred income and subsequently in profit (loss) for the year as other income on a systematic basis over the useful life of the asset to which they relate.
Grants related to income that offset the costs incurred by the Company are recognised in the profit (loss) for the year on a systematic basis, to offset them in the same period against the costs that the grant is intended to offset, unless the conditions for receiving the grant are met after the related costs have been recognised. In this case, the grant is recognised when it becomes due.

Current and deferred taxes

The tax charge for the year includes current and deferred taxes recognised in profit (loss) for the year, with the exception of those relating to items recognised directly in equity or in other comprehensive income.
Current taxes include the estimate of the amount of income taxes due or to be received, calculated on the taxable income or on the tax loss for the year as well as any adjustments to taxes from previous years. The amount of tax assets or liabilities, determined on the basis of the tax rates in force or substantially in force at the end of the year, also includes the best estimate of any amount payable or receivable that is subject to uncertainty.

Deferred taxes are recognised with reference to the temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for:
- temporary differences related to the initial recognition of assets or liabilities as a result of a single transaction if the following conditions are met: 1) the transaction is not a business combination, and 2) at the date of the transaction there is no impact on profit (or loss) for the year and taxable income (or tax loss) with the emergence of taxable and deductible temporary differences having different amounts;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future; and
- the taxable temporary differences relating to the initial recognition of goodwill.

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

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

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

8. REVENUE

This item includes revenue from contracts with customers and amounted to 75,559 thousand euros in 2023, down 1.2% from 76,482 thousand euros in 2022.

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

(thousands of euros)

Divisions and Businesses	2023	2022	Total difference	Total difference %	Exchange Rate Effect %	Organic change %
Getters & Dispensers	24,255	28,621	(4,366)	-15.3%	-1.7%	-13.5%
Sintered Materials	0	0	0	n.a.	n.a.	n.a.
SMA Materials	19,950	13,075	6,875	52.6%	-2.5%	55.1%
SAES Industrial	**44,205**	**41,696**	**2,509**	**6.0%**	**-2.0%**	**8.0%**
High Vacuum Solutions	17,998	20,040	(2,042)	-10.2%	-1.4%	-8.8%
SAES High Vacuum	**17,998**	**20,040**	**(2,042)**	**-10.2%**	**-1.4%**	**-8.8%**
Functional Chemicals	13,293	14,714	(1,421)	-9.7%	0.0%	-9.7%
SAES Chemicals	**13,293**	**14,714**	**(1,421)**	**-9.7%**	**0.0%**	**-9.7%**
Packaging Solutions	0	0	0	n.a.	n.a.	n.a.
SAES Packaging	**0**	**0**	**0**	**n.a.**	**n.a.**	**n.a.**
Not Allocated	**62**	**32**	**30**	**93.8%**	**-0.1%**	**93.9%**
Revenue	**75,559**	**76,482**	**(923)**	**-1.2%**	**-1.4%**	**0.2%**

The revenue of the **Industrial Division** totalled 44,205 thousand euros, up by 6.0% compared to 41,696 thousand euros in the previous year. The performance of the euro against the major foreign currencies led to a negative exchange rate effect equal to -2.0%, net of which revenue organically grew by 8.0%. This organic growth of revenue was driven by the good performance of *SMA Materials* sales, in particular by sales of SMA trained wire for mobile devices, while in the more traditional sector of Getters and Dispensers (in particular, lamps and thermal insulation) there were some decreases.

Revenue of the *Getters & Dispensers Business* totalled 24,255 thousand euros in 2023, down by 15.3% compared to 28,621 thousand euros in 2022, with a negative exchange rate effect (-1.7%). The organic decrease was therefore -13.5% mainly due to the trend of structural negative growth in the more mature businesses (lamps and thermal insulation).

Revenue of the *SMA Materials Business* totalled 19,950 thousand euros in 2023, up sharply (+52.6%) compared to 13,075 thousand euros in 2022. Excluding the negative exchange rate effect (-2.5%), organic growth was 55.1%, mainly due to the mobile device sector.

Revenue of the **High Vacuum Division** amounting to 17,998 thousand euros, down sharply (-10.2%) compared to 20,040 thousand euros in the previous year, adversely affected by both the negative exchange rate effect (-1.4%) and from the slower times in fulfilling the order with the Consorzio RFX of Padua, active in experimental nuclear fusion, despite the higher sales to industrial customers (-8.8% organic change).

Revenue of the **Chemicals Division** totalled 13,293 thousand euros, down 9.7% from 14,714 thousand euros in the previous year. The exchange rate effect was nil, as the sales were denominated exclusively in euros. The 2023 figure was affected by a contraction in sales in the first half of the year, attributable to the slowdown in the consumer electronics segment, which today constitutes the main outlet market for the products of this division. A recovery in sales in the second half of the year should be noted, despite the natural drop in orders in December.

Not-allocated revenue amounted to 62 thousand euros during 2023 (32 thousand euros in the previous year) and refer exclusively to initial sales related to the B!POD project, developed by the Design House of SAES, for which new sales events are planned during 2024.

A **breakdown of revenue by geographical segment of customers** is provided below.

(thousands of euros)

Geographical Segment	2023	%	2022	%	Total difference	Total difference %
Italy	**1,906**	2.5%	**1,997**	2.6%	(91)	-4.6%
Europe	**24,326**	32.2%	**26,558**	34.7%	(2,232)	-8.4%
North America	**8,104**	10.7%	**10,708**	14.0%	(2,604)	-24.3%
Japan	**4,404**	5.8%	**5,505**	7.2%	(1,101)	-20.0%
China	**30,505**	40.4%	**25,676**	33.6%	4,829	18.8%
South Korea	**1,976**	2.6%	**1,209**	1.6%	767	63.4%
Taiwan	**380**	0.5%	**1,214**	1.6%	(834)	-68.7%
Other Asian countries	**3,643**	4.8%	**3,142**	4.1%	501	15.9%
Others	**315**	0.4%	**473**	0.6%	(158)	-33.4%
Revenue	**75,559**	**100.0%**	**76,482**	**100.0%**	**(923)**	**-1.2%**

With regard to the **geographical distribution of revenue**, the year 2023 shows an increase in sales in the **Chinese market**, thanks mainly to *SMA Materials* products for the mobile sector, despite the decline in the **Chemicals Division**. Sales in **North America** are severely penalised by the slowdown in demand for getters in the organic electronics sectors. The decline in **Japan** is instead attributable to lower revenue from high vacuum devices.

9. COST OF SALES AND OPERATING EXPENSES

The cost of sales and operating expenses for 2023 was 188,178 thousand euros, compared with 89,827 thousand euros in the previous year.

(thousands of euros)

	2023	2022	Total difference	Total difference %
Raw Materials (includes change in raw materials)	14,525	19,916	(5,391)	-27.1%
Direct labour	7,730	8,188	(458)	-5.6%
Manufacturing overheads	17,808	17,725	83	0.5%
Change of work in progress and finished goods	3,061	(3,139)	6,200	-197.5%
Total cost of sales	**43,124**	**42,690**	**434**	**1.0%**
Research & development expenses	10,071	9,292	779	8.4%
Selling expenses (*)	11,826	11,690	136	1.2%
General & administrative expenses	38,357	23,888	14,469	60.6%
Costs associated with the disposal of equity investments	84,799	2,268	82,531	3638.9%
Total operating expenses	**145,054**	**47,137**	**97,917**	**207.7%**

(*) The item includes reversals of impairment losses on trade receivables for 7 thousand of euro (97 thousand of euros in 2022).

Cost of sales

The cost of sales recorded an increase of 1%. This change is due to the product mix, in particular to the growth in turnover in *SMA Materials* sales (in 2023 the cost of sales of *SMA Materials* amounted to 8,526 thousand euros compared to 7,383 thousand euros in 2022) offset by the reduction in the *Getters & Dispensers* and *Chemicals* segment.

Operating expenses

Operating expenses increased by 97,917 thousand euros (+207.7%). The increase is mainly due to **costs associated with the disposal of equity investments** (82,531 thousand euros more than in 2022).

General and administrative expenses increased by 14,469 thousand euros (of which 14,262 higher personnel expense, specifically, 12,250 thousand euros for Severance costs that include the provision for the Executives' Isopension agreement signed with Federmanager/Assolombarda at the end of the year to incentivise the voluntary redundancy of up to a maximum of 15 Executives of 11,400 thousand euros), higher consulting costs of 742 thousand euros and lower directors' fees of 552 thousand euros.

Under **research and development expenses**, the following changes are reported: higher expenses related to personnel employed in the research department in the amount of 392 thousand euros, higher expenses related to amortisation for 172 thousand euros, higher consultancy services for 140 thousand euros and lower costs for utilities of 117 thousand euros. It should be noted that, compared to what was reported in the Separate Financial Statements for 2022, 19 thousand euros were reclassified as costs associated with the disposal of equity investments.

On the other hand, the increase in **selling expenses** was more contained.

A **breakdown by nature** of cost of sales and operating expenses is provided below, compared with the same figure of the previous year:

(thousands of euros)

Total costs by nature	2023	2022	Total difference
Personnel expense	49,075	36,320	12,755
Raw materials (includes change in raw materials)	14,525	19,916	(5,391)
Technical, legal, tax and administrative consultancy	6,875	5,603	1,272
Depreciation of property, plant and equipment	5,220	4,656	564
Corporate bodies	4,749	5,301	(552)
Various materials	4,404	3,620	784
Maintenance and repairs	2,642	2,459	183
Utilities	2,538	4,558	(2,020)
Advertising costs	2,012	1,424	588
Other	1,878	1,474	404
Commissions	1,546	722	824
General services (canteen, cleaning, security)	1,217	1,338	(121)
Insurance	896	893	3
Depreciation of right-of-use assets	755	771	(16)
Licenses and patents (**)	736	753	(17)
Travel and accomodation expenses	611	353	258
Transport	591	505	86
Audit fees (*)	194	98	96
Training costs	165	175	(10)
Amortisation of intangible assets	139	146	(7)
Telephones and faxes	66	59	7
Impairment losses on property, plant and equipment and intangible assets	11	95	(84)
Other recovery	(527)	(541)	14
Total costs by nature	**100,318**	**90,698**	**9,620**
Costs associated with the disposal of equity investments	84,799	2,268	82,531
Change in work in progress and finished goods	3,061	(3,139)	6,200
Total cost of sales and operating expenses	**188,178**	**89,827**	**98,351**

(*) figure net of 243 thousand euros in costs recharged to subsidiaries (211 thousand euros in 2022).

(**) figure net of 11 thousand euros of costs recharged to subsidiaries (12 thousand euros in 2022).

Comments on the main differences are shown below, after having offset both the effect of exchange rates and that related to the disposal of equity investments in the US subsidiaries, Memry Corporation and SAES Smart Materials, Inc., finalised on October 2, 2023.

The increase in **"Personnel expense"** is mainly attributable to the increase in Severance costs (which include, among other things, the provision for the Executives' Isopension Agreement signed with

Federmanager/Assolombarda at the end of the year, to incentivise the voluntary redundancy of up to a maximum of 15 Executives for 11,400 thousand euros). It should be noted that the previous year included non-recurring costs for 1,809 thousand euros for the settlement to the heirs of a key employee of the Company.
In 2023 this item includes the income of the Company for the Southern Italy tax incentive[13] amounting to 998 thousand euros.

The items **"Raw materials and resale materials",** which are directly related to the production cycle, decreased by 5,179 thousand euros.

The increase in the item **"Technical, legal, tax and administrative consultancy"** is attributable to strategic consulting for the *Getter & Dispensers Division* and to the costs related to governance.

The increase in **"Depreciation of property, plant and equipment"** is mainly attributable to the renovation of the properties of the Lainate headquarters (Offices and Laboratories) carried out in 2022, as well as the depreciation over the entire year of the emulsification pilot plant and the depreciation relating to the B!POD project.

The item **"Corporate bodies"** includes the remuneration of the members of the Board of Directors, both executive and non-executive, and the members of the Company's Board of Statutory Auditors. The decrease is mainly attributable to lower variable remuneration of Executive Directors, set aside only up to the date of sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., instead of over the entire year, and the partial release of the amount set aside in the two previous years for the three-year monetary incentive plans as a result of the partial achievement of the targets assigned at the end of the three-year period. On the other hand, to be noted is the higher provision for the phantom share incentive plan, related to the appreciation in the value of the SAES share.
For details on the amounts paid in terms of remuneration in 2023 and the comparison with the previous year, please refer to Note 39 and to the Report on remuneration.

The change in the item "**Utilities**" is related to the decrease in the unit costs of energy in the Company's factories. It should be noted that in 2023 this item includes income (231 thousand euros) related to the tax credit granted to Italian companies for the purchase of electricity and natural gas.

The increase in the item "**Advertising costs**" is attributable to the marketing expenses for the B!POD project and the costs for the promotion of the RedZone incubator, the program of interaction with start-ups in which SAES acts as a technological and industrial partner.

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

The item "**Travel and accommodation expenses**" increased as a result of the post-Covid recovery of both trade fairs and commercial activities with customers, as well as international conferences in the scientific and technological field.

10. COSTS ASSOCIATED WITH THE DISPOSAL OF INVESTMENTS

For the purposes of a better reading of the statement of profit or loss, the costs associated with the disposal of the equity investments were reclassified under a single item called "Costs associated with the disposal of equity investments". This item amounted to 84,799 thousand euros for 2023 and is mainly composed of consultancy costs incurred for the sale of the equity investments in Memry Corporation and SAES Smart

[13] 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.

Materials, Inc., equal to 20,155 thousand euros, and of the remuneration paid to the Company's employees (including Key Managers) and to the Executive Directors as part of the incentive plan called Asset Sale Plan, as well as the extraordinary bonuses paid to all other employees of the Company not beneficiaries of the Asset Sale Plan, equal to 66,821 thousand euros, and the recovery of operating expenses from Resonetics, LLC., as contractually envisaged, which led to savings of 2,300 thousand euros.
For a better comparison, the 2022 balances were reclassified in a similar way and the amount of 2,268 thousand euros is mainly composed of consultancy services equal to 2,057 thousand euros.

11. OTHER INCOME AND EXPENSE

The item "Net other income" in 2023, compared to 2022, breaks down as follows:

(thousands of euros)

	2023	2022	Total difference
Other income	3,027	3,340	(313)
Other expenses	(580)	(575)	(5)
Net other income	**4,470**	**4,787**	**(318)**

The item **"Other income"** includes the decrease in intragroup royalties for 207 thousand euros, as well as the Company's income related to the tax credit for research and development costs, in accordance with the provisions of the 2021 Budget Law (236 thousand euros in 2023, compared to 413 thousand euros in 2022).

On the other hand, the item "**Other expense**" mainly includes the property taxes and other taxes, other than income taxes. Please note that the amount for the financial year 2023, included 50 thousand euros for charitable donations of which the amount of 30 thousand euros was in support of Emilia-Romagna. In the previous year, however, there was a cost of 100 thousand euros for donations to support Ukraine.

12. DIVIDENDS

The item "Dividends" breaks down as follows:

(thousands of euros)

	2023	2022	Total difference
Dividends from subsidiaries:			
Memry Corporation	0	18,956	(18,956)
SAES Smart Materials, Inc.	0	4,695	(4,695)
SAES Getters/U.S.A., Inc.	0	6,292	(6,292)
SAES Getters Export, Corp.	7,386	446	6,940
SAES Getters (Nanjing) Co., Ltd.	281	320	(39)
SAES Getters International S.A.	0	0	0
Dividends from Group subsidiaries	**7,667**	**30,709**	**(23,042)**

Dividend income received from subsidiaries decreased by -23,042 thousand euros mainly as a result of the disposal of the equity investments in the US subsidiaries Memry Corporation and SAES Smart Materials, Inc., which operate in the **Medical Nitinol business.**

13. GAINS FROM THE DISPOSAL OF EQUITY INVESTMENTS

Following the disposal of the equity investments in the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. to Resonetics, LLC., on October 2, 2023, the Company reported a capital gain of 800,286 thousand euros. This is the difference between the sale at the closing date, equal to 880,094 thousand dollars[14] (equal to 835,719 thousand euros), of which 15,000 thousand dollars (equal to 14,245 thousand euros) deposited by way of escrow to cover any tax liabilities and reduced at the end of the financial year by -4,245 thousand dollars (equal to -3,841 thousand euros) due to the possible effects of some tax risks on the disposal price and the value of the equity investments in the two companies sold, equal to 31,592 thousand euros.

14. FINANCIAL INCOME AND EXPENSE

Financial income and expense are detailed in the following tables:

(thousands of euros)

Financial income	2023	2022	Total difference
Bank interest income	4,942	1	4,941
Other financial income	3,984	779	3,205
Fair value gains on securities	1,720	0	1,720
Coupons and other income on securities	820	866	(46)
Total financial income	**11,466**	**1,646**	**9,820**

(thousands of euros)

Financial expense	2023	2022	Total difference
Bank interest and other bank expense	(2,477)	(895)	(1,582)
Other financial expense	(434)	(257)	(177)
Fair value losses on securities	0	(1,927)	1,927
Management fees and other expenses on securities	(81)	(52)	(29)
Interest on lease liabilities	(49)	(33)	(16)
Total financial expense	**(3,041)**	**(3,164)**	**123**

The item **"Other financial income"** includes interest income deriving from loan and cash pooling transactions in favour of subsidiaries, in particular of SAES Investments S.A., which contributes approximately 3 million euros. The item also includes interest on convertible bonds granted to the joint venture Flexterra, Inc. for 407 thousand euros (for further details, see Note 31) and interest income on the convertible bond granted to the German company Rapitag GmbH for 117 thousand euros (for further details, please refer to Note 24).

The items **"Fair value gains/losses on securities"** are associated with the measurement at fair value of the securities subscribed to invest the cash and cash equivalents deriving from the non-recurring sale of the purification business completed at the end of June 2018. The gain in 2023, amounting to 1,720 thousand euros, is mainly a consequence of the adjustment of the market values of the CLC to the expectations of a decrease in interest rates by the European Central Bank as well as the approaching repayment date of a CLC.

Again in relation to the investment portfolio, the item **"Coupons and other income on securities"** (-46 thousand euros compared to the previous year) includes income for the collection of coupons. The item "**Management fees and other expenses on securities**" consists of the management fees of the aforementioned securities portfolio. Please refer to Note 29 for further details on the securities subscribed.

The item "**Bank interest and other bank expense**" includes accrued interest expense on both short- and long-term loans, as well as the bank fees related to the credit facilities held by the Company. The increase in

[14] That is, the contractual negotiated price of 900 million dollars, corrected for a negative adjustment, estimated to be -19.9 million dollars, calculated on the basis of the value of working capital, debt, cash, and tax receivables of the US companies being sold as at the closing date, and still subject to verification procedure by the acquiring party to be finalised by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 of Memry Corporation and SAES Smart Materials, Inc.

interest in the current year is attributable to the increase in market rates due to the ECB's monetary policy decisions. For long-term loans outstanding at December 31, 2023, please refer to Note 37 and 47.

The increase in the item **"Other financial expense"** is mainly attributable (amounting to 225 thousand euros) carried out in April and to the charges on cash pooling arrangements and intragroup borrowings (for 196 thousand euros).

15. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

(thousands of euros)

Impairment losses and reversals of impairment losses on equity investments, loan assets and other financial assets	2023	2022	Total difference
Impairment losses on equity investments, loan assets and other financial assets	(1,883)	(2,198)	315
Impairment losses on equity investments and cash pooling assets	(6,640)	(11,489)	4,849
Impairment losses on equity investments, loan assets and other financial assets	**(8,523)**	**(13,687)**	**5,164**
Reversals of impairment losses on equity investments	2,200	0	2,200
Reversals of impairment losses on equity investments	**2,200**	**0**	**2,200**

The item "**Impairment losses on loan assets and other financial assets**" includes:

- the impairment loss of 1,105 thousand euros on the convertible bond (principal of -698 thousand euros and interest accrued during the year of -407 thousand euros) to the joint venture Flexterra, Inc. This loan asset was impaired because it was deemed difficult to recover, based on the information available.
- the impairment loss, for 517 thousand euros, on the convertible bond (additional principal amount, in the amount of -400 thousand euros and interest in the amount of -117 thousand euros) granted to the German start-up Rapitag GmbH.

Both loan assets were impaired because they were deemed difficult to recover, based on the information available.
This item also includes 261 thousand euros (4 thousand euros in 2022) of impairment losses on financial assets (specifically, of "Other financial assets and other loan assets with third parties" and "Cash and cash equivalents"), in application of IFRS 9. Expected credit losses were calculated according to a default percentage associated with each bank holding funds, obtained on the basis of each bank's rating. The increase in this value is explained by the increase in liquidity deriving from the disposal of the Nitinol business.

The items **"Impairment losses on equity investments and cash pooling assets**" and "**Reversal of impairment losses on equity investments"** relate to the impairment losses and reversals of impairment losses on equity investments following impairment tests (see Note 22).

16. EXCHANGE GAINS AND LOSSES

The breakdown of exchange gains and losses in 2023 compared to the previous year is given below.

(thousands of euros)

	2023	2022	Total difference
Exchange gains	3,289	844	2,445
Exchange losses	(2,833)	(1,025)	(1,808)
Total exchange differences	**456**	**(181)**	**637**
Gains on forward contracts	322	5	317
Losses on forward contracts	(15,135)	(640)	(14,495)
Fair value gains (losses) on forward c	(259)	250	(509)
Net losses on forward contracts	**(15,072)**	**(385)**	**(14,687)**
Net exchange gains (losses)	**(14,615)**	**(566)**	**(14,049)**

The item **"Total exchange differences"** in both years is mainly attributable to the effect of the fluctuations of the dollar against the euro on commercial transactions and in 2023 to the accounting effects related to the conversion into euro of liquidity in US dollars deriving from the collection for the disposal of equity investments in companies operating in the Nitinol business.

The item **"Net losses on forward contracts"** recorded in 2023 came to -15,072 thousand euros (to be compared with -385 thousand euros in 2022).
This higher loss for -15,134 thousand euros can be attributed to the results of the contingent derivative contract (notional amount of 415 million dollars) 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 item also includes the gain (321 thousand euros) from the closing of the dollar forward contracts signed by the Company at the end of the 2022 year to hedge about 80 percent of the net dollar flows expected in 2023.

For the details of the forward contracts entered into during 2023 and in the previous year, please refer to Note 28.

17. INCOME TAXES

The Company, as the consolidating company, has joined with its subsidiaries SAES Innovative Packaging S.r.l., SAES Nitinol S.r.l., SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and, as at January 1, 2023, SAES Rial Vacuum S.r.l, the national tax consolidation under Articles 117 et seq. of the T.U.I.R., effective January 1, 2015 for the three-year period 2015-2017, automatically renewed for the next two three-year periods. Therefore, it consolidated its taxable income with those of its subsidiaries.

Income taxes break down as follows:

(thousands of euros)

	2023	2022	Difference
Current taxes:			
- IRES (corporate income Tax) and IRAP (regional production Tax)	(840)	(85)	(755)
- Withholding Tax on Dividends	(211)	(1,474)	1,263
Total current taxes	**(1,051)**	**(1,559)**	**508**
Deferred taxes	2,766	136	2,630
Total deferred taxes	**2,766**	**136**	2,630
Income taxes	**1,715**	**(1,423)**	**3,138**

Current taxes for the year amounted to 1,051 thousand euros, compared with 1,559 thousand euros in the previous year. The decrease of 508 thousand euros is substantially due to the impact on the capital gain, net of associated costs, from the disposal of equity investments in US subsidiaries engaged in the medical business. This capital gain contributed to the formation of the Ires taxable base by 5% of its amount, pursuant to Article 87, paragraph 1 of the T.U.I.R. In addition, the Company offset the positive taxable income against its own and consolidated tax losses carried forward within the limit of 80% of taxable income, as provided for in Article 84, Paragraph 1 of the T.U.I.R. The balance of current taxes is mainly composed:

- for 868 thousand euros, of the IRES calculated on the taxable income for the year, net of previous tax losses used for offsetting;
- a tax benefit of 31 thousand euros for the previous year, including a tax benefit of 63 thousand as a result of the elimination of excess IRAP debt from previous years, tax expense of 29 thousand owed to the Japanese tax authorities by the Japan Technical Services branch, and 6 thousand owed to the local tax authorities by the Company's German branch;

- a tax expense of 211 thousand euros, of the non-recoverable portion (95%) as a tax credit of withholding taxes levied abroad on dividends received;
- for 341 thousand euros, of the impairment loss on tax assets for taxes paid abroad (withholding taxes on royalties and dividends) made in view of the expected non-recoverability of the amount.

The item **Deferred taxes** shows an income amount of 2,766 thousand euros, compared with 136 thousand euros in the previous year, consisting of the recognition of differed tax on the temporary differences between pre-tax profit and the taxable income for the year. The difference, compared to the balance of the previous year, is mainly due to allocations to provisions for Isopension, in the amount of 11,400 thousand euros. Since these costs do not meet the requirements of art. 109, paragraph 1 of the Consolidated Income Tax Act (certainty and objective determinability) for the purposes of the deductibility of negative components in the relevant year, the Company has postponed the deduction from the IRES tax base to the year in which these costs will become certain (if and in what amount), and has recognised deferred tax assets in the financial statements for an amount of approximately 2,200 thousand euros.

The following table shows the percentage represented by taxes of taxable income, analysing the variance with respect to the theoretical rate:

(thousands of euros)

	2023		2022	
Pre-tax profit	685,268		4,359	
Theorical tax rate and tax charges	**(164,464)**	**24.0%**	**(1,046)**	**24.0%**
Difference between theorical and effective current taxes				
Effect of lower tax rate on dividends	739		5,387	
Tax effect from other permanent differences	158,203		(3,213)	
Not recognised (recognised) deferred tax assets on tax losses	0		(2,250)	
Tax effect of using past losses	7,494		0	
Not recognised (recognised) deferred tax assets on temporary differences	(341)		(136)	
GBH Income taxes	(3)		0	
SGI Lux taxes	0		(4)	
IRAP Effect	0		(86)	
Current taxes of the year recognised in profit or loss	**1,628**	**-0.2%**	**(1,348)**	**-30.9%**
Current taxes of previous years recognised in profit or loss	31		(75)	
Deferred taxes of previous years recognised in profit or loss	56		0	
Total income taxes	**1,715**	**-0.3%**	**(1,423)**	**-32.7%**

It should be noted that the tax return for the year 2018 was assessed by the Italian tax authority, following which, on June 9, 2023, the Company received a preliminary assessment report 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. To date, the Company has not yet received the Assessment Notice from the competent tax authority.

The Italian tax authority also requested information on the same issues covered by the aforementioned preliminary assessment report also with reference to the 2017 tax year through a questionnaire served on September 25, 2023.

NON-CURRENT ASSETS

18. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of depreciation, amounted to 42,199 thousand euros at December 31, 2023. Compared to December 31, 2022, they increased by 98 thousand euros.

The changes that occurred are shown below:

(thousands of euros)

Property, Plant and Equipment	Land	Buildings	Plant and Machinery	Under construction	Total
December 31, 2021	**1,467**	**15,982**	**18,184**	**2,728**	**38,361**
Acquisitions	0	933	4,003	3,645	8,580
Disposals	0	0	(89)	0	(89)
Reclassifications	0	518	1,428	(1,947)	0
Depreciation	0	(1,181)	(3,475)	0	(4,656)
Impairment losses	0	0	0	(95)	(95)
December 31, 2022	**1,467**	**16,252**	**20,051**	**4,331**	**42,101**
Acquisitions	0	391	2,889	2,146	5,426
Disposals	0	(1)	(107)	0	(108)
Reclassifications	0	1,409	2,820	(4,228)	0
Depreciation	0	(1,335)	(3,886)	0	(5,221)
Impairment losses	0	0	0	0	0
December 31, 2023	**1,467**	**16,716**	**21,767**	**2,249**	**42,199**
December 31, 2022					
Historical cost	1,467	38,826	115,909	4,463	160,664
Accumulated depreciation	0	(22,574)	(95,858)	(37)	(118,468)
Impairment losses	0	0	0	(95)	(95)
Carrying amount	**1,467**	**16,252**	**20,051**	**4,331**	**42,101**
December 31, 2023					
Historical cost	1,467	40,625	121,511	2,381	165,983
Accumulated depreciation	0	(23,909)	(99,744)	(37)	(123,690)
Impairment losses	0	0	0	(95)	(95)
Carrying amount	**1,467**	**16,716**	**21,767**	**2,249**	**42,199**

As at December 31, 2023, no asset included under property, plant and equipment is the subject of a mortgage, lien or other guarantee.

During 2023, investments in property, plant and equipment amounted to 5,426 thousand euros, down compared to 2022 (3,154 thousand euros).

At the Lainate plant, there are investments aimed at renovating and modernising the buildings, particularly those related to the replacement of traditional lighting systems with *smart lighting* systems with lower energy consumption, the installation of an energy-saving system that allows the management of incoming electrical voltage that avoids overvoltages with unproductive consumption of electricity, the measurement of air quality in work spaces, (+841 thousand euros), the purchase of tools and equipment for R&D laboratories (+500 thousand euros) and the expansion of production capacity (+300 thousand euros). It should also be noted that among the investments, and in particular among the assets under construction, there are the expenses incurred by the Company (+650 thousand euros), for the renovation of the fire prevention system at the Roncello plant, leased to the subsidiary SAES Coated Films, whose inspection was successful at the beginning of 2024.

At the Avezzano plant, there were total investments of 2,842 thousand euros. In particular, they involved the installation of technological systems, including interconnected ones (+1,064 thousand euros), the enhancement of some production lines (+1,155 thousand euros), and equipment connected to production processes and laboratories (+160 thousand euros). Investments were also made for improvements and energy efficiency of the buildings, including the anti-seismic adjustments of the plant (+210 thousand euros).

During 2023, completely depreciated capital goods were disposed of, in the course of the normal cycle of replacement of machinery and instrumentation no longer usable in the production process.
Depreciation for the year, which amounted to 5,221 thousand euros, was up from the previous year (4,656 thousand euros). The increase is mainly attributable to the renovation of the properties of the Lainate

headquarters (Offices and Laboratories), as well as full-year depreciation charges for the new emulsification pilot plant, which went into operation in the previous year.

All property, plant and equipment are owned by the Company. Please refer to Note 20 for more details on leased assets as at December 31, 2023, the right of use of which has been recorded as a separate item in the statement of financial position assets.

Please refer to Note 22 – Impairment test of non-financial assets (property, plant and equipment, intangible assets and right-of-use assets) and of the equity investments in subsidiaries for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

Statement of assets pursuant to Italian Law no. 72/1983, Article 10 et seq. Revaluation Laws (Italian Law 413/1991 and Italian Law 342/2000)

Note that, with regard to the property, plant and equipment to which specific Monetary Revaluation Laws used to apply, the Company decided to exercise the exemption granted by IFRS 1 "First-time application of International Financial Reporting Standards", regarding the selective adoption of the fair value on the date of transition to International Financial Reporting Standards. Therefore these assets are measured on the basis of the revalued cost (deemed cost), represented by the amount adjusted at the time by virtue of the revaluations made.

The carrying amount of the revaluations made, net of depreciation, amounted on the transition date, January 1, 2004 to 460 thousand euros and 146 thousand euros categorised respectively as "Land and buildings" and "Plant and machinery".

(thousands of euros)

Revaluation law	Land and buildings		Plant and Machinery		Industrial and commercial equipment		Other assets		
	Historical cost	Carrying amount at 12.31.23	Historical cost	Carrying amount at 12.31.23	Historical cost	Carrying amount at 12.31.23	Historical cost	Carrying amount at 12.31.23	**Net Total**
Law no. 576 del 02.12.75	0	0	178	0	0	0	0	0	**0**
Law no. 72 del 19.03.83	207	0	611	0	0	0	19	0	**0**
Law no. 413 del 30.12.91	540	149	0	0	0	0	0	0	**149**
Law no. 342 del 21.11.00	0	0	850	0	0	0	0	0	**0**

19. INTANGIBLE ASSETS

Intangible assets, net of amortisation, amounted to 294 thousand euros as at December 31, 2023 and increased by 39 thousand euros from December 31, 2022.

The changes that occurred are shown below:

(thousands of euros)

Intangible Assets	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Under development	Total
December 31, 2021	**58**	**78**	**0**	**27**	**163**
Acquistions	103	0	116	20	238
Disposals	0	0	0	0	0
Reclassifications	27	0	0	(27)	0
Amortisation	(49)	(54)	(43)	0	(146)
Impairment losses	0	0	0	0	0
December 31, 2022	**139**	**24**	**72**	**19**	**255**
Acquistions	86	9	0	94	189
Disposals	0	0	0	0	0
Reclassifications	3	13	0	(16)	0
Amortisation	(66)	(15)	(58)	0	(139)
Impairment losses	0	(11)	0	0	(11)
December 31, 2023	**162**	**20**	**14**	**97**	**294**
Balances as of December 31, 2021					
Historical cost	2,341	6,045	126	20	8,531
Accumulated amortisation	(2,202)	(6,021)	(53)	0	(8,276)
Impairment losses	0	0	0	0	0
Carrying amount	**139**	**24**	**72**	**20**	**255**
December 31, 2023					
Historical cost	2,430	6,067	126	97	8,720
Accumulated amortisation	(2,268)	(6,036)	(111)	0	(8,415)
Impairment losses	0	(11)	0	0	(11)
Carrying amount	**162**	**20**	**14**	**97**	**294**

In 2023, increases in intangible assets amounted to 189 thousand euros (238 thousand euros at December 31, 2022) and mainly related to the purchase of licenses and software to update some business applications. Amortisation for the year, equal to 139 thousand euros, decreased by 7 thousand euros compared to the previous year (146 thousand euros). This slight reduction is attributable to the end of the amortisation period of some software licenses not fully offset by new purchases.

Please refer to Note 22 – Impairment test of non-financial assets (property, plant and equipment, intangible assets and right-of-use assets) and of the equity investments in subsidiaries for the analyses carried out by Management and the results of the impairment tests carried out with reference to non-financial assets.

20. RIGHT-OF-USE ASSETS

Right-of-use assets, arising from leases, rentals or use of third-party assets, amounted to 1,731 thousand euros as at December 31, 2023, registering a decrease of 425 thousand euros compared to December 31, 2022.

The changes occurred during the current year and during the previous year are shown below.

(thousands of euros)

Right-of-use Assets	Buildings	Plant and machinery	Cars	Total
December 31, 2021	**1,704**	**410**	**568**	**2,682**
New leases entered into during the year	44	1	224	269
Early termination of lease agreements	0	0	(25)	(25)
Reclassifications	0	0	0	0
Depreciation	(365)	(118)	(286)	(770)
December 31, 2022	**1,382**	**293**	**481**	**2,156**
New leases entered into during the year	92	4	253	348
Early termination of lease agreements	(12)	0	(7)	(18)
Reclassifications	0	0	0	0
Depreciation	(364)	(118)	(274)	(756)
December 31, 2023	**1,099**	**179**	**453**	**1,731**
December 31, 2022				
Historical cost	2,239	533	1,166	3,938
Accumulated depreciation	(857)	(239)	(686)	(1,782)
Carrying amount	**1,382**	**293**	**480**	**2,156**
December 31, 2023				
Historical cost	2,191	536	1,214	3,941
Accumulated depreciation	(1,092)	(357)	(761)	(2,210)
Carrying amount	**1,099**	**180**	**453**	**1,731**

It should be noted that the increase of 92 thousand euros recorded in the “Buildings” category refers to the right of use recognised following the subscription of a new lease agreement for the lease of offices of the Japanese branch, following the relocation of the registered office. The lease agreement will expire on August 31, 2025. The previous contract, with a residual value of 12 thousand euros, was terminated early.

The category “Plant and machinery” is almost exclusively related to the contracts signed by the Company for the use of third-party computer equipment (servers, memories, network components and printers).
In 2023, there was a slight increase (4 thousand euros) due to the signing of a new printer lease contract at the Company's Japanese permanent establishment.

Similarly, the "Cars" category, which refers to long-term leases for the Company's fleet of cars, was characterised by an increase in the right of use of 253 thousand euros, attributable to the signing of new contracts mainly replacing expired contracts with similar right-of-use amount.
Moreover, the item "early termination of *lease agreements*" in the table is characterised by the effect deriving from the early termination of certain car lease agreements of 7 thousand euros.

21. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

On the reporting date, equity investments amounted to 93,566 thousand euros.

The change in the carrying amount of the equity investments, recognised in the separate financial statements at December 31, 2023, is shown in the following table:

(thousands of euros)

Equity investments	December 31, 2022	Increases	Impairment losses and gains	Decreases	Disposals*	Other changes	December 31, 2023
Direct subsidiaries:							
SAES Getters (Nanjing) Co., Ltd.	6.904	0	0	0	0	0	6.904
SAES Getters Export Corp.	2	0	0	0	0	0	2
SAES Coated Films S.p.A.	8.781	4.557	0	0	0	0	13.338
SAES Innovative Packaging S.r.l.	889	0	0	0	0	0	889
SAES Nitinol S.r.l.	11	928	(280)	0	0	0	659
SAES Getters/U.S.A., Inc.	28.059	0	0	0	0	0	28.059
SAES Investments S.A.	24.071	0	2.200	0	0	0	26.271
Strumenti Scientifici Cinel S.r.l.	18.474	0	(6.360)	0	0	0	12.114
SAES Rial Vacuum S.r.l.	2.455	0	0	0	0	0	2.455
SAES Smart Materials, Inc	12.491	0	0	0	(12.491)	0	0
Memry Corporation	19.101	0	0	0	(19.101)	0	0
SAES Getters Korea Corporation	150	0	(12)	0	0	(138)	0
Total subsidiaries	**121.387**	**5.486**	**(4.452)**	**0**	**(31.592)**	**(138)**	**90.691**
Joint ventures:							
Flexterra, Inc.(**)	0	0	0	0	0	0	0
Total joint ventures	**0**	**0**	**0**	**0**		**0**	**0**
Other companies:							
EUREKA! Fund (***)	466	759	96	0	0	0	1.321
Cambridge Mechatronics Limited	1.083	983	(514)	0	0	0	1.553
Total other companies	**1.550**	**1.742**	**(417)**	**0**	**0**	**0**	**2.875**
Total	**122.936**	**7.227**	**(4.869)**	**0**	**(31.592)**	**(138)**	**93.566**

(*) Divestment of interests in SAES Smart Materials and Memry Corporation following the divestment of the medical business.

(**) Note that the investment in Flexterra, Inc. is fully impaired.

(***) It should be noted that +96 thousand euros in the column "Impairment losses and gains" refers to the remeasurement of the carrying amount of the investment at fair value through profit or loss.

Equity investments in subsidiaries

The total carrying amount of equity investments recorded a decrease in the year of 30,696 thousand euros. The significant events that contributed to the decrease are described below.

- on October 2, 2023, the **sale to the US company Resonetics, LLC. of the Nitinol business** and, in particular, the disposal of the equity investments in the US subsidiaries Memry Corporation and SAES Smart Materials, Inc. recorded in the Company's separate financial statements in the amount of 19,101 thousand euros and 12,491 thousand euros, respectively, was finalised. 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 company is focused on the production and assembly of high-tech components and provides its customers with a wide range of solutions and services, from design and development to large-volume prototyping. The scope of the sale includes SAES's entire production process in the Nitinol business, which is vertically integrated (from the melting of the Nitinol alloy to the production of components) and located entirely in the USA. The activity in the sector of shape memory alloys for industrial applications (SMA Materials Business, within the SAES Industrial Division) which is not carried out by the two US investees subject to the sale and which will continue to be managed by SAES Getters S.p.A., has been excluded from the scope of the sale. To this end, a specific contract was signed for the supply by Resonetics to SAES Getters S.p.A. of the raw material in Nitinol necessary for the Company to continue its industrial SMA business. The Group's medical business, which uses Nitinol trained wires and Nitinol-based thermostatic actuators (already classified in the SMA Materials Business, within the SAES Industrial Division), remains excluded from the scope of the sale. The sale price was 880.1 million dollars, which is the contractually agreed upon price of 900 million dollars (approximately 17 times the adjusted gross operating profit related to the sale scope during the period October 1, 2021-September 30, 2022), corrected following a negative adjustment of -19.9 million dollars calculated on the basis of the working capital, debt, cash and tax assets of the sold US companies as at the closing date This adjustment is still subject to a verification procedure by the acquiring party and will be finalised by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 by Memry Corporation and SAES Smart Materials, Inc. It should be noted that 15 million dollars were deposited by way of escrow, as normal practice in this type of transaction, to cover any tax liabilities that may arise in the future for the US companies subject to sale.

- 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 SAES Getters S.p.A..
- on March 1, 2023, the Company, as the Sole quotaholder, has approved a **capital injection** of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of quotaholder payment to cover losses, with the aim of replenishing the Quota Capital eroded by the losses for the year 2022 and at the same time has resolved on the **disbursement of a further amount,** amounting to 900 thousand euros, in order to provide the subsidiary with the necessary provisions to ensure its business continuity. The two injections, made respectively on March 30, 2023 (28 thousand euros) and on April 18, 2023 (900 thousand euros), represent the increase in of the carrying amount of the equity investment in SAES Nitinol S.r.l.
- in December 2023, the Company waived financial assets with its subsidiary SAES Coated Films S.p.A. totalling 4,557 thousand euros. This amount represents the increase in the carrying amount of the investment recorded in the Separate Financial Statements.

Pursuant to Article 2427, point 5 of the Italian Civil Code, the following information is provided:

Denomination	Location	Currency	Share/quota capital	Equity		Profit (loss) for the year		Share of ownership %	Carrying Amount	Difference
				Total Amount	Pro-quota Amount	Total Amount	Pro-quota Amount			
					(A)				(B)	(B) - (A)
SAES Getters U.S.A., Inc.	Colorado Springs , CO	U.S.$.	33,000,000	45,670,014	45,670,014	5,560,891	5,560,891			
	(USA)	thousands of euros	29,864	41,330	41,330	5,143	5,143	100	28,059	(13,271)
SAES Investments S.A.	Luxembourg	Euro	30,000,000	26,270,221	26,270,221	2,199,483	2,199,483			
	(Luxembourg)	thousands of euros	30,000	26,270	26,270	2,199	2,199	100	26,271	1
SAES Getters Nanjing Co. Ltd	Nanchino	Renmimbi	69,121,618	104,560,605	104,560,605	3,450,534	3,450,534			
	(People's Republic of China)	thousands of euros	8,804	13,318	13,318	450	450	100	6,904	(6,414)
SAES Getters Export Corp.	Delaware, DE	U.S.$.	2,500	335,014	335,014	3,581,757	3,581,757			
	(USA)	thousands of euros	2	303	303	3,312	3,312	100	2	(301)
SAES Innovative Packaging S.r.l.	Lainate (MI)	Euro	75,000	2,861,216	2,861,216	165,224	165,224			
		thousands of euros	75	2,861	2,861	165	165	100	889	(1,972)
SAES Nitinol S.r.l.	Lainate (MI)	Euro	10,000	659,563	659,563	(250,452)	(250,452)			
		thousands of euros	10	660	660	(250)	(250)	100	659	(1)
SAES Coated Films S.p.A.	Roncello (MB)	Euro	50,000	3,596,238	3,596,238	(2,942,713)	(2,942,713)			
		thousands of euros	50	3,596	3,596	(2,943)	(2,943)	100	13,338	9,742
Strumenti Scientifici Cinel S.r.l.	Vigonza (PD)	Euro	78,000	3,140,649	3,140,649	31,237	31,237			
		thousands of euros	78	3,141	3,141	31	31	100	12,114	8,973
SAES Rial Vacuum S.r.l.	Parma (PR)	Euro	200,000	2,820,364	2,820,364	349,614	349,614			
		thousands of euros	200	2,820	2,820	350	350	100	2,455	(365)
Total				**94,300**	**94,300**	**8,458**	**8,458**		**90,691**	**(3,609)**

Denomination	December 31, 2022				Movements in the year						December 31, 2023			
	Original cost	Increases / Decreases	Impairment losses and gains	Balance at December 31, 2022	Acquisition/capital injection	Merger	Increases / Decreases	Transfer of equity investments	Capital repayments*	Impairment losses and gains	Original cost	Increases / Decreases	Impairment losses and gains	Balance at December 31, 2023
Subsidiaries:														
SAES Getters Korea Corporation*	278	226	(355)	149	0	0	0	0	(138)	(12)	278	88	(365)	0
SAES Getters Nanjiing Co. Ltd	11,797		(4,893)	6,904	0	0	0	0	0	0	11,797	0	(4,893)	6,904
SAES Getters Export Corp.	2	0	0	2	0	0	0	0	0	0	2	0	0	2
Saes Coated Films SpA	18,765	0	(9,984)	8,781	4,557	0	0	0	0	0	18,765	4,557	(9,984)	13,338
SAES Innovative Packaging S.r.l.	6,541	0	(5,652)	889	0	0	0	0	0	0	6,541	0	(5,652)	889
SAES Nitinol S.r.l.	1,408	0	(1,396)	12	928	0	0	0	0	(280)	1,408	928	(1,676)	660
SAES Getters/U.S.A, Inc.	28,059	0	0	28,059	0	0	0	0	0	0	28,059	0	0	28,059
SAES Investments S.A.	30,000	0	(5,929)	24,071	0	0	0	0	0	2,200	30,000	0	(3,729)	26,271
Strumenti Scientifici Cinel S.r.l.	19,247	0	(773)	18,474	0	0	0	0	0	(6,360)	19,247	0	(7,133)	12,114
SAES Rial Vacuum S.r.l.	6,820	0	(4,364)	2,456	0	0	0	0	0	0	6,820	0	(4,364)	2,455
SAES Smart Materials, Inc	12,491	0	0	12,491	0	0	0	(12,491)	0	0	12,491	(12,491)	0	0
Memry Corporation	19,101	0	0	19,101	0	0	0	(19,101)	0	0	19,101	(19,101)	0	0
Joint ventures:														
Flexterra, Inc.	8,146	6,201	(14,347)	0	0	0	0	0	0	0	8,146	6,201	(14,347)	0
Other companies:														
Cambridge Mechatronics Limited	1,083	0	0	1,083	983	0	0	0	0	(514)	1,083	983	(514)	1,553
EUREKA! Fund (**)	589	(5)	(117)	466	759	0	0	0	0	96	589	754	(21)	1,321
Total	**156,180**	**221**	**(33,463)**	**122,937**	**7,228**	**0**	**0**	**(31,592)**	**(138)**	**(4,870)**	**164,326**	**(18,080)**	**(52,679)**	**93,566**

(*) the value of 138 thousands of euros refers to the return of capital from SAES Getters Korea Corporation at the end of liquidation operations.

(**) It should be noted that 96 thousands of euros in the "Impairment losses and gains" column refers to the fair value measurement of the investment.

Please refer to the next section for more information on impairment losses and gains on equity investments.

Equity investments in joint ventures

As at December 31, 2023, the Company held an interest in the joint venture ***Flexterra, Inc.*** whose carrying amount was zero as a result of impairment losses recognised.

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.

As the carrying amount of the investment in Flexterra at December 31, 2023 had been fully impaired, it was not necessary to carry out any impairment testing and the conditions were not deemed to be met to record an impairment gain.

Investments in other companies

The following table shows the investments in other companies held as at December 31, 2023, other than subsidiaries, associates or jointly controlled companies. These investments not held for trading purposes are measured at fair value, with changes in the latter recognised in the statement of profit or loss in the case of EUREKA! and under the other items in the statement of comprehensive income, without subsequent reclassification to profit or loss, in the case of Cambridge Mechatronics Limited.

Company	*Currency*	*Share capital*	*% of Ownership*	
			Direct	*Indirect*
EUREKA! Fund I - Technology Transfer Milan (Italy)	EUR	28.757.550*	4,79	0
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	102.955**	1,83	0

* This amount represents the total capital injections by investors at December 31, 2023, against a total commitment by the latter of 62,675,500 euros.
** As at December 31, 2023, in addition to the share capital, the share premium reserve was GBP 91,373,097, for a total of GBP 91,476,052.

The item "Investments in other companies" at December 31, 2023 amounted to a total of 2,873 thousand euros and the following table summarises the change in each equity investment during 2023.

(thousands of euros)

Investments in other companies	**EUREKA! Fund**	**Cambridge Mechatronics Limited**	**Total**
December 31, 2021	**298**	**0**	**298**
Capital injections	195	0	195
Merger effect	0	1,083	1,083
Fair value measurement	(22)	0	(22)
Other changes	(5)	0	(5)
December 31, 2022	**466**	**1,083**	**1,549**
Capital injections	759	983	1,742
Merger effect	96	(514)	(418)
Other changes	0	0	0
December 31, 2023	**1,321**	**1,552**	**2,873**

Note that in 2023, the Company made capital injections into the venture capital fund **EUREKA! Fund I – Technology Transfer** in the amount of 759 thousand euros. As at December 31, 2023, against a total commitment of 3 million euros, the Company had made total capital injections of 1,376 thousand euros[15] while the residual commitment is equal to 1,624 thousand euros.

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, the Company is also EUREKA!'s strategic partner in the advanced materials sector, with access to the Fund's deal flow in the sectors and business areas of interest to the Group, with priority co-investment rights.

With regard to capital injections made in the current year:
- on January 16, 2023, an injection 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;

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

- on March 27, 2023, a further injection 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).
- on July 7, 2023 an injection 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.[16] and INTA Systems S.r.l.[17]
- a further injection, equal to 167 thousand euros, was made on August 2, 2023 to cover the investment in BeDimensional S.p.A.[18], as well as two additional Proofs of Concept (POC), in collaboration with the National Research Council and with the University of Bologna, respectively.
- on September 18, 2023, an injection of 72 thousand euros was made, to continue the investment in the companies already in the portfolio Endostart S.r.l., which has reached the milestone agreed with the investors, and INTA Systems S.r.l., which will thus be able to start the industrialisation of its own lab-on-chip, as well as to cover the operating expenses of the fund;
- on December 7, 2023, 126 thousand euros were injected to cover the investments made in the following companies: NOVAC S.r.l. (to enable the continuation of technological development activities); Active Label S.r.l. (after the positive outcome of the proof of concept); RePET S.r.l. (whose technology enables the recovery and revalorisation of post-consumer PET thermoplastic polymer from packaging through innovative green chemical recycling procedures); 3DNextech S.r.l. (which has developed a patented chemical treatment capable of giving remarkable cosmetic, mechanical and functional improvements to objects made through additive manufacturing).

The fair value measurement of the investment in the EUREKA! fund was positive and amounted to +96 thousand euros (representing remeasurements at fair value of investments in start-ups held by the fund, net of SAES's share in management fees and other expenses for the year 2023), recognised in profit (loss) for the year. The fair value (Level 3 of the fair value hierarchy, unchanged from the previous year) is determined on the basis of the Net Asset Value (NAV) provided by the fund.

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

CML has strong multidisciplinary engineering skills, and is active in the development of miniaturised actuators based on shape memory alloy (SMA), a sector in which it holds several patents. These devices are used in various application fields that require maximum precision and accuracy even on small dimensions and, in particular, in cell phone cameras.

The objective of the investment is to strengthen the partnership with CML, in order to grow its industrial SMA business.

Regarding capital injections made in the current year, in December 2023, the Company participated in the equity fundraising promoted by Cambridge Mechatronics Limited, of which it is already a minority shareholder as at the end of 2020, following the subscription of 159,745 preferred ordinary shares. In

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16 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.

17 **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.

18 **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.

particular, on December 18, 2023, the Company acquired, for a consideration of 840 thousand pounds (equal to 983 thousand euros), 456,423 newly issue class B1 preferred shares. The Company has also received 117,325 ordinary shares to compensate for the fact that the rights of the preferred ordinary shares acquired in 2020 were subordinated to those of the newly issued class B1 preferred shares. Upon completion of the transaction, the Company's stake in Cambridge Mechatronics Limited is 1.83%.
As at December 31, 2023, the fair value measurement of the equity investment in Cambridge Mechatronics Limited (CML) was negative by 514 thousand euros.

The fair value (Level 3 of the fair value hierarchy, unchanged from the previous year) of the equity investment, changes in which (-514 thousand euros) were recognised in other comprehensive income (FVTOCI), was determined by valuing the entire SAES equity package (456,423 newly acquired class B1 preferred shares and 117,325 ordinary shares received as compensation for the subordination of the shares acquired in 2020, as well as the same 159,745 ordinary preferred shares acquired in 2020) at the unit price of the new shares issued at the end of 2023 (1.84 pounds per share).

22. IMPAIRMENT TEST OF NON-FINANCIAL ASSETS (PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, AND RIGHT-OF-USE ASSETS), AND EQUITY INVESTMENTS IN SUBSIDIARIES

The 2024-2026 three-year plans, at the basis of the impairment tests, were approved by the Board of Directors on February 8, 2024. The assumptions of the impairment test were approved by the Boards of Directors which were held on February 15, 2024 (approval of the WACC) and on March 5, 2024 (approval of the other assumptions underlying the impairment test). On March 14, 2024, the same Board approved the results.

Intangible assets, property, plant and equipment and right-of-use assets

Plant and machinery, whether owned or leased, are generally highly specialised and are used almost exclusively in the production of products in the different operating segments in which the Company 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).

When preparing the separate financial statements at December 31, 2023, Management verified whether there are indications that the CGUs to which the property, plant and equipment, intangible assets and right-of-use assets are allocated may have suffered an impairment.

The CGUs identified by the Management as at December 31, 2023 for SAES Getters S.p.A. are SAES Industrial, SAES High Vacuum and Functional Acoustic Composites (SAES Chemicals).

As at December 31, 2023, the Management identified impairment indicators (trigger events) only for the **Functional Acoustic Composites (SAES Chemicals) *CGU*** due to lower 2023 results compared to the forecasts drawn up at the end of the previous year.

For the Chemicals *CGU,* the impairment test was carried out by determining the value in use (enterprise value), calculated on the basis of the most recent plans drawn up by top management for the 2024-2026 period, also taking into account previous final results, and not including the benefits deriving from future restructuring the company has not yet committed itself to or relating to investments and expenses linked to the improvement or strengthening of the company's performance. The value in use was calculated using the same methods, to the extent they are applicable, used for the impairment test carried out on the equity investments (described below).

This impairment test did not reveal any impairment losses on non-current assets allocated to the *CGU.*

No potential loss of value emerged even when performing a sensitivity analysis and when increasing the *WACC* used to estimate value in use by one percentage point and is 9.5%.

It should be noted that no sensitivity analysis was carried out as at December 31, 2023 on the costs for the purchase of raw materials and for utilities as it was not considered significant.

The discount rate, which causes the recoverable amount (coinciding with its value in use) to be equal to the carrying amount of net invested capital, is 24.4%.

The Company holds non-current ancillary and common assets (corporate assets), so it is not possible to identify a reasonable and consistent criterion for their allocation to the individual *CGUs.* A **second level impairment test** was carried out for these assets, considering the cash flows relating to the entire SAES Group.

In carrying out the impairment test, the recoverable amount was determined, as explained above, by also including the financial flows related to the new Functional Additives[19] business and the flows related to the corporate functions, for which expenses cannot be allocated unambiguously or through reliable drivers to the individual CGU (among these, basic research costs, incurred by the Group in order to identify innovative solutions, are of significant importance).

The second level test was also carried out as a result of the sale of the Nitinol business, with the consequent reduction in dividend flows, and on the basis of recognized equity higher than market capitalisation as at December 31, 2023.

For the purpose of calculating the enterprise value, a WACC of 8.8%, a hypothetical growth rate (g-rate) of 2.1% and a tax rate of 27.9% were considered.

The outcome of the analyses **carried out did not reveal the presence of impairment losses** on the non-current assets of the Company.

Equity investments in subsidiaries

In compliance with the requirements of IAS 36, an impairment test was carried out regarding the existence of indicators of impairment losses on investments in subsidiaries. This test was carried out on the basis of information sources both internal and external to the Company. In addition, any excess of the carrying amount of the investment over its contribution to the consolidated financial statements of the SAES Group or the distribution of dividends in excess of the subsidiary's statement of comprehensive income were considered trigger events.

The Impairment Test was carried out on the equity investments in SAES Nitinol S.r.l., SAES Getters/U.S.A. Inc., SAES Coated Films S.p.A. and Strumenti Scientifici Cinel S.r.l., as they presented a positive difference between the carrying amount and the relative share of contribution to the consolidation. Since the investment in SAES RIAL Vacuum S.r.l. was impaired last year, and taking into account the increase in market interest rates or other rates of return on investments that affect the discount rate used to calculate equity value, the impairment test for this investment was carried out again this year on a prudent basis.

The impairment test consisted of estimating the **recoverable amount** of each company.

[19] The new **Functional Additives** business, currently not generating cash inflows, was considered for the purpose of the impairment test as "Not allocated" and the related cash outflows were included in the second level impairment test. On the other hand, expected cash flows deriving from future investments aimed at strengthening the performance of the Functional Additives business were excluded from the second level impairment test.

As for the investments in SAES Getters/U.S.A. Inc., SAES Coated Films S.p.A., Cinel Scientific Instruments and SAES Rial Vacuum S.r.l, the recoverable amount was determined by estimating their value in use (equity value), understood as the present value of the expected cash flows calculated on the basis of the most recent plans drawn up by top management for the period 2024-2026 (approved by the Board of Directors on February 8, 2024), also taking into account the results achieved in the past, and not including the benefits arising from future restructuring for which the subsidiary has not yet committed or relating to investments and expenses incurred for improving or strengthening the performance of the investee. In determining the equity value, account was taken of the net financial position of the investees at the end of the year.

The discount rate used to discount the cash flows represents an estimate of the expected rate of return for each company. In order to select an appropriate discount rate to be applied to future flows, with the support of an external consulting firm, the following were taken into account:

- for the purpose of calculating the cost of debt, the yields to maturity of bonds with a credit rating in line with the Company's credit rating at the valuation date (basket of European corporate bonds rated 15-year BBB); a country risk premium based on the creditworthiness of the regions in which each subsidiary earns revenue; a tax rate based on the rate in force in the country in which each subsidiary is assumed to contract debt financing;
- for the purpose of calculating the cost of equity, the normalised rate of long-term (fifteen-year) German government bonds; the beta of comparable listed companies belonging to the reference operating segment; an equity market risk premium of 5.5%; a premium for the small size of the SAES Group of 1.2% and based on the eighth decile of capitalisation; a country risk premium based on the credit worthiness of the countries in which each company generates revenue.
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The financial structure was instead determined on the basis of the average debt of the comparable listed companies belonging to the reference operating segment.

The weighted average cost of capital (WACC) net of taxes to be applied to prospective cash flows was thus estimated specifically for each company.

Company	WACC
SAES Getters/U.S.A. Inc.	7.7%
SAES Coated Films S.pA.	8.3%
Strumenti Scientifici Cinel S.r.l.	11.1%
SAES Rial Vacuum S.r.l.	10.0%

In the model for discounting future cash flows, a terminal value is taken into account to reflect the residual value that the company should generate beyond the explicit three-year period covered by the plans; this value was estimated assuming a specific growth rate (g-rate) for each company, calculated as the average of the long-term inflation rates (approximately thirty years) estimated for the countries in which the company operates, weighted on the basis of the percentage weight of sales made by the company in the reference country.

Company	g-rate
SAES Getters/U.S.A. Inc.	2.2%
SAES Coated Films S.pA.	2.1%
Strumenti Scientifici Cinel S.r.l.	2.0%
SAES Rial Vacuum S.r.l.	1.5%

Future cash flows were estimated by assuming an average level of investment in the period beyond the explicit three-year period coinciding with the direct investment in the last year of the plan, in which no expansion investments were planned.

The tax rate used is specific to each company and is equal to the corporate income tax (CIT) rate of the country in which the company operates.

Company	tax-rate
SAES Getters/U.S.A. Inc.	25.0%
SAES Coated Films S.pA.	27.9%
Strumenti Scientifici Cinel S.r.l.	27.9%
SAES Rial Vacuum S.r.l.	27.9%

With regard to the equity investments in **SAES Getter/USA Inc.**, **SAES Coated films S.p.A** and **SAES Rial Vacuum S.r.l, the outcome of the analyses carried out** did not reveal the presence of impairment losses.

With regard to Strumenti Scientifici Cinel S.r.l., **the outcome of the analyses carried out** resulted in the need to recognise an impairment loss of 6,360 thousand euros.

Conducting a sensitivity analysis and increasing the WACC by one percentage point respectively, the potential loss of value is summarised in the table below.

Company	WACC + 1 p.p.
SAES Getters/U.S.A. Inc.	0.0
SAES Coated Films S.pA.	0.0
Strumenti Scientifici Cinel S.r.l.	(7,221.0)
SAES Rial Vacuum S.r.l.	0.0

Below are the WACCs that ensure that the recoverable amount of the Company (coinciding with its equity value) is equal to the carrying amount of the net invested capital.

Company	Break-even WACC
SAES Getters/U.S.A. Inc.	37.1%
SAES Coated Films S.pA.	15.8%
SAES Rial Vacuum S.r.l.	36.3%

With regard to **SAES Nitinol S.r.l.**, an impairment loss of 280 thousand euros, equal to the difference between the carrying amount of the investment and the company's equity, was opted for.

With regard to the equity investment held in SAES Investments S.A., the recoverable amount was considered equal to the carrying amount of the subsidiary's equity, as it represents the fair value measurement of its assets, mainly represented by temporary investments of liquidity. As a result of this test, an impairment gain was recognised for an amount of 2,200 thousand euros.

With regard to equity investments in the other companies, the Management did not deem it necessary to reverse the impairment losses recognized in previous years, as the conditions were not met, also by virtue of the permanent instability of the international geopolitical and macroeconomic framework.

The estimation of the recoverable amount of the companies required judgement and the use of estimates by management. The Company cannot therefore guarantee that no impairment losses will arise in the future. Indeed, various factors, also related to changes in the market context and in the demand, also as a consequence of current international tensions, may require a revaluation of assets in future years.

23. DEFERRED TAX ASSETS

This item, at December 31, 2023, shows net deferred tax assets of 6,526 thousand euros, compared with 3,423 thousand euros as at December 31, 2022, and refers to the net balance of deferred taxes concerning temporary differences between the value attributed to the assets and liabilities according to statutory criteria and the value attributed to the same for tax purposes. The increase from the previous year's balance is mainly due to higher provisions made during the year of estimated costs (particularly provisions to the Isopension fund), which do not qualify for immediate deductibility and on which, therefore, deferred taxation (deferred/prepaid taxes) was recognised. In light of the evidence resulting from the long-term plans drawn up by Management, the Company prudentially decided not to reinstate the deferred tax assets impaired in 2017.

The following table provides a breakdown of deferred tax assets and liabilities recorded in the statement of financial position at December 31, 2023 and at December 31, 2022 respectively, according to the nature of the differences that generated the deferred taxes:

(thousands of euros)

	December 31, 2023		December 31, 2022	
	Temporary Differences	**Tax Effect**	**Temporary Differences**	**Tax Effect**
Deferred tax liabilities :				
- IAS 9 effect of post-employment and other employee benefits	(1,867)	(449)	(1,287)	(309)
Deferred tax assets:				
- depreciation and amortisation	1,494	359	900	216
- impairment losses on non-current assets	0	0	316	76
- allowance for inventory write-down	1,438	345	1,589	381
- cash-deductible costs	17,239	4,137	7,016	1,684
- provisions for risk	141	34	172	41
- *fair value phantom shares*	3,604	865	1,456	349
- Foreign withholding tax credits	4,161	999	4,263	1,023
- Other	984	236	(161)	(39)
Total deferred tax effect		**6,526**		**3,423**

24. OTHER FINANCIAL ASSETS WITH THIRD PARTIES

The item "Other financial assets with third parties" for a total 9,749 thousand euros (nil as at December 31, 2022) includes the convertible bond, inclusive of interest, granted by the Company 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.

<table>
<tr><th>Description</th><th>Currency</th><th>Principal

(thousands of euros)</th><th>Timing of principal repayment

(***)</th><th>Interest rate</th><th>Amount as at December 31, 2023 (*)
(thousands of euros)</th><th>Amount as at December 31, 2022 (*)
(thousands of euros)</th></tr>
<tr><td rowspan="2">convertible bond disbursed in July 2021</td><td rowspan="5">EUR</td><td>first tranche - disbursed in July 2021: 800 thousand euros</td><td rowspan="5">"December 31, 2026 or earlier, upon the occurrence of certain relevant events (**)</td><td rowspan="5">fixed annual rate 6%</td><td rowspan="5">2,336</td><td rowspan="5">1,819</td></tr>
<tr><td>subsequent monthly tranches, corresponding to the costs incurred for the development of the prototypes: 740 thousand euros in total</td></tr>
<tr><td>First Amendment of the convertible bond disbursed in July 2021</td><td>additional tranche - disbursed in July 2022: 150 thousand euros</td></tr>
<tr><td rowspan="2">Second Amendment of the convertible bond disbursed in July 2021</td><td>Additional tranche - disbursed in May 2023: 200 thousands of</td></tr>
<tr><td>additional tranche - disbursed in July 2023: 200 thousands of euros</td></tr>
<tr><td colspan="2">Total</td><td>2,090</td><td colspan="2"></td><td>2,336</td><td>1,819</td></tr>
</table>

Loss allowance	**(2,336)**	**(1,819)**

Total net of impairment losses	**0**	**0**

(*) Including the interest share

(**) Relevant events include Rapitag's receivership, liquidation, change of control of more than 50 percent, and relinquishment by one of the Founding Partners

(***) In FY 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.

An amendment to the convertible bond was entered at the end of April 2023 with 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 financial asset corresponding to the first tranche of 200 thousand euros was impaired because it was deemed unlikely to be recoverable, generating a charge to profit or loss in the same amount.
A further amendment was entered on June 30, 2023: the disbursement of an additional 200 thousand euros, paid on July 4, is aimed at ensuring the continuation of the development activities of the German start-up. Again, the loan was impaired because it was judged difficult to recover, generating a charge to profit or loss in the amount of 200 thousand euros.

Finally, it should be noted that as at December 31, 2023, the financial asset corresponding to all interest accrued during the year (amounting to 117 thousand euros) was impaired.

The loan may be repaid before the maturity date upon the occurrence of certain significant events, including receivership, liquidation of Rapitag, change of control of more than 50% or waiver by one of the Founding Shareholders.

The Company has the right to convert its financial asset into new Rapitag shares (conversion shares) at any time up to April 13, 2025[20] 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.

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

Lastly, "Other financial assets with third parties" includes the financial asset related to the fact that 15,000 thousand dollars of the proceeds from the sale of the Nitinol business[21] were deposited as escrow to cover any tax liabilities that may arise in the future in the hands of the sold companies Memry Corporation and SAES Smart Materials, Inc. but referring to the period prior to the sale. The financial asset for escrow as at December 31, 2023, is recorded in the financial statements at 10,772 thousand dollars (equivalent to 9,749 thousand euros), reduced by 4,245 thousand dollars (equivalent to 3,841 thousand euros), to keep considering the possible effects of some tax risks on the sale price.

25. OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounted to 52 thousand euros at December 31, 2023, to be compared with 59 thousand euros at December 31, 2022, and includes security deposits paid by the Company as part of its operations.

CURRENT ASSETS

26. INVENTORIES

Closing inventories at December 31, 2023 amounted to 12,448 thousand euros, showing a decrease of 2,487 thousand euros compared to the previous year end, mainly due to fewer finished Chemicals products in the Avezzano production unit (the high inventories as at December 31, 2022 were used to cover shipments in the first half year of 2023). On the contrary, the warehouse at the Lainate production unit shows a slight increase in inventories of semi-finished products, mainly related to SMA Industrial and linked to the increase in the order backlog.

(thousands of euros)

Inventories	December 31, 2023	December 31, 2022	Difference
Raw, ancillary and consumable materials	4,801	4,284	517
Work in progress and semi-finished products	3,912	3,579	333
Finished products and goods	3,735	7,072	(3,337)
Total	**12,448**	**14,935**	**(2,487)**

Inventories are shown net of the allowance for inventory write-down to adjust them to their estimated realisable value based on market trends.

Changes in the allowance for inventory write-down is provided below:

(thousands of euros)

Allowance for inventory write-down	December 31, 2022	Accrual	Release to profit or loss	Utilisation	December 31, 2023
Raw, ancillary and consumable materials	902	145	0	(145)	902
Work in progress and semi-finished products	392	105	0	(125)	371
Finished products and goods	295	67	0	(198)	164
Total	**1,589**	**317**	**0**	**(468)**	**1,438**

The allowance for inventory write-down in the amount of 317 thousand euros is mainly due to low turnover of products in inventory or products no longer used in the production process. The "usage" column of 468 thousand euros represents the value of material scrapped or sold, written-down in previous years.

[21] The sale was completed on October 2, 2023.

27. TRADE RECEIVABLES

Trade receivables at December 31, 2023 amounted to 10,807 thousand euros, marking a decrease of 662 thousand euros compared to the previous year.
The following table shows a breakdown and changes of this item:

(thousands of euros)

Trade receivables	Gross amount December 31, 2023	Loss allowance December 31, 2023	Carrying amount December 31, 2023	Carrying amount December 31, 2022	Difference
Customers	6,938	(150)	6,788	7,323	(535)
Subsidiaries and associates	3,894	0	3,894	4,028	(133)
Jointly controlled companies	125	0	125	118	7
Total	**10,957**	**(150)**	**10,807**	**11,469**	**(662)**

The decrease is mainly due to the improvement in the average time to collect trade receivables (DSO), mainly based on the change in the commercial strategy that provides for the advance payment of supplies to large customers in the industrial SMA segment and a slowdown in demand in the *Chemicals Division.* There was a slight decrease in intragroup turnover compared to the previous year, as a result of the sale of the Nitinol business.

Trade receivables, all of which due within 12 months, originate from normal sales transactions.
Trade receivables are not interest-bearing and generally are due after 60-90 days.

Changes in the loss allowance are provided below:

(thousands of euros)

Loss allowance	31 December 2023	31 December 2022
Opening balance	**(307)**	**(211)**
Accrual	(8)	(103)
Utilisation	144	0
Release to profit or loss	21	7
Closing balance	**(150)**	**(307)**

In application of IFRS 9, the Company has estimated the credit losses on the basis of the Expected Credit Losses model and has recognised an allocation to the loss allowance of 2 thousand euros at December 31, 2023.

A breakdown of the trade receivable figures at December 31, 2023 by geographical segment is shown below:

(thousands of euros)

	Italy	Europe	North America	Japan	Other Asia	Other countries	Total amount
Customers	113	2,501	759	328	3,075	12	6,788
Subsidiaries	1,875	0	1,651	0	369	0	3,894
Jointly controlled	0	41	84	0	0	0	125
Total trade receivables	**1,988**	**2,542**	**2,494**	**328**	**3,443**	**12**	**10,807**

The following table provides a breakdown of the trade receivables, by those not yet due and past due at December 31, 2023 compared with the previous year:

(thousands of euros)

Ageing	Total	Not due yet	Due not impaired				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2023	**10,957**	8,076	1,078	258	152	289	1,104
December 31, 2022	**11,469**	8,817	1,080	261	351	960	

Receivables past due more than 30 days and not impaired, since they are considered recoverable and excluding the receivables from companies of the Group, represent an insignificant percentage (9%) if compared to the total trade receivables, and are constantly monitored. It should be noted that the past due loans in the bracket beyond 180 days relate mainly to trade receivables from a group company (940 thousand euros).

In addition to updating the *Expected credit Loss* calculation (see previous comments), an in-depth analysis was conducted of individual positions past due by more than 90 days to assess the probability of their collection by the Company.

This analysis, further supported by the fact that the *DSO* (*Days of Sales Outstanding)* as at December 31, 2023 (53 days) was in line with that of December 31, 2022 (55 days), showed no need for any additional impairment.

	December 31, 2023	December 31, 2022	Difference
Days of Sales Outstanding - DSO (*)	53	55	(2)

(*) DSO, i.e., the indicator of the average time to collect receivables, is calculated as follows:
Trade Receivables / Revenue x 365.

Management considers the estimates to be reasonable and sustainable, though current circumstances are a cause of uncertainty.

28. DERIVATIVE FINANCIAL INSTRUMENTS

Type of contract	Currency of denomination	December 31, 2023		December 31, 2022	
		Notional (in currency denomination)	***Fair value*** (thoudand of euro)	**Notional** (in currency denomination)	***Fair value*** (thoudand of euro)
forward	thousand of USD	0	0	12,000	259
		Total	**0**	**Total**	**259**

At December 31, 2023, the item "Derivative financial instruments" shows a zero balance and compares with a balance of 259 thousand euros as at December 31, 2022. This item included the fair value of financial derivatives subscribed by the Company to hedge the risk of exposure to the variability of expected cash flows for 2023, originating from commercial transactions denominated in currencies other than the euro. These derivative instruments were all settled in 2023, while the forward sale contracts on the US dollar to hedge foreign currency cash flows scheduled for 2024 were entered into after December 31, 2023 (see Note 49 for more details).

Not having prepared the documentation required by IFRS 9 for the accounting of hedge instruments according to the hedge accounting method, derivative financial instruments at December 31, 2022 were measured at fair value and the relative gains or losses deriving from such measurement were directly charged to the profit or loss.

The fair value measurement was carried out by an independent third party, using the Black-Scholes-Merton model and using as technical bases for economic-financial evaluation:

- the risk-free interest rate curve for the euro and the dollar, respectively;
- the spot exchange rate on the measurement date;
- the volatility curve implicit in the option's market price (used to quantify the uncertainty about the future behaviour of the underlying).

As at December 31, 2022, the derivative instruments held by the Group belonged to Level 2 of the fair value hierarchy and during the previous year there were no transfers from one level to another.

29. SECURITIES

The item "Securities" at December 31, 2023 amounted to 15,035 thousand euros and compares with 28,315 thousand euros at December 31 of the previous year (decrease of 13,280 thousand euros).

The decrease is due to the sale of two *Credit Link Certificates,* with a nominal value of 15,000 thousand euros, for a total of 14,775 thousand euros, carried out by the Company in 2023 in order to reduce its exposure to volatility in the financial markets.

These securities refer to investments in cash (made back in 2019) for an initial amount of 30,000 thousand euros in *Credit Linked Certificates* (*CLC*), with an expected maturity of five years and represented by financial instruments related to the performance of bonds and underlying debt securities issued by leading financial institutions and Italian companies.

Details of the maturities of the *Credit Link Certificates* (nominal value and fair value) at December 31, 2023 and December 31, 2022, respectively, are shown below.

(thousands of euros)	Nominal value December 31, 2023	Fair value December 31, 2023
Year due	**Credit Linked Certificates (CLC)**	**Credit Linked Certificates (CLC)**
January 2024	7,500	7,456
June 2026	7,500	7,579
Total	**15,000**	**15,035**

(thousands of euros)	Nominal value December 31, 2023	Fair value December 31, 2023
Year due	**Credit Linked Certificates (CLC)**	**Credit Linked Certificates (CLC)**
2023	7,500	7,362
2024	15,000	14,503
2025	0	0
2026	7,500	6,450
2027	0	0
Total	**30,000**	**28,315**

The securities in the portfolio are managed for trading purposes in order to maximise returns on temporary investments of liquidity and are therefore measured at fair value through profit of loss (FVTPL).
In this regard, it should be noted that the total value of the portfolio compared to 31 December 2022 increased by 1,437 thousand euros, with the same number of securities in the portfolio. This is attributable to the improvement in the fair value of securities as a result of the prospects of lower market interest according to the European Central Bank's monetary policies as well as the approaching maturity of securities. All securities in the portfolio can be immediately sold and liquidated in the short term and are classified as current assets.

With regard to the fair value measurement of the securities portfolio at December 31, 2023, it should be noted that the fair value, calculated by an independent third party, coincides with the market prices on the reporting date for all observable securities listed in an active market (Level 1 of the fair value hierarchy).

30. OTHER FINANCIAL ASSETS AND OTHER LOAN ASSETS WITH THIRD PARTIES

This item, with a total of 374,464 thousand euros, includes the bank term deposits (372,894 thousand euros) in which the cash related to the collection on October 2, 2023 from the sale of the equity investments in the

US companies Memry Corporation and SAES Smart Materials, Inc. was invested (see the section "Significant events in 2023" in the Report on Operations).
The average rate of return on term deposits during 2023 was 4.10%.
Term deposits have been classified, regardless of their due date, under other current financial assets instead of under “cash and cash equivalents” as they are held for investment purposes and not to meet short-term financial commitments.

Lastly, the item includes the financial asset related to the adjustment to the sale price of the two aforementioned equity investments (1,569 thousand euros), calculated on the basis of the working capital, debt, cash and tax assets of the US companies being sold as at the closing date. This adjustment is still subject to a verification procedure by the buyer and will be finalised by the end of the first half of 2024, following the submission of tax returns for the period January 1 to October 2, 2023 by Memry Corporation and SAES Smart Materials, Inc.

31. FINANCIAL ASSETS WITH RELATED PARTIES

The table below shows the breakdown and changes in financial assets with related parties compared to the previous year:

(thousands of euros)

Financial assets with related parties	Cash pooling interest	Financing	Interest on loan	Cash pooling balance	Other	Less allowance	December 31, 2023	Cash pooling interest	Financing	Interest on loan	Cash pooling balance	Other	Less allowance	December 31, 2022	Difference
SAES Getters/U.S.A., Inc.	48	0	0	89	0	0	137	17	0	0	601	0	0	618	(481)
SAES Investments S.A.	0	250,236	3,023	0	0	0	253,259	0	48,515	244	0	0	0	48,759	204,500
SAES Rial Vacuum S.r.l.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAES Coated Films S.p.A.	0	0	324	0	0	0	324	0	0	0	0	0	0	0	324
SAES Innovative Packaging S.r.l.	0	0	0	0	0	0	0	0	0	0	0	1	0	1	(1)
SAES Nitinol S.r.l.	0	0	0	0	0	0	0	0	0	0	233	0	(233)	0	0
Total classified in current assets	**48**	**250,236**	**3,347**	**89**	**0**	**0**	**253,720**	**17**	**48,515**	**244**	**834**	**1**	**(233)**	**49,378**	**204,342**
SAES Coated Films S.p.A.	0	350	0	0	0	0	350	0	3,158	49	0	0	0	3,207	(2,857)
Flexterra, Inc.	0	5,430	1,130	0	0	(6,560)	0	0	5,437	0	0	0	(5,437)	0	0
Total classified in non-current assets	**0**	**5,780**	**1,130**	**0**	**0**	**(6,560)**	**350**	**0**	**8,596**	**49**	**0**	**0**	**(5,437)**	**3,207**	**(2,857)**

The financial assets with related parties classified under **current assets** refer mainly to cash pooling assets and to loans to subsidiaries, amounting to a total 253,720 thousand euros at December 31, 2023, up by 204,342 thousand euros compared to the 2022 financial year.

This increase is mainly due to the loan granted to SAES Investments S.A., for 250,236 thousand euros, to which the interest accrued during the year for 3,023 thousand euros must be added.
The Company, following the collection of cash from the sale of the Medical business, transferred part of the cash to the Luxembourg company in the amount of 250 million euros, as loan to be invested by the Luxembourg company in money market investment instruments such as term deposits or remunerated current account balances with leading banks.

The loans classified as **non-current assets**, for 350 thousand euros, relate to the interest-bearing loan granted to the subsidiary SAES Coated Films S.p.A.. It should be noted that this loan was signed on February 8, 2021 and provides for a maximum principal amount of 5 million euros. With an agreement signed by the parties on December 20, 2022, this loan was extended to December 31, 2027.

During the year, the Company disbursed 2,250 thousand euros to SAES Coated Films S.p.A. through the payment of liquidity against partial reimbursements of 500 thousand euros. In December, the Company waived part of the amount receivable originating from the existing loan in favour of SAES Coated Films S.p.A. for an amount of 4,557 thousand euros in order to re-capitalise the subsidiary.

Flexterra, Inc.

Description	Currency	Principal (thousands of dollars)	Timing of principal repayment	Interest rate	Amount as at December 31, 2023 (*) (thousands of euros)	Amount as at December 31, 2022 (*) (thousands of euros)
Convertible bond granted in July 2020	USD	3,000	Due January 2024 or earlier upon the occurrence of certain relevant events (**)	fixed annual rate 8%	3,477	3,373
Convertible bond signed in August 2021: - first tranche disbursed in August 2021;	USD	1,000	Due January 2024 or earlier upon the occurrence of certain relevant events (**)	fixed annual rate 8%	1,079	1,042
- second tranche disbursed in November 2021.	USD	1,000			1,060	1,022
Convertible bond subscribed in December 2022: - first tranche disbursed in January 2023	USD	250	Expiration January 2025 or earlier, upon the occurrence of certain relevant events (**)	fixed annual rate 8%	243	0
- second tranche disbursed in June 2023	USD	250			237	0
- third tranche disbursed in July 2023	USD	250			234	0
- fourth tranche disbursed in October 2023	USD	250			230	0
Total		**6,000**			**6,560**	**5,437**
Less allowance					**(6,560)**	**(5,437)**
Total net of impairment losses					**0**	**0**

(*) Interest included.
(**) Relevant events include liquidation of Flexterra and change in control.

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

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

It is worth mentioning that on December 7, 2022, the Board of Directors of the Company had approved the disbursement to the joint venture of an additional convertible bond for a total of 1 million dollars, with the same characteristics as the two already granted previously (July 2020 and August 2021).

At the end of January 2023, SAES Getters S.p.A. provided the first tranche of 250 thousand dollars, equal to 243 thousand euros of the additional convertible bond 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 business plan.

On July 26, 2023, following the achievement of the application milestones set out in the contract, the Company disbursed the third tranche, again amounting to 250 thousand dollars, corresponding to 237 thousand euros, while the fourth and final tranche of the same amount, corresponding to 234 thousand euros, was approved on October 12, 2023.

The financial asset corresponding to the first tranche was impaired with no negative impact on the statement of profit or loss in the current year, as an allowance had already been recorded as at December 31, 2022 against the Company's irrevocable commitment to the loan (for further details see the section "Significant events in 2023" in the Report on Operations). The impairment loss on the financial asset corresponding to the next three tranches instead generated a financial expense in the statement of profit or loss in 2023 of 698 thousand euros.

Finally, at December 31, 2022, the financial asset corresponding to all the interest accrued during the year (equal to 407 thousand euros) was impaired because, despite the new business opportunities for the advanced materials developed by Flexterra, uncertainty remains as to the timing of commercial achievement of the new initiatives.

32. TAX CONSOLIDATION ASSETS

The item "Tax consolidation assets", for 290 thousand euros, includes the amount receivable from the consolidated companies SAES Nitinol S.r.l. (31 thousand euros), Strumenti Scientifici Cinel S.r.l. (104 thousand euros) and SAES Rial Vacuum S.r.l. (154 thousand euros), for the year's IRES resulting from the tax consolidation, gross of the Company's liability with the subsidiaries SAES Coated Films S.p.A, amounting to 812,683 thousand euros, and SAES Innovative Packagings S.r.l., equal to 114 thousand euros, classified under "Sundry liabilities with related parties."

33. SUNDRY AND OTHER CURRENT ASSETS

This item includes current assets with the tax authorities for VAT, with third parties of a non-commercial nature, together with accrued income and prepaid expenses. The breakdown of the item is shown in the following table:

(thousands of euros)

Soundry and other current assets	December 31, 2023	December 31, 2022	Difference
VAT	781	549	233
Receivables due from social security institutions	16	13	3
Receivables due from tax authorities for withholding tax on bank interest	90	48	41
Research and Development and Industry 4.0 Tax Credit	1,213	794	420
Contract assets	1,314	0	1,314
Other	8	7	1
Total sundry current assets	**3,423**	**1,411**	**237**
Prepaid expenses	1,721	1,552	168
Total sundry and other current assets	**5,144**	**2,963**	**405**

The item "VAT" mainly consists, for 781 thousand euros of VAT originated in 2023 as a result of the excess VAT asset with the tax authorities compared to the VAT liability with the tax authorities.

It should be noted that almost all of the VAT assets resulting from the 2023 annual VAT return referring to the 2022 tax period, for 520 thousand euros, was offset with taxes of a different nature in May of the 2023 financial year.

The item "Due from social security institutions" mainly refers to amounts due from INAIL, in particular relating to the position of the Avezzano local unit.

The item "Due from tax authorities for withholding tax on bank interest" shows a significant increase compared to the previous year, due to the liquidity deposited in current accounts following the collection of the consideration for the disposal of the equity investments in the two US companies sold to Resonetics.

The item "Research and Development and Industria 4.0 tax credit" includes the tax credit for research, development and technology innovation (Article 1, paragraphs 200 and 201 of Budget Law no. 160 of December 27, 2019), which, which, net of offsets made during the year, amounted to 803 thousand euros as at December 31, 2023. In addition, this item includes the tax credit for investments in new technologically advanced capital goods (so-called "Industry 4.0", Article 1, paragraphs 1056 and 1057 of Law 178/2020), equal to 410 thousand euros. The increase in this item, compared to the balance of the previous year, is due to new investments in technologically advanced assets made during the year.

The item "Contract assets" includes the positive differences deriving from the valuation of long-term contracts in the vacuum systems sector, with the aim of adjusting the revenue invoiced on the contracts on an accruals basis, in application of the assessment criterion based on the progress of the costs incurred, compared to the total costs estimated on the contract.

It should be noted that the item "Other", equal to 8 thousand euros, refers to amounts due to the Company from its employees.

The item "Prepaid expenses" amounting to 1,721 thousand euros, up compared to the previous year by 168 thousand euros, includes the portion of costs deferred to one or more subsequent years and is mainly represented by patent maintenance expenses of 626 thousand euros, insurance expenses of 144 thousand euros and expenses for IT programmes, licenses and services for 535 thousand euros.

There are no amounts due after more than five years.

34. CURRENT TAX ASSETS

The item "Current tax assets" shows a balance of 165 thousand euros at December 31, 2023, compared with a balance of 340 thousand euros at December 31, 2022.

The item mainly includes tax assets for advance payments on income taxes (amounting to 143 thousand euros) and amounts due from the Japanese tax authorities for advance payments on taxes from the Japan Technical Services branch (10 thousand euros).

35. CASH AND CASH EQUIVALENTS

The following table shows the breakdown of the cash and cash equivalents held by the Company at December 31, 2023, mainly denominated in euro:

(thousands of euros)

Cash and cash equivalents	December 31, 2023	December 31, 2022	Difference
Bank accounts	76,557	5,547	71,010
Loss allowance	(267)	(6)	(261)
Petty cash	2	2	(0)
Total	**76,292**	**5,543**	**70,750**

The item "Bank accounts" consists of demand deposits with some leading financial institutions, denominated primarily in euro.

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. The increase in the expected credit losses at December 31, 2023 (+261 thousand euros) was mainly a result of the higher amount of cash held by the Company, following the proceeds for the sale of the Nitinol business, whilst the riskiness associated with the banks with which it operates was down slightly.

For a detailed analysis of the changes occurred in cash and cash equivalents during the year please refer to the comments on the Statement of cash flows (Note 48).

As at December 31, 2023, the Company had unused credit facilities of 51 million euros, compared to 48.5 million euros as at December 31, 2022: the extinguishment of the Company's revolving cash credit facilities was offset by the fact that, by virtue of the cash from the sale of the Nitinol business, the Company did not avail itself of financing in the form of hot money as at December 31, 2023.

Financial position

The Total Financial position 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)	December 31, 2023	December 31, 2022
A	Cash	76,292	5,543
B	Cash equivalents	0	0
C	Other current financial assets	389,499	28,574
D	**Liquidity (A+B+C)**	**465,791**	**34,117**
E	Current financial debt (including debt instruments,but excluding the current portion of non-current financial debt)	(7,425)	(68,746)
F	Current portion of non-current financial debt	(739)	(782)
G	**Current financial debt (E+F)**	**(8,164)**	**(69,528)**
H	**Net current financial debt (G+D)**	**457,627**	**(35,411)**
I	Non-current financial debt (excluding current portion and debt instruments)	(1,612)	(2,034)
J	Debt instruments	0	0
K	Trade and other non-current liabilities	0	0
L	**Non-current financial debt (I+J+K)**	**(1,612)**	**(2,034)**
M	**Total financial position (indebtedness) (H+L)**	**456,015**	**(37,445)**

36. EQUITY

The Company's equity at December 31, 2023 amounted to 817,175 thousand euros and increased compared to December 31, 2022 by 630,765 thousand euros. The increase is mainly attributable to the 2023 profit of 686,983 thousand euros (which compares with a 2022 profit of 2,936 thousand euros) only minimally reduced by the use of "Other reserves and retained earnings" for the distribution of dividends pertaining to 2022, which took place in April 2023 for a total of 11,543 thousand euros, and by the disbursement for the voluntary partial public offer finalised on July 31, 2023[22] (-44,096 thousand euros, including accessory costs)
The following also should be noted:

- actuarial losses on defined benefit plans, net of the relative tax effect, recognised as equity in other comprehensive income, equal to -66 thousand euros
- fair value loss on the equity investment in Cambridge Mechatronics Limited (-514 thousand euros, for details please refer to Note 21*).*

Share Capital

As at December 31, 2023, the share capital, fully subscribed and paid up, amounted to 12,220 thousand euros and is composed of 16,785,248 ordinary shares, for the rights of which please refer to the Articles of Association available at *www.saesgetters.com/it/investor-relations/corporate-governance/*.
Compared to December 31, 2022, the amount of the share capital has remained unchanged, while with regard to the changes in its breakdown, please refer to the paragraph "Treasury shares".
The implicit carrying amount per share was 0.72802 euros (compared with 0.554196 euros as at December 31, 2022).

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

[22] For details on the voluntary partial public offer of savings shares and on the subsequent mandatory conversion of savings shares into ordinary shares (Mandatory Conversion), please refer to the following paragraph "Treasury shares".

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

Equity-related reserves

a) Share premium reserve

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Company. At December 31, 2023, it amounted to 25,724 thousand euros and remained unchanged compared to December 31, 2022.

b) Treasury shares

On July 31, 2023 the voluntary partial public offer[23] on 1,364,721 savings shares of the Company concluded successfully. The consideration due to the holders of savings shares offered under the public offer and purchased by the Company, equal to 29.31 euros for each savings share, was paid on August 4, 2023, for a total of about 40 million euros, against the simultaneous transfer of ownership of these savings shares to the Company and their ensuing automatic cancellation.

The Public Offer was accompanied by the **Mandatory Conversion** into ordinary shares of the remaining 6,013,898 savings shares, which took place on August 4, 2023, based on the conversion ratio of 1 ordinary share for every 1 savings share. On the same date, the savings shares were then cancelled and delisted. For the mandatory conversion, 6,013,898 ordinary shares were used, corresponding to all of the 3,900,000 ordinary treasury shares and 2,113,898 newly issued ordinary shares, with no share capital increase.

Finally, it must be noted that on August 28, 2023 the 1 savings share that the Company 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.

As a result of the above transaction, the share capital of SAES Getters S.p.A. at December 31, 2023 consists of 16,785,248 ordinary shares, with a total number of exercisable voting rights of 21,803,734 (taking into account the 5,018,486 ordinary shares with increased voting rights pursuant to Article 11 of the Articles of Association).

The accessory costs related to the public offer and the subsequent Mandatory Conversion par to approximately 4.1 million euros and were deducted from equity, together with the costs for the repurchase of treasury shares (40 million euros).

The table below shows the breakdown of the share capital and the reconciliation between the number of outstanding shares and treasury shares for different share classes both as at December 31, 2023 and as at December 31, 2022.

[23] The Offer Document was approved by Consob on July 6, 2023.

		Partial voluntary public offer and contextual cancellation			Mandatory conversion			
	December 31, 2022	Purchase of own savings shares	Purchase of savings shares from withdrawing shareholders	Savings shares cancellation	through new shares issue	through own shares utilization	Own shares disposal	December 31, 2023
Outstanding ordinary shares	10,771,350				2,113,897	3,900,000	1	16,785,248
Treasury shares	3,900,000				1	(3,900,000)	(1)	0
Total ordinary shares	**14,671,350**	**0**	**0**	**0**	**2,113,898**	**0**	**0**	**16,785,248**
Outstanding savings shares	7,378,619	(1,364,721)	(1)		(2,113,897)	(3,900,000)		
Savings shares	0	1,364,721	1	(1,364,721)	(1)			
Total savings shares	**7,378,619**	**0**		**(1,364,721)**	**(2,113,898)**	**(3,900,000)**	**0**	**0**
Total shares	**22,049,969**	**0**	**0**	**(1,364,721)**	**0**	**(3,900,000)**	**0**	**16,785,248**

In accordance with the provisions of Article 2357 of the Italian Civil Code, it should be noted that the Company does not hold any treasury shares at December 31, 2023 (as at December 31, 2022, the Company held 3,900,000 ordinary treasury shares).

c) Negative goodwill (principal)

This item includes the portion, amounting to 11 thousand euros of the goodwill arising on the merger of SAES Advanced Technologies S.p.A. into SAES Getters S.p.A. in 2016.

Legal reserve

This item refers to the Company's legal reserve of 2,444 thousand euros at December 31, 2023 and it was unchanged compared to December 31, 2022, since the reserve had reached its legal limit.

Untaxed reserves

This item, totalling 5,721 thousand euros, is mainly composed of the positive monetary revaluation balances resulting from the application of Laws No. 72 of March 19, 1983 (1,039 thousand euros) and No. 342 of November 21, 2000 (1,576 thousand euros) as well as the positive balance, net of the substitute tax of 48 thousand euros, corresponding to the realignment of the tax bases to the statutory amounts of certain property, plant and equipment pursuant to Article 110, paragraph 8 of Decree Law No. 104/2020 (1,573 thousand euros). Pursuant to Law no. 342/2000, the revaluation reserve has been stated net of the related substitute tax of 370 thousand euros. See the following table for further details.

Other reserves and retained earnings

This item includes income-related reserves, net of the Legal reserve and the untaxed reserves, and totals 138,749 thousand euros, broken down as follows:

- ***retained earnings,*** *equal to 216,601 thousand euros;*
- ***actuarial reserve****, amounting to 1,516 thousand euros;*
- ***IFRS FTA reserve*** available in the amount of 1,655 thousand euros; note that the net IFRS FTA reserve amounts to 1,634 thousand euros and is available in the amount of 1,655 thousand euros. The available amount is higher than the total net reserve, which amounts to 1,634 thousand euros, in that the unavailable IFRS FTA reserve is negative, -21 thousand euros, as a result of the transfer to untaxed reserves of the amount of realignment of tax bases to statutory amounts of some property, plant and equipment, carried out in 2020 pursuant to Law no. 126/2020;
- ***reserve for treasury shares****, amounting to -137.478 thousand euros;*
- ***reserve for capital gains on the sale of treasury shares***, amounting to -589 thousand euros;
- ***reserve from transactions with Group companies***, representing the difference between appraisal value and carrying amount of assets transferred to the Company by the subsidiary SAES Getters/USA Inc., amounting to -420 thousand euros, recorded as a reduction of equity in accordance with OPI1 principle issued by the Italian Association of Auditors.

- ***Negative goodwill,*** equal to 7,235 thousand euros, following the merger into SAES Getters S.P.A. of the subsidiary SAES Getters International S.r.l. (formerly SAES Getters International S.A., Luxembourg).

Please note the reclassification, equal to -137,478 thousand euros (-93,382 thousand euros at the end of the previous year), from the item "Treasury shares" to the item "Other reserves and retained earnings", as a result of the aforementioned

- cancellation of savings treasury shares purchased during the year;
- use of ordinary treasury shares already held at the end of the previous year for the purpose of conversion of savings shares into ordinary shares.

As indicated in the Report on corporate governance and ownership structure that accompanies these Separate Financial Statements, each share is entitled to a proportional part of the dividends that it is decided to distribute.

Reserves subject to taxation in the event of distribution

This item, totalling 5,721 thousand euros, is mainly composed of the positive monetary revaluation balances resulting from the application of Laws No. 72 of March 19, 1983 (1,039 thousand euros) and No. 342 of November 21, 2000 (1,576 thousand euros) as well as the positive balance, net of the substitute tax of 48 thousand euros, corresponding to the realignment of the tax bases to the statutory amounts of certain property, plant and equipment pursuant to Article 110, paragraph 8 of Decree Law No. 104/2020 (1,573 thousand euros). Pursuant to Law no. 342/2000, the revaluation reserve has been stated net of the related substitute tax of 370 thousand euros. See the following table for further details.

(thousands of euros)	Amount *
Revaluation Reserve - Law no. 72, March 19, 1983	1,039
Revaluation Reserve - Law no. 342, November 21, 2000	1,576
Reserve as per Law no. 126, October 13, 2020	1,573
Other Reserves	138
Reserve as per Law no. 576, 1975 - brought to share capital	419
Reserve as per Law no. 72, 1983 - brought to share capital	976
Total	**5,721**

* contribute to the taxable income of the Company and the shareholders.

Availability of the main items of Equity

(thousands of euros)

Description	Amount	Utilizations	Amount available for distribution	Summaryof destinationsduring prior 3 years	
				Loss Coverage	For other reasons
Share capital	12,220				
Share premium reserve	25,724	a, b, c	25,724		
Negative goodwill	11	a, b, c	11		
Legal reserve	2,444	b	2,444		
Other untaxed reserves					
Reserve ex Law n. 72, 1983	1,039	a, b, c	1,039		
Reserve ex Law n. 342, 2000	1,576	a, b, c	1,576		
Reserve ex Law 126, 2020	1,573	a, b, c	1,573		
Other untaxed reserves	138	a, b, c	138		
Other reserves and retained earnings (*)	85,467	a, b, c	85,488	8,292	11,546
Profit for the year (**)	686,983	a, b, c	686,983		
Total Equity	**817,175**		**804,976**		

a: capital increase

b: loss coverage

c: distribution to shareholders

(*) including the IFRS FTA reserve, for the untaxed portion, equal to 1,634 thousand euro. This Reserve is avaible for distribution only up to 1,655 thousand euros.

NON-CURRENT LIABILITIES

37. FINANCIAL LIABILITIES

Financial liabilities in the amount of 473 thousand euros and represent the present value as at December 31, 2023 of the consideration for the acquisition of the residual 51% of the quota capital of SAES RIAL Vacuum S.r.l. to be paid in three annual tranches of equal amount (166.7 thousand euros each) starting from the third anniversary after the closing date (May 25, 2022).

This amount was withheld as a guarantee. 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 11 thousand euros, compared with the previous year.

38. LEASE LIABILITIES

At December 31, 2023, the item “Lease liabilities” totalled 1,879 thousand euros, against 2,354 thousand euros at December 31, 2022. The following table shows the breakdown of these liabilities between the current portion and the non-current portion.

(thousands of euros)

	December 31, 2023	December 31, 2022	Difference
Lease liabilities - current	739	782	(43)
Lease liabilities - non-current	1,140	1,572	(432)
Total lease liabilities	**1,879**	**2,354**	**(475)**

The following table shows the changes in lease liabilities in 2023.

(thousands of euros)

Lease liabilities	
December 31, 2022	**2,354**
New leases signed during the year	348
Early termination of leases	(18)
Interest on financial liabilities	42
Repayment of financial liabilities	(805)
Interest expense paid	(42)
December 31, 2023	**1,879**

The decrease of 475 thousand euros compared to the end of last year is a consequence of the lease payments during the year 2023 for 847 thousand euros (of which 42 thousand euros for interest on financial liabilities), against registration of the right of use for a total of 348 thousand euros, summarised as follows: 253 thousand euros referred to new leases related to the Company's cars and new leases of the Japan-based branch amounting to 96 thousand euros (of which 92 thousand euros referred to the leased office building and 4 thousand euros to new leases for printers).

It should be noted that during the year there was an early withdrawal from the long-term lease contract for a company car with a residual value of 7 thousand euros.
Please also note that the payments made in 2022, totalling 847 thousand euros, are substantially in line with those that occurred in 2021 (742 thousand euros).

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

(thousands of euros)

Lease liabilitites	December 31 2023	December 31 2022	Difference
Less than 1 year	739	782	(43)
Lease liabilities - current	**739**	**782**	**(43)**
Between 1 and 2 years	536	581	(45)
Between 2 and 3 years	415	465	(50)
Between 3 and 4 years	189	368	(179)
Between 4 and 5 years	0	158	(158)
Over 5 years	0	0	0
Lease liabilities - non-current	**1,140**	**1,572**	**(432)**
Lease liabilities	**1,879**	**2,354**	**(475)**

In order to aid understanding of the future cash-out related to lease agreements in place at December 31, 2023, the table below provides information on the non-discounted future cash flows.

(thousands of euros)

Cash flows for leases (not discounted)	December 31 2023	December 31 2022	Total Difference
Less than 1 year	766	800	(34)
Cash flows for leases (not discounted) - current	**766**	**800**	**(34)**
Between 1 and 2 years	590	615	(25)
Between 2 and 3 years	463	506	(43)
Between 3 and 4 years	216	405	(189)
Between 4 and 5 years	1	175	(174)
Over 5 years	0	0	0
Cash flows for leases (not discounted) - non-current	**1,270**	**1,701**	**(431)**
Total	**2,036**	**2,501**	**(465)**

With reference to the lease contract for the Company's offices in Milan (of the duration of seven years from July 1, 2020, renewable for another six years), it should be noted that the renewal option for a further six years was not considered for accounting purposes because the renewal was not believed to be reasonably certain. The potential future payments not reflected in the *lease liability* were equal to 1,817 thousand of euros (discounted value).

(thousands of euros)	December 31, 2023	
	Potential cash flows for leases (not discounted)	Potential cash flows for leases (discounted)
Extension option not included in lease liabilities	2,100	1,817

The average weighted incremental borrowing rate (IBR) applied to the financial liabilities recognised at December 31, 2023 amounted to 5.65%.

39. POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

It should be noted that the item includes the liabilities to employees for existing defined benefit plans in respect of the relevant contractual and legal obligations in force, the liability relating to the incentive plan based on phantom shares (cash-settled share-based payment plan) specifically for the Executive Directors and some key employees of the Company, as well as the portion of extraordinary remuneration granted as a result of the sale of the Nitinol business, under the incentive plan called *Asset Sale Plan,*[24] for which payment beyond twelve months is stipulated in the regulations (portion allocated to Executive Directors and Key Managers, amounting to 1,131 thousand euros). Please refer to Notes 10 and 51 for further details.

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

(thousands of euros)

Post-employment and other employee benefits	Post-employment benefits	Other employee benefits	Non-current portion of short-term benefits	*Phantom Shares*	Total
December 31, 2021	**3,377**	**2,199**	0	**1,456**	**7,032**
Accrual (release) to profit or loss	120	(145)	1,131	2,148	3,254
Indemnities paid	(257)	(178)	0	0	(435)
Other changes	25	(941)	0	0	(916)
December 31, 2022	**3,265**	**935**	**1,131**	**3,604**	**8,934**

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

With regard to defined benefit plans, the changes during 2023 are provided below.

[24] Monetary bonus plan for the Executive Directors, the Key Managers, i.e. the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, non-current assets and assets, if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests. For further details, please refer to the Report on the remuneration policy and payments made for the year 2023.

(thousands of euros)

	December 31, 2022	Financial expense	Current service cost	Benefits paid	Actuarial (gains) losses on obligations	Released to profit or loss	Other changes	December 31, 2023
Present value of defined benefit obligations	5,576	140	396	(435)	86	(560)	(1,004)	4,199
Fair value of plan assets	0	0	0	0	0	0	0	0
Amount recognized for defined benefits obligations	0	0	0	0	0	0	0	0
Costs non yet recognised deriving from past obligations	**5,576**	**140**	**396**	**(435)**	**86**	**(560)**	**(1,004)**	**4,199**

"Actuarial (gains) losses on obligations" (86 thousand euros) refers to the differences on the obligations relating to defined-benefit plans resulting from the actuarial calculation, which are immediately recognised in equity under retained earnings.

The item "Other changes" (1,004 thousand euros) refers to the portion of long-term monetary incentive plans that will be paid at the beginning of 2024 and which was therefore reclassified under "Sundry liabilities".
The item "Released to profit or loss" (560 thousand euros) is entirely due to the partial release of the amount set aside in the previous two years for the three-year monetary incentive plan of the two Executive Directors, following the partial achievement of the assigned goals at the end of the three-year period.

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

(thousands of euros)	2023	2022
Financial expense	140	35
Current service cost	396	977
Released to profit or loss	(560)	0
Total net costs in profit or loss	**(24)**	**1,012**

The decrease in "Current service cost" is mainly attributable to the fact that the year's provision for the three-year plans of both Executive Directors and employees followed a pro-rata methodology, based on the results of the first nine months of the year 2023, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

For the item "Released to profit or loss", please refer to what has already been commented on above.

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

It must be noted that post-employment benefits (TFR) include the estimated obligation, quantified using actuarial techniques, as regards the amount to be paid to the Company's employees upon termination of employment. Following the entry into force of the 2007 Financial Law and the related implementing decrees, in companies with more than 50 employees, the liability associated with benefits for past years of employment continues to be considered a defined benefit plan and is consequently measured using actuarial assumptions. The portion paid to pension funds is instead considered a defined contribution plan and therefore it is not discounted.

Main economic and financial assumptions – defined benefit plans

The main economic-financial assumptions used for the actuarial calculations of defined-benefit plans at December 31, 2023 and December 31, 2022 respectively are provided below:

	December 31, 2023	December 31, 2022
Average duration of the collective being evaluated	**7-10 years**	**> 10 years**
Discount rate	3.10%	3.70%
Increase in the cost of living	2.50%	2.50%
Expected annual salary increase (*)	3.00%	3.00%
Annual rate of increase in severance pay (*)	3.38%	3.38%

(*) Factor not considered in the actuarial appraisal of the post-employment benefits of the Parent with more than 50 employees.

As regards the choice of the discount rate, the reference index was the Eurozone Iboxx Corporate AA observed at the end of the year, with a duration consistent with that of the collective benefit under valuation.

With regard to the demographic assumptions, RG48 mortality tables and INPS disability/invalidity tables were used.

As regards the likelihood of employees leaving their jobs for reasons other than death, turnover probabilities consistent with previous assessments and found in the Company over an observation time horizon considered representative were used. More specifically, an average turnover rate of 4.50% was used (3.50% in the previous year).

With regard to advances on post-employment benefits, an average annual rate of 3% and an average amount equal to 70% of the accumulated post-employment benefits of the companies subject to actuarial valuation was assumed (assumptions unchanged from those used as at December 31, 2022).

Main economic and financial assumptions – Long-Term Incentive Plan (LTIP)

The item "Other employee benefits" includes the provision for *Long-Term Incentive Plans (LTIP)*, subscribed by Executive Directors and by some employees of the Company, identified as particularly important for the achievement of the consolidated medium to long-term objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group's objectives.

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

These plans fall under the category of other employee benefits and are subject to discounting. Below are the discounting rates used to discount the plans subscribed by key employees of the Company which reflect the rates of return on Italian government bonds, maturing at the end of 2024 (a maturity aligned with that of the plans under review), taking into account the different duration of the plans.

Expiry year of the plan	Discount rate
	Italy
2024	1.23%

As already highlighted above, the portion of the three-year incentive plans of the Company (referring to both Executive Directors and some key employees) that will be paid during the first half year of 2024 have been reclassified to the item "Sundry liabilities" (current liabilities).

***

The following table shows a breakdown of the actuarial differences relating to 2023:

(thousands of euros)	Postemployment benefits	Other defined benefit plans	Long-term monetary incentive plans (LTIP)	Total
Actuarial differences from:				
Change in assumptions	110	20	0	130
Variation related to past experience	(85)	41	0	(44)
Actuarial gains (losses)	**25**	**61**	**0**	**86**

With regard to defined-benefit plans[25], the following table shows the effect on the obligation of an increase or decrease of half a percentage point of the discounting rate, as calculated by the independent actuary.

(thousands of euros)	Discount rate	
	+0.5%	**-0.5%**
Effect on the obligation for defined benefit plans (excluding LTIPs)	(170)	95

The table below shows instead the effect on the liability for three-year monetary incentive plans (both to employees and to Executive Directors expiring at the end of 2023) of an increase or a decrease of half a percentage point of the discounting rate.

(thousands of euros)	Discount rate	
	0.5%	**-0.5%**
Effect on the obligation for long-term monetary incentive plans (LTIPs)	**(1)**	**1**
of which LTIP employees	(1)	1
of which LTIP managers	0	0

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

At the end of 2018, the Company's Shareholders' Meeting approved the adoption of a bonus plan based on phantom shares, targeting Executive Directors and a number of key managers. The plan involves the free assignment to beneficiaries of a specific number of phantom shares which, under the terms and conditions of the plan, give them the right to receive a cash incentive, dependent on the increase in the stock market price of the shares on a date in which certain pre-established events are due to take place, with respect to the assignment value[26]. 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 no. 1,760,562[27]. The plan aims to remunerate the beneficiaries in relation to the increased capitalisation of the company, for retention purposes and a greater alignment between performance and the Company's and shareholders' interests.

The table below shows the summary of the assignments of phantom shares made by the Board of Directors of the Company, at the proposal of the Remuneration and Appointments Committee, from the date of

[25] The long-term monetary incentive plans (*LTIP*) are not included in this calculation; for these, we refer to the following table.
[26] The assignment value is the weighted average of official share prices recorded on trading days in the thirty-six months before the assignment date.
[27] Of which 880,282 phantom shares reserved for Executive Directors.

adoption of the plan to December 31, 2023, as well as the number of phantom shares that are still assigned as at December 31, 2023 because they have not been sold or withdrawn.

	Assignment date	*no. phantom shares assigned*	Assignment value (euro)
First assignment	October 17, 2018	1.467.136 (*)	16.451
Second assignment	February 13, 2020	195,618	21.140
Total phantom shares assigned by the Board of Directors		**1,662,754**	
Phantom shares withdrawn	October 17, 2018	(195.618) (**)	16.451
Phantom shares sold	October 17, 2018	(195.618) (***)	16.451
Total phantom shares assigned as at December 31, 2023		**1,271,518**	

(*) Including 880,282 phantom shares granted to executive directors.

(**) Phantom shares subject to waiver due to the departure of a key employee of the Company in the first half of 2021.

(***) Phanotm shares settled to the heirs of a strategic employee of the Company in the second half of 2022.

The liability relating to the phantom share plan (3,604 thousand euros at December 31, 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, the economic and financial assumptions used at December 31, 2023 to estimate the fair value of the phantom shares are summarised below:
- different risk vesting period for each beneficiary, with estimated maximum service period equal to the assumed date of retirement;
- probabilities of death and permanent invalidity calculated using the IPS55 tables and the INPS 2010 model, respectively;
- 2% annual flat probability of occurrence was considered for all the other events assigning the right to receive the incentive;
- for events that entail the forfeiture of the right to receive the incentive, a flat annual probability of occurrence ranging from 2% to 15% was taken into account, depending on the beneficiary's length of service and the position held in the company (this possibility was not contemplated for Executive Directors);
- the risk-free rate curve was obtained from the Euroswap rates at the valuation date, by applying the Bootstrap technique;
- the spot value of the SAES share estimated on the basis of the stock market price in December 2023 and adjusted for the expected extraordinary dividend in 2024, amounting to 12.51 euros, as already announced to the market;
- the expected dividend rate from 2025 onward was taken to be 3% over the term of the plan (obtained on the average of historical observations over the past five years);
- the annual volatility of the stock return, based on the historical volatility of the SAES share over the past five years, was estimated to be 29.98%.

40. PROVISIONS

At 31 December 2023, the item "Provisions" was equal to 11,427 thousand euros, against 256 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)

Provisions for risks and charges	December 31 2022	Increase	Utilisation	Reclassification	Released to profit or loss	December 31 2023
Other provisions	256	16	(241)	0	(3)	27
Isopension provision	0	11,400	0	0	0	11,400
Total	**256**	**11,416**	**(241)**	**0**	**(3)**	**11,427**

On December 14, 2023, the Company signed a union agreement with Federmanager/Assolombarda to incentivise the voluntary redundancy of up to a maximum of 15 executives who will reach the regulatory requirements for pension in the next 7 years, using the Isopension tool under Article 4 of Italian Law No. 92/2012. In favour of the executives who adhere to the Plan, which is expected to end on 31 December 2026, SAES will amount a benefit par to the pension that would be due to them based on the rules in force and will pay the related notional contribution to INPS, up to achievement of the minimum requirements for retirement, envisaged in a maximum period of 7 years from the termination of the employment relationship. As at December 31, 2023, an Isopension provision was set aside in the amount of 11,400 thousand euros, equal to the best estimate of the resources needed to meet the obligation that arose as a result of the signing of the above-mentioned union agreement.

The increase in the item "Other provisions" refers, in the amount of 4 thousand euros, to an integration of the provision for the labour dispute that arose in the previous year with an employee of the Avezzano (AQ) office of the Company who appealed against a disciplinary measure, as well as to a provision for legal expenses related to a dispute with a supplier, whose invoices were not paid due to the incorrect execution of the assigned works (10 thousand euros), as well as, for 2 thousand euros, to additional customer indemnity accrued in favour of agents of the Company.

The decrease in the item “Other provisions” mainly refers to the following:

- the use of the provisions set aside at the end of last year against the Company's irrevocable commitment to pay the first tranche of an additional convertible bond in favour of the joint venture Flexterra, Inc. in the amount of 250 thousand dollars, equal to 231 thousand euros. The provision was used in January 2023 against the payment made by the Company 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.
- the use of the provision of 10 thousand euros set aside last year for the aforementioned **labour law dispute** with an employee of the Company's Avezzano (AQ) office.

The classification of Provisions between current and non-current liabilities is provided below, compared with last year:

(thousands of euros)

Provisions for risks and charges	Current provisions	Non-current provisions	December 31, 2023	Current provisions	Non-current provisions	December 31, 2022
Other provisions	14	13	27	244	11	256
Isopension provision	4,000	7,400	11,400	0	0	0
Total	**4,014**	**7,413**	**11,427**	**244**	**11**	**256**

With regard to the preliminary assessment report received on June 9, 2023 to SAES Getters S.p.A. following the tax assessment by the Italian tax authority on the income for the 2018 financial year and indicating a higher IRES taxable income of 21.8 million euros, as well as higher IRAP taxable income of 13.2 million euros(for further details see Note 50), no risk provision was set aside at December 31, 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 assessment notice 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 a higher taxable income of 13.2 million euros as "possible"; the remaining liability related to a higher taxable income of 8.6 million euros, on the other hand, was assessed as "likely," but can still be covered by the tax loss carryforwards available to the Company.

CURRENT LIABILITIES

41. TRADE PAYABLES

Trade payables, at December 31, 2023, amounted to 9,851 thousand euros and showed a decrease of 1,923 thousand euros compared to December 31, 2022. This change is due to the payment of liabilities, mainly referring to consultancy for preliminary evaluations related to the sale of the Nitinol business, set aside at the end of the previous year, as well as the balance of invoices recorded at the end of the previous year and related to the renovation and modernisation works on the buildings of the Lainate plant and the Avezzano plant.

Trade payables are all due within twelve months.
All transactions with Group companies were conducted at arm's length.
A breakdown of the figures at December 31, 2023 by geographical segment is shown below:

(thousands of euros)

	Italy	Europe	North Americs	Japan	Other Asia	Other Countries	Total
Customers	6,303	1,487	975	31	41	0	8,838
Subsidiaries	974	0	7	0	32	0	1,013
Jointly controlled	0	0	0	0	0	0	0
Total trade recievables	**7,276**	**1,487**	**983**	**31**	**73**	**0**	**9,851**

Trade payables are non-interest bearing and are usually settled at 60/90 days.

The following table provides a breakdown of trade payables between those not yet due and those past due at December 31, 2023 compared with December 31, 2022.

(thousands of euros)

Ageing	Total	Not yet due	Due not impaired				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
December 31, 2023	**9,851**	8,671	978	82	48	4	68
December 31, 2022	**11,774**	11,185	279	160	14	87	48

The amount of overdue trade payables is insignificant compared to the total amount of the item and, in any case, the total weight of payables over thirty days overdue on total trade payables appears to be decreasing compared to the end of the previous year (from 2.6% as at December 31, 2022 to 2% as at December 31, 2023).

42. FINANCIAL LIABILITIES WITH RELATED PARTIES

At December 31, 2023, financial liabilities with related parties amounted to 6,966 thousand euros, against 6,088 thousand euros at December 31, 2022 and refer to financial liabilities with Group companies due to the centralisation of the liquidity of subsidiaries through interest-bearing loan agreements and the cash pooling arrangement at the Company's bank accounts.
The balance is composed as follows:

- liability with SAES Nitinol S.r.l. in the amount of 688 thousand euros, including interest of 15 thousand euros;
- liability with Scientific Instruments Cinel S.r.l. in the amount of 3,529 thousand euros, including interest of 99 thousand euros;
- liability with SAES Innovative Packaging S.r.l. in the amount of 2,749 thousand euros, including interest of 79 thousand euros;

The increase, in the amount of 878 thousand euros compared to the previous year end, is mainly a result of the following events:

- Increase of 50 thousand euros in the net balance of the loan granted by the subsidiary Strumenti Scientifici Cinel S.r.l. to the Company, as well as the accrual of interest for the year, in the amount of 91 thousand euros. The contract, signed on April 6, 2022, has a maximum total amount of 5 million euros, expires on December 31, 2022 and is automatically extendable for one year. The interest rate that accrues on this loan is equal to the algebraic sum of the 1-month EURIBOR rate (on a 360-day basis) measured at the

beginning of each quarter of the Italian civil calendar increased by a spread of 0.10%. In the event that this algebraic sum results in a value less than 0.10%, the rate applied will be 0.10%.
The due date was extended to December 31, 2024;
- balance of the Group's cash pooling arrangement with the subsidiary SAES Nitinol S.r.l., which as at December 31, 2023 had a negative balance of 688 thousand euros, including interest of 15 thousand euros, while as at December 31 of the previous year it had a credit balance;
- interest accrued on the cash pooling balance payable to the subsidiary SAES Innovative Packaging S.r.l. and changes in provisions totalling 50 thousand euros.

43. SUNDRY LIABILITIES WITH THIRD PARTIES

The item “Sundry liabilities with third parties” includes amounts that are not classified as trade payables, which at the end of the year amounted to 42,862 thousand euros, marking an increase of 33,068 thousand euros compared to 2022, and break down as follows:

(thousands of euros)

Sundry liabilities	December 31, 2023	December 31, 2022	Total Difference
Employees (holiday, wages, etc.)	16,545	2,553	13,992
Social security bodies	4,041	1,465	2,576
Withholdings and tax (excluding income taxes)	1,125	1,066	59
Contract liabilities	0	50	(50)
Bonus	1,818	2,227	(409)
Other	19,334	2,433	16,901
Total	**42,862**	**9,794**	**33,069**

The item "Employees" consists mainly of December salaries not yet paid at the end of the year and accrued and untaken vacations, as well as the portion of the Company's three-year incentive plans referring to key employees that will be subject to payment during the first half of 2024 and have therefore been reclassified under current liabilities. The sharp increase compared to December 31, 2022 is mainly attributable to the aforementioned *Asset Sale Plan* (Note 10 and Note 39) related to the sale of the Nitinol business, of which only a first tranche, amounting to approximately 50%, has been paid by December 31, 2023 and the second tranche of which will be paid at the beginning of 2024 (subject to possible corrections for residual adjustments on the sale price, currently being finalised with the purchasing party).

The item “Social security bodies” mainly includes the amounts owed to INPS (Italian National Social Security Institute) for contributions to be paid on wages as well as the payables to the treasury fund operated by the INPS and to the pension funds under the reformed post-employment benefits legislation. Again, the increase from December 31, 2022 is mainly attributable to contributions still to be paid on the second tranche of the *Asset Sale Plan* (Note 10 and Note 39) related to the sale of the Nitinol business.

The item “Withholdings and tax (excluding income taxes)” primarily consists of amounts due to the tax authority in connection with the withholding taxes on the wages of employees and consultants.

The item “Contract liabilities” included, at the end of the year, 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 contracts in the high vacuum segment.
“Bonus” included the bonuses due to the Company employees pertaining to 2023. The decrease compared to December 31, 2022 is related, in addition to the discontinued operations in the Nitinol business (see Note 10 for further details), to the fact that variable remuneration for the year 2023 was set aside following a pro-rata methodology based on the results of the first nine months of the year, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

The item "Other" mainly includes liabilities of the Company for both fixed and variable Directors' remuneration (18,554 thousand euros as at December 31, 2023, compared to 1,618 thousand euros at the end of the previous year) and from advances also received for public grants for research activities (44 thousand euros as at December 31, 2023, compared to 155 thousand euros at the end of last year). Again, the sharp increase is attributable to the second tranche yet to be paid to the Executive Directors of the *Asset Sale Plan* (Note 10 and Note 51) related to the sale of the Nitinol business. The reduction in liabilities for variable remuneration of the Executive Directors (allocated according to a pro-rata methodology based on the results of the first nine months of the year 2023, i.e. before the sale of the Nitinol business) was instead offset by the liability for the three-year incentive plan (see Note 39), reclassified under current liabilities as the plan expired on December 31, 2023.

There are no accrued liabilities due after more than five years.

44. FINANCIAL LIABILITIES WITH RELATED PARTIES

This item includes the amounts due to the subsidiaries SAES Coated Films S.p.A. (813 thousand euros) and SAES Innovative Packagings S.r.l. (114 thousand euros) to remuneration the losses transferred to the tax consolidation envisaged by the relative agreement.

45. OTHER CURRENT LIABILITIES

The item "Other current liabilities", in the amount of 1,640 thousand euros at the end of 2023, is related to future commercial revenue collected from customers. The increase from December 31, 2022 (+1,043 thousand euros) is mainly attributable to the different business strategy, with prepayment to some large customers, especially in the industrial SMA business.

There are no liabilities due after more than five years.

46. CURRENT TAX LIABILITIES

This item, equal to 237 thousand euros at December 31, 2023, is mainly composed of the amounts due to the tax authorities for IRES for the year, arising from the tax consolidation in the amount of 231 thousand euros. In addition, this item includes the amount due, equal to 6 thousand euros, to the local tax administration for current tax liabilities due by the German branch of the Company.

Regarding Ires, all the Italian companies[28] have joined the national tax consolidation with the SAES Getters S.p.A. as the consolidating company and, therefore, positive taxable amounts are offset by both negative taxable amounts and past tax losses carried forward; while only on the residual taxable income is the Ires tax due (at the end of last year, no Ires tax liability was recorded in the financial statements because the consolidated taxable income was negative, while this year, thanks to the net proceeds[29] earned by the Company from the sale of the investments in Memry Corporation and SAES Smart Materials, Inc. the consolidated taxable income is positive and the IRES liability is 231 thousand euros).

47. BANK LOANS AND BORROWINGS

At December 31, 2023, bank loans and borrowings amounted to 459 thousand euros (compared to 62,658 thousand euros as at December 31, 2022) and consisted of 456 thousand euros in interest accrued during 2023 and not accrued on the drawdowns of the credit facilities in the form of "hot money".

[28] 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).
[29] The gain net of sales costs of the Parent is subject to a limited tax rate of 5%, pursuant to the provisions of Article 87 of the Consolidated Law on Income Tax (participation exemption).

Following the proceeds from the sale of the Medical business in October, the Company repaid bank borrowings totalling 72,000 thousand euros, of which 36,000 thousand euros related to the use of revolving credit facilities in place with Unicredit S.p.A. (26,000 thousand euros, whose average interest rate, including a spread, was around 4.86%) and with Intesa Sanpaolo S.p.A. (10,000 thousand euros, whose average interest rate, including a spread, was around 4.93%).

It should be noted that the revolving credit facilities, the contracts for which were signed in 2020, provided for a maximum drawdown amount of 30 million euros and a fixed term of thirty-six months; during the first half of the year, the revolving credit facility with Unicredit S.p.A. was extended until December 31, 2023 while the revolving credit facility with Intesa Sanpaolo S.p.A. expired in April 2023, and on May 29, 2023 a similar credit facility was opened for the same amount and expiring on July 31, 2024.
Following the repayment of the existing uses of the two revolving credit facilities, in October the Company waived in advance the revolving credit facility in place with Unicredit S.p.A., while the similar facility with Intesa Sanpaolo S.p.A. lapsed as a result of the collection related to the sale of the Medicale business.

As at December 31, 2023, the Company has no loan agreement subject to financial covenants.

Early repayment of bank borrowings in the form of hot money and revolving credit facilities did not result in any penalties.

48. STATEMENT OF CASH FLOWS

Net cash inflows in 2023 came to 71,010 thousand euros.

The Company's operating activities generated cash outflows of -71,469 thousand euros compared with -9,200 thousand euros in the previous year; the main difference concerns the negative change related to payments regarding consulting fees for the sale of the equity investments in Memry Corporation and SAES Smart Materials, Inc. and the asset disposal plan, the assumptions of which accrued following the successful completion of the transaction.

The cash flows generated by investing activities amounted to 262,973 thousand euros, thanks to the proceeds collected following the disposal of the aforementioned equity investments, in the amount of 819,905 thousand euros, the sale of securities in the portfolio for 14,775 thousand euros, and the dividend income collected from subsidiaries in the amount of 7,667 thousand euros. On the other hand, cash flows were absorbed by the purchase of property, plant, machinery, and intangible assets for -5,615 thousand euros, the increase in loans, equal to -370,000 thousand euros and the increase in loans to related parties. (for -257,196 thousand euros).

In the previous year, cash flows generated by investing activities amounted to 16,371 thousand euros, mainly as a result of dividends received from subsidiaries, amounting to 30,709 thousand euros, of which 23,651 thousand euros were due to the merger of SAES International S.r.l. (formerly SAES Getters Luxembourg S.A.), which held investments in Memry Corporation and SAES Smart Materials, Inc.. Cash flows were absorbed, on the other hand, by disbursements of 4,750 thousand euros for the acquisition of the remaining 51 percent of SAES Rial Vacuum S.r.l. and purchases of property, plant and equipment and intangible assets of 8,818 thousand euros.
Cash flows absorbed by financing activities amounted to -120,490 thousand euros, as a result of the repayment of short-term borrowings, net of new loans taken out in the year, amounting to -62,500 thousand euros, the share buyback transaction amounting to 44,095 thousand euros, and the payment of dividends amounting to 11,543 thousand euros.

Last year, cash flows absorbed by financing activities were -6,821 thousand euros, mainly due to dividend payments of -8,530 thousand euros.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the statement of cash flows.

(euro)

	2,023	**2,022**
Cash and cash equivalents	76,292,031	5,543,192
Cash and cash equivalents - from the statement of financial position	**76,292,031**	**5,543,192**
Impairment losses on other financial assets (in application of IFRS 9)	267,324	6,281
Bank overdrafts (included in "Bank loans and borrowings")	(2,455)	(3,301)
Cash and cash equivalents - from the statement of cash flows	**76,556,900**	**5,546,172**

The following table provides the reconciliation between the balances of the liabilities arising from financial transactions at December 31, 2023 and December 31, 2022, with the changes arising from monetary and from non-monetary flows.

			Non-monetary flows		
(euro)	**December 31, 2022**	**Monetary flows**	**Other**	**Reclassifications**	**December 31, 2023**
Financial liabilities	461,892		10,616		472,508
Lease liabilities	1,571,949		348,272	(780,638)	1,139,583
Non-current liabilities, deriving from financial transactions	**2,033,841**	**0**	**358,888**	**(780,638)**	**1,612,091**
Intragroup financial liabilities	6,087,942	877,724			6,965,666
Lease liabilities	782,185	(854,607)	30,819	780,638	739,035
Bank loans and borrowings, net of bank overdrafts	62,657,599	(62,198,330)			459,269
Current liabilities, deriving from financial transactions	**69,527,726**	**(62,175,213)**	**30,819**	**780,638**	**8,163,970**

49. FINANCIAL RISK MANAGEMENT

The Company's main **financial assets** include cash and bank term deposits, immediately convertible into cash, in which the proceeds from the sale of the Nitinol business have been invested, as well as trade receivables that originate directly from operating activities. Also of note is the financial asset related to the fact that 15 million dollars of the proceeds from the sale of the Nitinol business were deposited as escrow to cover any tax liabilities that may arise in the future in respect of the sold companies Memry Corporation and SAES Smart Materials, Inc. but referring to the period prior to the sale, while the securities in the portfolio were almost completely sold during the first half of 2023 in order to reduce the Group's exposure to financial market volatility.

The Company's main **financial liabilities,** on the other hand, include short-term bank loans (including bank overdrafts) and lease liabilities, as well as trade payables.

The derivative instruments used by the Company, which are mainly forward sales contracts on the US dollar, whose purpose is to manage the currency risk originated by the sales of the Group's Italian companies in that currency, appear to be all settled as at December 31, 2023.

The Company does not trade in financial instruments and does not directly manage the securities in its portfolio, but relies on the support of specialised professionals.

The Board of Directors periodically re-examines and defines the risk management policies, as summarised below.

Interest rate risk & financial investments risk

The Company's liquidity, resulting from the proceeds made in early October 2023 from the sale of the Nitinol business, has been invested in bank deposits and short-term term deposits, with the aim of maintaining the capital in view of possible future uses while ensuring adequate remuneration for a conservative risk profile. These bank deposits and term deposits are subject to interest rate risk, the variability of which may affect the return, even significantly.

With regard to the securities remaining in the portfolio as at December 31, 2023, it should be noted that these securities have a conservative investment profile and consist mainly of buy&hold assets, which, if effectively held to maturity, allow them to cope with the risk of negative returns related to market turbulence.

If the Company's financial debt, both short- and long-term, is structured on a variable interest rate basis, it is subject to the risk of interest rate fluctuations.

With regards to any long-term financial borrowings, 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 expense which can be sustained by the Company's financial structure.

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

In order to mitigate the risk of fluctuations in interest rates, also with the aim of improving the result of financial management, as at December 31, 2023 the Company has no variable rate loans in place and at the same time there are no Interest Rate Swaps in place.

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

Interest rate sensitivity

With regard to current and non-current financial assets (cash and cash equivalents, bank deposits, financial assets with related parties and financial assets with third parties), the following table gives details of the sensitivity of the Company's pre-tax profit, assuming all other variables remain stable as the interest rate changes:

		Increase / Decrease	Effect on pre-tax profit (thousands of euros)	Effect on profit for the year and equity (thousands of euros)
2023	**Euro**	+/- 1	+/- 1.252	+/- 952
	Other currencies	+/- 1	+/- 3	+/- 2
2022	**Euro**	+/- 1	+/- 55	+/- 42
	Other currencies	+/- 1	+/- 2	+/- 2

The increase in 2023 compared to the previous year is explained by the higher average balance of short- and long-term financial assets due to the proceeds generated from the sale of the Medical business.

With regard to financial liabilities (short-term bank borrowings), the table below provides details of the sensitivity of the Company's pre-tax profit, assuming all other variables remain unchanged as the interest rate changes:

			(thousands of euros)	(thousands of euros)
		Increase / Decrease	**Effect on pre-tax profit**	**Effect on profit for the year and equity**
2023	**Euro**	+/- 1	+/- 512	+/- 389
2022	**Euro**	+/- 1	+/- 737	+/- 560

No Interest Rate Swaps, not even of an implicit nature, are in place at December 31, 2023 and, therefore, no sensitivity analysis is provided regarding them.

Currency risk

The Company is exposed to the currency risk on foreign trade transactions. This exposure is mostly generated by sales in currencies other than the reporting one. In 2023, about 41.1% of sales and about 14.5% of the Company's operating expenses are reported in a currency other than the euro

In order to manage the financial impact resulting from fluctuations in exchange rates versus the euro, primarily of the US dollar, the Company has in place hedging contracts, the values of which are periodically determined by the Board of Directors at the beginning of the year (or at the end of the previous year) according to the net currency cash flows expected to be generated by SAES Getters S.p.A.. The maturities of any hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.
Moreover, the Company can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profit or loss of the exchange rate volatility, with reference to financial assets/liabilities, also intragroup positions, denominated in a currency different from the one used in the financial statements, including those relating to the cash pooling (executed by foreign related companies, but denominated in euro).

Finally, the Company constantly monitors exchange rate trends in order to decide whether to enter into further risk hedging contracts linked to exchange rate fluctuations in the foreign currency takings from extraordinary company transactions or for funding needed to purchase in other currencies besides the euro. Contracts entered into in order to hedge the 2023 dollar sales were all settled as at December 31, 2023, while forward contracts for 2024 were entered into on February 9, 2024.

For more details, see Note 28 “Derivative financial instruments”.

Exchange rate sensitivity

Exchange-rate risk – Sensitivity analysis – Trade receivables/ payables

The tables below show the sensitivity to possible changes in the exchange rates of the US dollar and the Japanese yen of the pre-tax profit and the profit for the year of the Company due to the consequent change in the fair value of current trade receivables and payables outstanding at the end of each year, maintaining all other variables fixed:

US Dollar	Increase / Decrease (percentage points)	Effet on the pre-tax profit (thousands of euros)	Effect on profit for the year and equity (thousands of euros)
2023	+ 5%	(99)	(75)
	- 5%	109	83
2022	+ 5%	(100)	(76)
	- 5%	110	84

Japanese Yen	Increase / Decrease (percentage points)	Effet on the pre-tax profit (thousands of euros)	Effect on profit for the year and equity (thousands of euros)
2023	+ 5%	(14)	(11)
	- 5%	16	12
2022	+ 5%	(21)	(16)
	- 5%	23	17

Currency risk – Sensitivity analysis – Liquidity and financial assets/liabilities (excluding trade receivables and payables)

For net cash and cash equivalents and financial assets/liabilities (excluding trade receivables/payables), including cash pooling, outstanding at the end of each year, the following table provides information on the sensitivity of the Company's pre-tax profit and equity to changes in the US dollar exchange rate, all other variables remaining the same.

US Dollar	Increase / Decrease (percentage points)	Effet on the pre-tax profit (thousands of euros)	Effect on profit for the year and equity (thousands of euros)
2023	+ 5%	(723)	(549)
	- 5%	799	607
2022	+ 5%	(5)	(4)
	- 5%	6	4

Commodity risk

The Company's exposure to commodity risk is usually moderate. The procurement procedure requires the company to have more than one supplier for each commodity deemed to be critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the commodity price volatility. In some specific cases, the increase in the cost of production factors can be transferred to the price agreed with the customer.

The Company monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions in derivative instruments with the aim of neutralising the price volatility of its commodities.

Since this risk is assessed as insignificant as at December 31, 2023, no sensitivity analysis was carried out on raw material purchase costs for impairment testing purposes (see Note 22).

Credit risk

Credit risk represents the Company's exposure to potential losses resulting from the non-fulfilment of obligations undertaken by commercial and financial counterparties. The Company deals mainly with well-known, reliable customers. The Sales and Marketing Department assesses new customers' solvency and periodically checks to ensure that credit limit conditions are met.

The balance of amounts receivable is constantly monitored so as to minimise the risk of potential losses, particularly given the current difficult macroeconomic and geopolitical situation.

The credit risk associated with other financial assets, including cash and cash equivalents and securities in the portfolio, is not significant due to the nature of the counterparties: the Company places such assets exclusively in bank deposits and bank term deposits held with leading Italian banks.

Even with reference to the securities portfolio, investments are made with leading operators in the industry, mainly with the aim of maintaining capital in view of potential future loans.

In addition, the Administration Finance and Control Division carefully and constantly monitors investments and the value of resources invested, periodically reporting on these monitoring activities to the Board of Directors.

Liquidity risk

This risk may manifest itself in the inability to properly balance the investments of the large amount of available liquidity after the sale of the Nitinol business, in order to have, when necessary, sufficient funds to finance organic growth activities and / or strategic transactions (such as mergers & acquisitions or organisational rationalisation and restructuring) that involve extraordinary outlays.

In order to minimise such risk, the Administration Finance and Control Division acts as follows:
- constantly monitors the financial requirements of the Company;
- optimises the liquidity management through a cash pooling arrangement and intragroup loans;
- invests liquidity in bank deposits and short-term term deposits, with the aim of maintaining capital for possible future uses while ensuring adequate remuneration for a conservative risk profile.

At December 31, 2023, the Company was not significantly exposed to liquidity risk, also considering the availability of bank deposits and liquid securities, as well as taking account of the unused credit facilities to which it has access. Please refer to Notes 29 and 35 for additional details.

Equity management

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

No changes were made to equity management objectives or policies during 2023.

50. CONTINGENT ASSETS/LIABILITIES AND COMMITMENTS

The guarantees that the Company has granted to third parties, as well as the risks and the commitments towards third parties are shown below:

(thousands of euros)	December 31, 2023	December 31, 2022
Guarantees in favour of subsidiaries	0	0
Guarantees	8,783	8,957
Total Guarantees	**8,783**	**8,957**

The item “Guarantees in favour of third parties” includes the guarantees issued by the Company and used within the Group, substantially in line with those granted at the end of last year.

The following table shows information on contractual commitments for short-term and low-value lease payments, as well as accessory costs as at December 31, 2023.

(thousands of euros)	Within 1 year	From 1 to 5 years	Over 5 years	Total
December 31, 2022	394	511	2	**908**
December 31, 2023	366	568	0	**934**

On June 23, 2020, the Company 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 investment is set at 3 million euros, to be paid out in instalments, according to the investment opportunities that the Fund will identify over time. The Company's residual commitment at December 31, 2023 was equal to 1.6 million euros, against capital injections already finalised equal to 1.4 million euros [30](for further details, see Note 21).

The Company is in possession of a lien on the intellectual property (IP) of Flexterra, as a guarantee for the loans granted to the joint venture, for the details of which please refer to Note 31.

The Company was subject to an assessment by the Italian tax authority in relation to income for the 2018 tax year. Following this assessment, on June 9, 2023, the Company received a preliminary assessment report 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 assessment notice 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, no risk provision was recognised in the financial statements at December 31, 2023. In its conclusions, the Company was supported by a tax expert who assessed the liability arising from a higher taxable income of 13.2 million euros as "possible"; the remaining liability related to a higher taxable income of 8.6 million euros, on the other hand, was assessed as "likely," but can still be covered by the tax loss carryforwards available to the Company.

The Italian tax authority also requested information on the same issues covered by the aforementioned preliminary assessment report also with reference to the 2017 tax year through a questionnaire served on September 25, 2023.

51. RELATED PARTY TRANSACTIONS

With regard to relations with the companies of the SAES Group, it should be noted that relations with the subsidiaries continued also in 2023. Transactions regarding the Company’s ordinary business activities were performed with these counterparties. These transactions were mostly commercial, and regarded purchases and sales of raw materials, semi-finished goods, finished products, plant, assets and various services; cash pooling arrangements are in place with several of the SAES group companies as well as loan agreements.
Pursuant to the CONSOB communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in 2023 all related-party transactions fell within the scope of ordinary operations and were settled at standard financial market conditions.

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

The main transactions performed with subsidiary or jointly-controlled companies of the SAES Group were as follows:

SAES GETTERS/U.S.A., Inc., Colorado Springs, CO (USA)
Sale of getters; purchase of finished products; charge-back of insurance costs managed on a centralised basis; charge-backs of centrally managed audit costs; income on the charge-back of centralised group services; income resulting from the use of the "SAES" trademark; royalties for the use of PageLid® and PageWafer® technologies. An interest-bearing cash pooling arrangement is also in place.

SAES SMART MATERIALS, Inc., New Hartford, NY (USA)
Income resulting from charge-backs of centrally managed insurance costs; income on the charge-back of centralised group services including the management of patents; income resulting from the use of the "SAES" trademark; purchase of raw materials.
SAES Smart Materials, Inc. was sold to the US company Resonetics, LLC with a transaction completed on October 2, 2023.

SPECTRA-MAT. INC., Watsonville, CA (USA)
Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; charge-backs of centrally managed audit costs; income resulting from the use of the "SAES" trademark.

MEMRY CORPORATION, Bethel, CT (USA)
Purchase of raw materials; income on the charge-back of centralised Group services; charge-backs of centrally managed insurance costs; income resulting from the use of the "SAES" trademark. Memry Corporation was sold to the US company Resonetics, LLC with a transaction completed on October 2, 2023.

MEMRY CORPORATION ITALIAN BRANCH OFFICE, Lainate (Italy)
Income from charge-back of centralised Group services and use of office space in Lainate. Memry Corporation's Italian permanent establishment fell within the scope of the assets sold to the US company Resonetics, LLC with a transaction completed on October 2, 2023.

MEMRY CORPORATION ZWEIGNIEDERLASSUNG DEUTSCHLAND– Freiburg (Germany)
No transactions. Memry Corporation's German permanent establishment fell within the scope of the assets sold to the US company Resonetics, LLC with a transaction completed on October 2, 2023.
SAES GETTERS (NANJING) CO., LTD. – Nanjing (People's Republic of China)
Income on the charge-back of centralised group services; charge-backs of centrally managed insurance costs; commission paid on commercial transactions.

SAES INNOVATIVE PACKAGING S.r.l. - Lainate (Italy)
Income on the charge-back of general and administrative services; a cash pooling arrangement is also in place.
Lastly, note that SAES Innovative Packaging S.r.l., as a consolidated entity, is part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. See Note 32.

SAES NITINOL S.r.l. – Lainate (Italy)
Income from re-invoicing of centralised Group services. An interest-bearing cash pooling arrangement is in place with the Company.
Also note that SAES Nitinol S.r.l. , as a consolidated entity, is a part of the national tax consolidation scheme in place since January 1, 2015, of which the Company is the consolidating entity. See Note 32.

SAES COATED FILMS S.p.A. (formerly Metalvuoto S.p.A.) – Roncello, MB & Lainate, MI (Italy)
Income on the charge-back of research activities, commercial services, general and administrative services. There is also an interest-bearing loan agreement with annual renewal, signed in February of the previous year and a lease of capital property.
Note that from January 1, 2017 SAES Coated Films S.p.A., as a consolidated entity, is a part of the national tax consolidation scheme. See Note 32.

SAES INVESTMENTS S.A., Luxembourg (Luxembourg)
A loan agreement, to be renewed annually, is in place.

SAES GETTERS EXPORT Corp. – Wilmington, DE (USA)
The company, which is owned directly by SAES Getters S.p.A., operates with the objective of managing the exports of all the US Group's companies. No business relationship unless dividend income is collected.

STRUMENTI SCIENTIFICI CINEL S.r.l. – Vigonza (Italia)
Income from the sale of products; costs for purchases of raw materials; income deriving from the charge-back of certain costs for administrative and commercial services incurred on behalf of the company, costs for Research and Industrialisation services and costs for general centralised services of the Group; income deriving from the use of the "SAES" trademark. An interest-bearing loan agreement is in place with the Company.
Note that from January 1, 2022, Strumenti Scientifici Cinel S.r.l., as a consolidated entity, is a part of the national tax consolidation scheme. See Note 32.

SAES RIAL VACUUM S.r.l. - Parma, Parma (Italy)
Joint venture by SAES Getters S.p.A. and Rodofil S.r.l. focuses on the design and manufacture of vacuum chambers for accelerators, synchrotrons and for the industry, and its quota capital, on May 25, 2022, was fully acquired by SAES Getters S.p.A..
Income from the sale of products; costs for purchases of raw materials; income on the charge-back of general centralised Group services; charge-backs of centrally managed insurance costs; income resulting from the use of the "SAES" trademark.

ACTUATOR SOLUTIONS GMBH – Gunzenhausen (Germany)
A joint venture 50% jointly controlled by SAES Nitinol S.r.l. and SMAIIA GmbH (formerly Alfmeier Präzision Group), aimed at the development, assembly and marketing of actuator devices based on SMA technology.
With regard to Actuator Solutions GmbH, during 2023 the Company had a commercial relationship (in particular, the sale of raw materials and the purchase of semi-finished products under the new B!POD project) and provided various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract.
There is a sales agreement in place between the Company and Actuator Solutions GmbH that envisages recognition to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions (nil in 2023).

Lastly, please note that on July 2, 2021, SAES Getters S.p.A. subscribed a convertible bond worth 1.5 million euros in favour of the German company Rapitag GmbH with expiry on December 31, 2024: according to the signed agreement, part of the resources provided by SAES Getters S.p.A. are used by Rapitag to finance the prototyping activity, carried out through the joint venture Actuator Solutions GmbH as exclusive contractor.
On April 28, 2023, the Board of Directors of SAES Getters S.p.A. approved the signing of an amendment to the above convertible bond agreement. Specifically, the contract 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 as such targets were not met.
It should be noted that the due date was extended until December 31, 2026.

A further amendment to the convertible bond granted to Rapitag GmbH was signed on June 30, 2023. The disbursement of an additional 200 thousand euros, paid on July 4, was aimed at ensuring the continuation of the development activities of the German start-up. The entire amount granted to Rapitag GmbH was impaired at the same time as the disbursement because it was deemed difficult to recover.

FLEXTERRA, Inc. – Skokie, IL (USA)
A joint venture of SAES Getters S.p.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialisation of materials and devices used in flexible displays.

FLEXTERRA TAIWAN CO., Ltd – Zhubei City (Taiwan)
A company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the Company provides some administrative services, as well as legal, financial and tax support, and assistance in joint venture research and development activities, including the management of patents. These services are charged back under a service fees contract.
Furthermore, until December 31, 2023, the Company granted three convertible bonds 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 31). The first tranche, equal to 250 thousand dollars, of the last additional convertible bond 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 the Company of the joint venture updated business plan. On July 26, 2023, after the application milestones set forth in the contract were reached, the Company paid Flexterra the third tranche, also in the amount of 250 thousand dollars, while the fourth and final tranche, in the same amount, was approved on October 12, 2023.

The financial asset corresponding to the first tranche was impaired with no negative effects in the statement of profit or loss in the current year, as a provision for risks and charges had already been recognised as at December 31, 2022 against the Company's irrevocable commitment to provide the loan. The impairment of the financial asset corresponding to the three subsequent tranches instead generated a financial expense (698 thousand euros) in the statement of profit or loss as at December 31, 2023.

Furthermore, it should be noted, that due to the continuing uncertainty about the timing of Flexterra's commercial establishment, the financial asset related to the interest accrued during 2023 on all the various tranches of the convertible bonds granted to the joint venture, amounting to 407 thousand euros, was also impaired because it was judged difficult to recover.

Finally, as a guarantee for the loans granted, the Company has received a lien on Flexterra’s intellectual property (IP).

To clarify the above, the Company has agreements for the provision of commercial, technical, IT, legal, and financial services, and for the development of specific projects, in place with several subsidiaries (SAES Innovative Packaging S.r.l., SAES Getters/USA, Inc, SAES Getters (Nanjing) Co., Ltd., Spectra-Mat, Inc., SAES Smart Materials, Inc., Memry Corporation, SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l.).

The Company exercises management and coordination over SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A., SAES Nitinol S.r.l., SAES Investments S.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l. pursuant to Article 2497 et seq. of the Italian Civil Code.

The transactions performed with subsidiaries and jointly-controlled companies of the SAES Group are summarised below:

(thousands of euros)

Legal Entity	Assets December 31, 2023	Liabilities December 31, 2023	Revenue December 31, 2023	Costs December 31, 2023 2023	Dividends December 31, 2023	Obligations December 31, 2023 (**)
SAES Getters/USA, Inc.	1,646	7	5,251	596	0	4,000
Spectra-Mat, Inc.	142	0	82	1	0	0
SAES Smart Materials, Inc.	0	0	110	1,064	0	0
Memry Corporation	0	0	866	526	0	0
SAES Getters Korea Corporation	0	0	0	0	0	0
SAES Getters (Nanjing) Co.Ltd.	369	218	1,904	763	281	0
SAES Innovative Packaging S.r.l.	1	2,749	(1)	0	0	0
SAES Nitinol S.r.l.	2	688	(2)	79	0	0
SAES Coated Films S.p.A.	2,042	690	699	32	0	1,000
SAES Getters Export Corp.	0	0	0	0	7,386	0
Strumenti Scientifici Cinel S.r.l. (***)	349	3,529	421	145	0	35
SAES Investments S.A.	253,259	0	3,019	0	0	0
Memry Corporation - Italy Branch	0	0	20	0	0	0
SAES RIAL Vacuum S.r.l.	155	99	312	512	0	0
Actuator Solutions GmbH	41	0	82	235	0	370
Flexterra, Inc.(*)	6,643	0	490	0	0	0
Total	**264,648**	**7,979**	**13,253**	**3,953**	**7,667**	**5,405**

(*) includes the financial asset with Flexterra, total amount of euro 6,559,929.74 including interest, fully impaired.

(**) includes surety guarantees issued by SAES Getters S.p.A.

(***) co-obligation of SAES Getter S.p.A. in guarantee contracts entered into by associates.

The following related parties are also noted:

- S.G.G. Holding S.p.A., relative majority shareholder that as at December 31, 2023 held 30.11%[31] 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.

- 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. To this end, it should be noted that Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, as well as Livia della Porta and Giulio della Porta, children of the Non-executive Director Luigi Lorenzo della Porta, are employees of SAES Getters S.p.A.. In this regard, it should be noted that the Related Parties Committee met on the dates of February 9, 2023, March 8, 2023, and June 29, 2023, for evaluations regarding organisational changes that led to the assignment of the role of Group Chief Innovation Officer to Ginevra della Porta and the role of Packaging Division Manager to Lorenzo della Porta, resulting in the amendment of their employment contracts in order to award the position of executive.

The following table shows the remuneration of key managers, employed by SAES Getters S.p.A., as identified above.

[31] 5,018,486 ordinary shares held by S.G.G. Holding had accrued an increase in the voting rights and, therefore, as at December 31, 2023, S.G.G. Holding holds 46.19% of the voting rights.

(thousands of euros)

Total remuneration to key management	2023	2022
Short-term employee benefits	51,704	4,375
Post-employment benefits	481	837
Other long-term benefits	(443)	674
Termination benefits	0	0
Share-based payments	2,098	500
Other benefits	0	0
Total	**53,840**	**6,386**

The item "Short-term employee benefits" mainly consists of fixed and variable remuneration of the key managers. The very sharp increase compared to 2022 is attributable to the extraordinary remuneration paid to both Executive Directors and employees qualified as Key Managers following the sale of the Nitinol business, as part of the incentive plan called the *Asset Sale Plan*[32], for details of which see the Report on the remuneration policy and payments made in 2023. On the other hand, although with much lower absolute values, lower variable remuneration is reported, set aside following a pro-rata methodology based on the results of the first nine months of the year 2023, i.e., before the sale of the US subsidiaries Memry Corporation and SAES Smart Materials, Inc.

With regard to the remuneration related to the *Asset Sale Plan* in connection with the Nitinol business sale transaction, it should be noted that the two Executive Directors and the two Key Managers, have proposed to reduce by 30% the amount of the incentive to which they are entitled, net of tax and contribution adjustments related to regional and municipal surtaxes, which will be due from the beneficiaries themselves during the year 2024 (related to 2023) and the year 2025 (related to 2024). In addition, the Executive Directors have proposed that the payment of the reduced incentive due to them should take place according to terms more favourable to the Company and, in particular, 50%, according to the schedule provided for in the Asset Sale Plan and for the remaining 50%, 12 months after the payment of the first tranche.

The aforementioned reductions were the subject of settlement agreements and, as such, the subject of favourable opinions, expressed unanimously, of the Remuneration and Appointments Committee and the Related Parties Committee, each for the parts within their respective areas of competence, as well as of resolutions of the Board of Directors.

The reduction in the item "Post-employment benefits" is mainly attributable to the lower cost for the end-of-term Indemnity recognised to the Executive Directors (defined contribution plan, calculated as a fixed percentage of the remuneration received, fixed and variable).

The item "Other long-term benefits" includes provisions for the three-year monetary incentive plans recognised to both Executive Directors and Key Managers. The positive balance is attributable to the partial release of the amount set aside in the previous two years for Executive Directors, following the partial achievement of the objectives assigned at the end of the three-year period (for further details on the three-year long term incentive plans, see Note 39).

The item "Share-based payments" includes the provision for the phantom shares incentive plan: the higher amount compared to 2022 is correlated with the higher SAES share value starting from the beginning of the

[32] Monetary bonus plan for the Executive Directors, the Key Managers, i.e. the managers who report on a direct hierarchical level to the Executive Directors and who are members of the Corporate Management Committee (a committee in which the Executive Directors provide guidelines and share targets with their direct hierarchical reports) and the other employees of the Parent considered to be particularly significant. The goal of the plan is to remunerate the beneficiaries in relation to extraordinary transactions involving the sale of investments, company branches, non-current assets and assets, if these transactions create value and economic benefits for the Group, in order to ensure the retention of the beneficiaries and greater alignment between their performance and the corporate interests.

year, following the announcement of the sale of the Nitinol business (for further details on phantom shares, please refer to Note 39).

At December 31, 2023, the amount due to Key Managers, as defined above, was equal to 31,079 thousand euros, against 4,743 thousand euros at December 31, 2022. The increase is mainly related to the aforementioned *Asset Sale Plan* concerning the sale of the Nitinol business, of which only a first tranche, equal to approximately 50%, was paid by December 31, 2023, while the second tranche will be paid in 2024. The reduction in liabilities for variable remuneration (set aside following a pro-rata methodology based on the results of the first nine months of the year 2023, i.e., before the sale of the Nitinol business) and for three-year incentive plans (partial release of the amount set aside in the two previous years following the failure to fully achieve the assigned targets) was offset by the increase in the liabilities for the phantom shares plan (related to the appreciation of the share price).

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24, it should be noted that also in 2023 all Related Party transactions were carried out in the ordinary course of business, at financial conditions in line with standard market conditions.

It should be noted that, with regard to the aforementioned reduction in the remuneration linked to the *Asset Sale Plan* in relation to the transaction for the sale of the Nitinol business proposed by the two Executive Directors and the two Key Managers, although this reduction did not result in exceeding the materiality thresholds provided for transactions of Greater Significance pursuant to the "Regulation containing provisions on related party transactions" adopted by Consob with resolution no. 17221 of March 12, 2010, in view of the fact that the total amount of incentives due to the above-mentioned beneficiaries exceeded these thresholds, the procedure provided for transactions of Greater Significance was applied for the purpose of maximum transparency.

52. PUBLIC GRANTS – DISCLOSURE PURSUANT TO ARTICLE 1, 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 shows the information regarding the disbursements received by the Company from Italian public agencies and entities in 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 2023
INPS	Grants for employment disadvantaged areas - "Decontribuzione Sud" (Article 27 of Decree Law 104/2020)	1009
MISE	Tax credit for research and development	215
Energy and environmental services fund (CSEA)	Facilitation for electricity-intensive enterprises	171

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.

53. COMPANY WORKFORCE

The following table shows the number of employees by category.

Company's employees	December 31, 2023	December 31, 2022	Average 2023	Average 2022
Managers	51	46	51	46
White-collars and junior managers	200	215	206	208
Blue-collars	194	194	197	195
Total	**445**	**455**	**454**	**449**

The number of employees of the Company, including foreign permanent establishments, as at December 31, 2023 was 445 (including 10 overseas) and compares with 455 employees as at December 31, 2022 (including 11 overseas).

This figure does not include the personnel with contract types other than employment agreements equal to 11 units (7 units at December 31, 2022).

54. FEES TO THE INDEPENDENT AUDITORS AND TO ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-*duodecies* "Disclosure of fees" of the Issuers' Regulations, introduced by CONSOB with resolution 15915 of May 3, 2007, the fees that the independent auditors and the entities belonging to its network have received, separately, for the assignments of auditing and for the provision of other services, indicated by type or category, are summarised in the table below:

(thousands of euros)

Services	Subject who provided the service	Recipient	Fee
Audit (*)	Parent's auditors	SAES Getters S.p.A.	194
Other audit services (**)	Parent's auditors	SAES Getters S.p.A.	66
Tax advisory services	Parent's auditors	SAES Getters S.p.A.	0
Other services (***)	Parent's auditors	SAES Getters S.p.A.	15

(*) Fees related to the audit include incidental expenses related to the technology used to support the professional activity (connectivity, IT infrastructure, databases, proprietary and/or licensed software, etc.), as well as secretarial and communication expenses.

(**) Of which:

- 18 thousands of euross for certification activities of the tax credit recognized on investments in research and development (Law Dec. 29, 2019, No. 160, Article 1, paragraphs 198 to 209);

- 48 thousands of euros for the limited assurance engagement on the Consolidated Non-financial Statement prepared in accordance with Legislative Decree No. 254 of December 30, 2016.

(***) Assistance in the preliminary phase of assessing the impacts arising from the adoption of IFRS 17 "Insurance Contracts".

55. EVENTS AFTER THE REPORTING DATE

On January 18, 2024 the Company made a 5 million dollars payment to the US company TAE Technologies, Inc. following the **signing of a SAFE (Simple Agreement for Future Equity) and Call Option Purchase Agreement**. TAE Technologies, Inc. based in California but with international presence in the EU and UK, through its subsidiary TAE Fusion Power, LLC, is developing a new nuclear fusion solution to produce energy cleanly and without harmful emissions. The SAFE will be transformed into equity at the end of the fundraising operation launched by TAE at the end of the year 2023 and SAES will become a privileged investor of TAE, with the aim of encouraging the adoption of its innovative getter solutions in clean nuclear merger projects.

On January 26, 2024, following the due date of a Credit Link Certificate (CLC) with a nominal value of 7.5 million euros, the Company signed two new CLCs, amounting to 3.8 million euros each, maturing in December 2026 and December 2028, respectively. The first CLC provides for an annual fixed rate of 3.75%, while a floating rate based on the 3-month Euribor will accrue on the second CLC (1.90% + 3-month Euribor).

With regard to the **investment** completed **in the venture capital fund EUREKA!,** on February 7, 2024 **a payment of 100 thousand euros** was made by the Company, including both the portion of the costs of the fund and the portion of the continuation of the investment in the companies already in the portfolio Eye4NIR

S.r.l. (the new bridge round will allow the continuation of technological development activities) and 3DNextech S.r.l. (payment of the second tranche subject to notice pursuant to Golden Power regulations), as well as the new investment in RehouseIT S.r.l. Società Benefit (whose mission is to revolutionise the construction industry through the development of an environmentally friendly building material designed and developed to emit up to 80% less CO_2 than standard concrete).

In order to protect the profit margins from exchange rate fluctuations, on February 9, 2024, **forward contracts were taken out on the US dollar** for a notional value of 11 million US dollars, with an average forward exchange rate of 1.0845 to the euro. These contracts will extend for the period February - December 2024.

On 27 February 2024, the Company signed a trade union agreement to incentivize the voluntary redundancy of up to a maximum of about 40 employees of the Lainate office, who will meet the regulatory requirements for the disbursement of the pension in the next 7 years, using the tool referred to in art. 4 of Law no. 92/2012 (**Isopension**). A similar agreement was signed for a maximum of 50 employees of the Avezzano office on March 8, 2024. The overall costs related to the employee Isopension plan are estimated at around 14 million euros for both sites and will be allocated in 2024 in a specific provision. The transaction, once completed, will allow savings in annual personnel expense of approximately 4.5 million euros.

The two agreements, which are expected to be concluded by the end of 2026, are in addition to the one signed for executives on December 14, 2023, whose provision, amounting to 11.4 million euros, is already in the financial statements at December 31, 2023.

On March 5, 2024, the **extension of the maturity date of the convertible bonds granted to Flexterra, Inc.** (principal of 6 million dollars) from January 31, 2024 **to March 31, 2025** was approved, as well as the payment of an **additional convertible bond** for a total of 500 thousand dollars, with the same characteristics as those already granted previously, for a total of 6 million dollars (i.e., due date on March 31, 2025 and annual interest of 8%). To be noted is that as a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).

Flexterra will receive from another shareholder a loan similar to that granted by SAES for a total of 200 thousand dollars.

On March 13, 2024, SAES Getters S.p.A. received a communication from the shareholder S.G.G. Holding S.p.A. regarding the list that the same shareholder intends to submit within the legal deadlines, in view of the **renewal of the Company's board of directors**.

The list does not include the name of Giulio Canale, who was a member of the Company's Board of Directors for numerous mandates. The shareholder indicated that, in a context of discontinuity, this choice was prompted by the intention to contain the Company's operating expenses, which had been greatly downsized following the sale of the Nitinol business, thanks to which a large amount of cash was generated to meet the extraordinary costs associated with the non-renewal.

At the March 14, 2024 Board meeting, the plan for managing the transition was presented, which includes an appropriate period during which Giulio Canale confirmed his willingness to provide full assistance to the Company.

The Board also noted that the reasons given by the shareholder are consistent with the initiatives already undertaken by the Company, aimed at a **reorganisation of the Group**, for the purpose of cost containment, as well as the rejuvenation of management and the corporate population in general. The initiatives are aimed at aligning the organisation with the strategic needs of the coming years, which will see the Company committed to bringing to the market the results of research in the world of fine chemicals and, in parallel, a process of inorganic growth in complementary activities to those of the Group.

In particular, the industrial initiatives already launched to date mainly concern SAES Getters S.p.A. and are aimed at increasing efficiency and effectiveness, as well as planning organisational stability:

i) **a rejuvenation** and **cost efficiency project** was launched through the use of the Isopension tool for the managers and employees of SAES Getters S.p.A., in view of the organisationally necessary replacements, a net saving of approximately 4.5 million euros is expected to be achieved when fully operational;

ii) a project was launched **to corporatize the scope of the High Vacuum Division**, with simultaneous construction of a pole of excellence at the Lainate site, where all the Division's activities will be concentrated;

iii) **rationalisation of the industrial footprint of the Industrial Division, through concentration and strengthening of the activities of the shape memory alloys at the Avezzano site, while maintaining the product development activities at the Lainate site. Expansion of activities on the US market, through an organic growth plan, mainly in the** defence sector;

iv) **expansion of activities relating to the Chemicals Division** by strengthening the organisational structure aimed at entering particularly attractive new markets, first and foremost among them cosmetics;

v) goodwill of an **inorganic growth project in the Packaging Division**.

It is reported that one of the main directions for organic and inorganic growth is by focusing attention on sustainability issues.

Consistent with the Remuneration Policies of the last few years, with no exceptions, and as represented by the existing contractual arrangements, Giulio Canale has accrued the right to receive amounts for not submitting his candidacy for renewal and thus the termination of his term of office as a member of the Board of Directors of the Company.

The details of the amounts that will be disbursed by the Company to Giulio Canale are indicated below.

(euro)	2024	2025	2026	Total
Compensation for non-renewal	3,568,906			3,568,906
Phantom Shares (*)(**)	6,583,397			6,583,397
Non-competition covenant		390,000	390,000	780,000
End-of-term indemnity		85,800	85,800	171,600
Total	**10,152,303**	**475,800**	**475,800**	**11,103,903**

(*) Estimated as of March 14, 2024; the precise value will be calculated on April 23, 2024, as per the Regulations.

(**) Including 1,234,676 euros already set aside in the financial statements at December 31, 2023.

(euro)	2024	2025	2026	Total
MBO 2023 & LTIP 2021-2023	511,844			511,844
End-of-term indemnity	112,606			112,606
Asset Plan - second tranche (***)	6,934,777			6,934,777
Total	**7,559,227**	**0**	**0**	**7,559,227**

(***) Same as the first tranche paid in November 2023, which does not cover either the final balance due to future escrow release or further future price adjustments.

Lainate (MI), March 14, 2024

on behalf of the Board of Directors
Massimo della Porta
Chairman

SUMMARY TABLE OF THE KEY FIGURES OF THE FINANCIAL STATEMENTS OF THE SUBSIDIARIES

Statement of financial position at December 31, 2023	SAES Getters/U.S.A., Inc.	SAES Investments S.A.	SAES Getters (Nanjing) Co., Ltd.	SAES Getters Export, Corp.	SAES Innovative Packaging S.r.l.
	(US Dollars)	(thousands of euros)	(Chinese Renminbi)	(US Dollars)	(thousands of euros)
Property, plant and equipment, net	2,905,086	0	63,894	0	0
Intangible assets	23,524,008	0	0	0	0
Other non-current assets	20,827,398	11	10,059	0	0
Current Assets	16,236,911	279,551	111,448,812	1,131,646	2,749
Total Assets	**63,493,403**	**279,562**	**111,522,765**	**1,131,646**	**2,749**
Equity	45,670,014	26,270	104,560,605	335,014	2,861
Non-current liabilities	11,379,713	0	0	0	0
Current liabilities	6,443,676	253,292	6,962,160	796,632	(112)
Total liabilities and Equity	**63,493,403**	**279,562**	**111,522,765**	**1,131,646**	**2,749**

Statement of Profit or Loss	SAES Getters/U.S.A., Inc.	SAES Investments S.A.	SAES Getters (Nanjing) Co., Ltd.	SAES Getters Export, Corp.	SAES Innovative Packaging S.r.l.
	(US Dollars)	(thousands of euros)	(Chinese Renminbi)	(US Dollars)	(thousands of euros)
Total revenue	**24,383,337**	**0**	**23,566,083**	**0**	**0**
Total cost of sales	(11,768,242)	0	(14,798,223)	0	0
Gross Profit (loss)	**12,615,095**	**0**	**8,767,860**	**0**	**0**
Research & development expenses	(92,227)	0	0		0
Selling expenses	(2,620,822)	0	(2,805,886)	2,799,988	0
General & administrative expenses	(1,890,255)	(82)	(2,523,692)	0	(21)
Total operating expenses	(4,603,304)	(82)	(5,329,578)	2,799,988	(21)
Net other expense	(524,793)	(4)	(580,028)	821,955	(5)
Operating profit (loss)	**7,486,998**	**(86)**	**2,858,254**	**3,621,943**	**(26)**
Interest and financial income (expense), net	(228,010)	2,417	1,692,988	(40,186)	79
Net foreign exchange gains (losses)	(78,055)	0	75,494	0	0
Pre-tax profit (loss)	**7,180,935**	**2,333**	**4,626,736**	**3,581,757**	**53**
Income taxes	(1,620,043)	(132)	(1,176,202)	0	112
Profit (loss) from continuing operations	**5,560,891**	**2,199**	**3,450,534**	**3,581,757**	**165**
Profit (loss) from assets held for sale and discontinued operations	0	0	0	0	0
Profit for the year	**5,560,891**	**2,199**	**3,450,534**	**3,581,757**	**165**

Statement of financial position at December 31, 2023	SAES Nitinol S.r.l.	SAES Coated Films S.p.A.	Strumenti Scientifici Cinel S.r.l.	SAES RIAL Vacuum S.r.l.
	(thousands of euros)	(thousands of euros)	(thousands of euros)	(thousands of euros)
Property, plant and equipment, net	0	3.974	213	581
Intangible assets	0	151	106	31
Other non-current assets	1.600	513	481	199
Current Assets	693	5.753	7.417	4.549
Total Assets	**2.293**	**10.391**	**8.217**	**5.361**
Equity	660	3.596	3.141	2.820
Non-current liabilities	0	944	1.399	385
Current liabilities	1.634	5.851	3.678	2.155
Total liabilities and Equity	**2.293**	**10.391**	**8.218**	**5.361**

Statement of Profit or Loss	SAES Getters/U.S.A., Inc.	SAES Investments S.A.	SAES Getters (Nanjing) Co., Ltd.	SAES Getters Export, Corp.
	(thousands of euros)	(thousands of euros)	(thousands of euros)	(thousands of euros)
Total revenue	**0**	**5.502**	**6.803**	**7.048**
Total cost of sales	0	(6.318)	(4.750)	(5.245)
Gross Profit (loss)	**0**	**(816)**	**2.053**	**1.803**
Research & development expenses	0	(223)	(42)	(132)
Selling expenses	0	(1.146)	(743)	(213)
General & administrative expenses	(22)	(810)	(870)	(735)
Total operating expenses	(22)	(2.179)	(1.655)	(1.080)
Net other expense	(5)	(343)	(373)	(134)
Operating profit (loss)	**(27)**	**(3.338)**	**25**	**588**
Interest and financial income (expense), net	(185)	(406)	56	(34)
Net foreign exchange gains (losses)	0	0	7	(35)
Pre-tax profit (loss)	**(210)**	**(3.745)**	**88**	**519**
Income taxes	(39)	802	(57)	(170)
Profit (loss) from continuing operations	**(250)**	**(2.943)**	**31**	**350**
Profit (loss) from assets held for sale and discontinued operations	0	0	0	0
Profit for the year	**(250)**	**(2.943)**	**31**	**350**

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS OF SAES GETTERS S.p.A.
pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned Giulio Canale, as Deputy Chairman, Managing Director and Manager in charge of financial reporting, of SAES Getters S.p.A., hereby certifies, also in compliance with the provisions of Article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the type of enterprise, and
- the application

of the administrative and accounting procedures for the preparation of the separate financial statements, in the period January 1 – December 31, 2023.

2. To that end, note the following:

2.1 The Administrative-Accounting Control Model of the SAES Group

- On December 19, 2023, the Board of Directors of SAES Getters S.p.A. approved the update of the Administrative-Accounting Control Model, issued on May 14, 2007 and updated on December 20, 2012, the adoption of which seeks to guarantee the alignment of SAES with the provisions introduced by Italian Law no. 262 of December 28, 2005 (hereinafter also the "Law on Savings") implemented in December 2006 with the approval of Italian Legislative Decree no. 303/06, with specific reference to obligations regarding the preparation of company accounting documents, as well as any document or disclosure of a financial nature released to the market;
- The Control Model, with reference to the organisational chart of the SAES Group:
  - defines the roles and the responsibilities of the individuals involved at various levels in the process of preparation and/or control of the financial disclosures of the SAES Group, introducing the figure of the Manager in charge of financial reporting (hereinafter the "Manager in Charge");
  - illustrates the elements comprising the administrative-accounting control system, referred to the general control environment underlying the Internal Control System of the SAES Group, as well as specific components relating to administrative-accounting disclosures;
  - with specific reference to the latter aspect, envisages the integration of the Group Accounting Principles and the IFRS Operating Procedures with a system of administrative-accounting control matrices, which describe the control activities implemented in each process;
  - defines procedures and the frequency of the administrative-accounting risk assessment process, to identity the most relevant processes for the purposes of accounting and financial disclosures.

2.2. Administrative-accounting control matrices in SAES Getters S.p.A.

- On December 20, 2012, the administrative-accounting control matrices were issued, relating to the most significant processes of SAES Getters S.p.A., selected following the risk assessment conducted on the basis of the 2011 annual financial statements.
- The controls described in the above-mentioned matrices were discussed with the managers – according to the organisational chart – of processes that are controlled, and a process of continuous verification and alignment of the matrices to the actual operations was set in place, requiring each manager to check the application of the controls and to confirm the adequacy and effectiveness, or to report non-operational or inadequate controls, or those rendered obsolete due to changes in the internal organisation. This process, implemented in 2017, with reference to the results of audit activities for the purposes of the 2016 separate financial statements and the 2016 consolidated financial statements, has continued in subsequent years, including the one to which this document refers, involving the periodic and timely updating of controls in order to reflect what is provided for in operations.

2.3. Results of the internal certification process of SAES Getters S.p.A.

- The process managers have signed and sent the Manager in Charge their "internal letters of certification", in which they confirm that they have checked the activities/processes subject to control within their scope of responsibility and that they consider them to be suitable and operationally effective to guarantee the reliability of the corresponding information flows and the processing of the relative data in accordance with the administrative-accounting procedures adopted by SAES Getters S.p.A.;
- at today's date, the Manager in Charge, with the assistance of the Head of the Administrative Office of SAES Getters S.p.A., has received all 27 letters of certification required of the process managers of SAES Getters S.p.A.;
- The result of the process was positive, no significant irregularities were identified.

2.4. Results of audits conducted by the Internal Audit Function relating to SAES Getters S.p.A.

- The Manager in Charge requested the assistance of the Internal Audit Function for a further check of part of the controls included in the administrative-accounting matrices by an independent function with respect to the offices responsible for said controls.
- Regarding such verification, the Internal Audit Function checked several of the administrative-accounting processes during the year and verified the correct implementation of the controls to oversee the processes in question with the relative managers, collecting supporting documents where necessary. The activity had a positive outcome, as shown in the report drawn up by the head of the Internal Audit Function.

3. The following is also confirmed:

3.1. The separate Financial Statements at December 31, 2023:

a) have been prepared in compliance with the applicable International Financial Reporting Standards endorsed by the European Community in (EC) regulation no. 1606/2002 of the European Parliament and Council;
b) correspond to the accounting books and records;
c) are suitable to represent the financial performance, financial position and cash flows of the issuer in a truthful and correct manner.

3.2. The Report on Operations contains a reliable analysis of performance and of the results of operations, as well as the issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

Lainate (MI), March 14, 2024

The Deputy Chairman and Managing Director and
Manager in charge of financial reporting
Giulio Canale

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