

Report of the Board of Statutory Auditors to the Shareholders' Meeting

*The present is the English translation of the Italian official report.
For any difference between the two texts, the Italian text shall prevail.*

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

PURSUANT TO ARTICLE 153 DECREE LAW 58/1998 AND ARTICLE 2429, PARAGRAPH 3 OF THE ITALIAN CIVIL CODE

To the Shareholders' Meeting of SAES Getters S.p.A.

Dear Shareholders,

In its current formation, the Board of Statutory Auditors was regularly appointed by the Shareholders' Meeting of SAES Getters S.p.A. (hereinafter also referred to as the "Company") on April 24, 2018, also in observance of Article 22 of the By-laws, and shall end its mandate with the Shareholders' Meeting called to approve the financial statements of the Company as at December 31, 2020.

During the year ended on December 31, 2020, the supervisory activity of the Board of Statutory Auditors was conducted in compliance with the legislation of the "Consolidated Finance Law" pursuant to Italian Legislative Decree 58/1998 and, for those provisions that are applicable, of the Italian Civil Code, also taking into account the Principles of Conduct recommended by the Italian accounting profession in the version approved with the resolution of April 26, 2018, and Consob communications on the subject of corporate controls and activities of the Board of Statutory Auditors, specifically communication no. DEM / 1025564 of April 6, 2001 and subsequent amendments. In its role established by Article 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors also performed an audit on itself during the year as required by law.

That being said, we report on the supervisory activities required by law that we conducted during the year that ended on December 31, 2020, and more specifically:

- we can guarantee to have supervised compliance with the law and with the By-laws, and observance of the principles of proper administration, having held 6 meetings of the Board of Statutory Auditors for the year without considering additional informal meetings;
- at such meetings, at board meetings and in any case at least every three months, we obtained from the Directors and from the management bodies of the Company information on the general course of operations and on its foreseeable development, and on the most important operations in terms of size or characteristics carried out by the Company, also regarding the subsidiaries;
- for calendar year 2020, the Board of Statutory Auditors attended 2 Shareholders' Meetings and 15 Board of Directors meetings held in observance of the statutory and legislative rules governing their operation and for which we can reasonably ensure that the resolved actions comply with the law and with the By-laws and serve the company's interests, including the inter-company actions, and were not imprudent, risky, atypical or unusual, or in potential conflict of interest or such as to jeopardise the integrity of the shareholders' equity. Considerations, opinions and judgements could be expressed freely at these meetings;
- we assessed and supervised the adequacy of the organisational, administrative and accounting system, and the reliability of the latter in properly representing the operational transactions by obtaining information from the managers of the functions and by examining company documents and, to this regard, we have no particular comments to report. Moreover, having followed the activities carried out by the Internal Audit function and by the Audit, Risk and Sustainability Committee, we can confirm that the internal control system adopted by the Company is entirely appropriate;
- pursuant to Article 19, paragraph 1, of Italian Legislative Decree 39/2010, we supervised the financial disclosure process; the effectiveness of the internal control, internal auditing and risk management system; the statutory audit of the annual accounts and of the consolidated accounts; the independence of the audit firm, particularly as concerns the provisions of non-auditing services to the Company;
- we also verified the adequacy of the instructions given to the subsidiaries pursuant to Article 114, paragraph 2 of Italian Legislative Decree 58/1998;
- we examined and obtained information on the organisational and procedural activities initiated pursuant to Italian Legislative Decree 231/2001 and subsequent amendments and on the administrative responsibility of bodies for the offences established by this legislation. No significant critical issues that must be reported herein were ascertained in the report of the Supervisory Body - in which one member of the Board of Statutory Auditors always took part - on the activities carried out during 2020 or from the meetings of the Body with the Board of Statutory Auditors.

With reference to the provisions as per Article 36 of the Market Regulation issued by Consob relating to

subsidiaries of significant importance, formed and regulated by the law of non-European Union states, we report that the companies in question were identified and their administrative-accounting system appears suitable for transmitting the economic, equity and financial data necessary for drawing up the consolidated financial statements to the Company and audit firm on a regular basis.

Having said this, we would like to bring to the attention of the Shareholders' Meeting some particularly important aspects that were ascertained in the financial statements with regard to the following.

Performance over the year

As described by the Directors in the Annual Financial Report, the 2020 annual performance confirms the strength of the Group, despite the fact that this was clearly affected by the effects of the Covid-19 pandemic, with consequences on the business performance, the growth and the operations of the Group. After a first quarter that saw a limited impact from the Covid-19 crisis, the second quarter recorded a slowdown in certain sectors, particularly medical devices in Nitinol and Industrial SMAs: the former was penalized by hospitals' suspension of elective surgeries in order to concentrate resources on Covid-19 cases; the latter was impacted by the negative effect of the pandemic on demand for high-end smartphones and in the automotive sector. The negative effect of Covid-19 continued to be felt in the third quarter, with a partial recovery of the Nitinol medical segment only in the last part of the year.

Other segments where sales were negatively impacted by Covid-19 were vacuum pumps (due to lower sales to research centres and universities, which slowed their activities during the lockdown) and thermal insulation (in particular the slowing demand for vacuum bottles and insulated pipes for oil industry applications), together with the business Sintered Components for Electronic Devices & Lasers (negative effect of Covid-19 especially in the avionics applications). Lastly, some innovation projects in the Advanced Packaging Division, for which the physical presence of technical personnel during testing is essential, could not be conducted at full speed.

Conversely, Covid-19 aided the growth in revenues in the segments for electronic devices (sales driven by demand for thermoscanners) and medical diagnostics (increase in demand in the image diagnostics sector) as well as in the Specialty Chemicals Division (increase in production of oximeters in China).

The performance of the security and defence sector, which records strong personnel growth, was not affected by economic effects of the pandemic.

Moreover, in addition the pandemic, further strain on was caused by both the international tensions and the trade war between the USA and China (which had a very large effect on the sales of shape memory wires for mobile telephony applications), and the depreciation of the dollar against the euro.

The following is a summary of the percentage changes in the main indicators extracted from the consolidated data for 2020 compared to the corresponding data for the previous year:

Net consolidated revenues	-7.5%
Consolidated gross profit	-10.5%
Consolidated EBITDA	-25.4%

Most significant transactions during the year

The following transactions of greater significance described in the Group Report on operations of SAES Getters S.p.A. should be noted:

- On March 6, 2020, SAES Getters S.p.A. agreed a new revolving credit line with Unicredit S.p.A. for a maximum amount of €30 million, to cover general corporate, capex and acquisition costs. The duration of the credit line is set at thirty-six months. SAES may request its use in tranches of no less than €0.5 million and with a duration of one to three months. The contract stipulates the payment of interest linked to the one/three-month Euribor rate, plus a 1.2% spread, with just one covenant (positive consolidated net financial position) reviewed every six months.
- On March 12, 2020, SAES Getters S.p.A., as Single Shareholder, resolved a capital payment of €800 thousand to SAES Nitinol S.r.l., aimed at covering the losses incurred during 2019 and establishing a cash reserve of €21 thousand.

- On April 30, 2020, SAES Getters S.p.A. agreed a new revolving credit line with Intesa Sanpaolo S.p.A. for a maximum amount of €30 million, intended as support for business operations or financial needs associated with capex and acquisitions. The duration of the credit line is set at thirty-six months. SAES can request its use in tranches, each with a minimum value of €1 million and thereafter in multiples of €0.5 million. The contract stipulates the payment of interest linked at the one/three-month Euribor rate, plus a spread of 1.10%, with just one covenant (positive consolidated net financial position), reviewed every six months.
- On June 23, 2020, an agreement was signed with EUREKA! Venture SGR S.p.A. which stipulated SAES Getters S.p.A.'s investment in the venture capital fund EUREKA! *Fund I - Technology Transfer venture capital fund*, established and managed by the Italian asset management company and with investors including the Italian National Development Bank Cassa Depositi e Prestiti (CDP) and the European Investment Fund (EIF). The investment in the Fund is equal to €3 million and has a ten-year duration (coinciding with the maturity of the Fund). The financial outlay for SAES Getters S.p.A. will not be immediate, but rather in the form of drawdown transactions, based on investment opportunities that gradually arise and related calls for capital subscriptions from the investment company. Based on the agreement signed, SAES Getters S.p.A. becomes EUREKA!'s investor and strategic partner in the advanced materials sector and gains access to the Fund's dealflow in the sectors and business areas of interest to the Group, with priority co-investment rights. Lastly, based on the exit strategies from target companies, SAES has priority in terms of purchase proposals, to be submitted to the asset management company for assessment (right of first offer).
- On October 21, 2020, the transfer of 10% of the capital stock of SAES Getters International Luxembourg S.A. from SAES Getters (Nanjing) Co., Ltd. to SAES Getters S.p.A. (already holding 90% of the shares) was approved. The closing of the transaction took place on December 16, 2020 after the approval by the authorities of the People's Republic of China. The consideration for the stake of shares to be transferred was set at €4 million. Following this transaction, SAES Getters S.p.A. holds 100% of the capital stock of the Luxembourg subsidiary.

As regards the other SAES Group companies, we specify the following transactions:

- On July 16, 2020, SAES Getters International Luxembourg S.A. signed a convertible loan with a value of \$3 million in towards the joint venture Flexterra, Inc., to be repaid in cash at the end of a predefined one-year maturity or earlier, if certain significant events occur, including the liquidation of Flexterra and change of control. The loan will accrue interest at 8% per year. As well as by cash, the repayment can be in the form of equity if Flexterra arranges a qualified capital stock increase for a value of at least \$6 million before the maturity date. In this case, SAES Getters International Luxembourg S.A. will receive a number of new shares equal to the quotient obtained by dividing the balance of the loan at the conversion date by a value of 80% of the price per share paid by other shareholders at the time of the capital increase. The loan was written off when preparing these financial statements.
- On July 24, 2020, the revocation of the liquidation status of the company E.T.C. S.r.l., resolved by the Shareholders' Meeting on April 15, 2020, became effective. On that same date, the company name was changed from E.T.C. S.r.l. to SAES Innovative Packaging S.r.l. and its company purpose modified to allow the company to directly or indirectly participate in investments or shareholdings in the packaging sector and to scout for new technologies in that sector.
- On August 10, 2020, the relative majority shareholder S.G.G. Holding S.p.A. acquired no. 35,000 ordinary shares of SAES Getters S.p.A. As a result of this purchase, S.G.G. Holding S.p.A. holds 34.44% of total ordinary shares and 45.01% of voting rights.
- In September 2020, the companies Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., wholly-owned subsidiaries of Actuator Solutions GmbH, completed the liquidation process, which had begun at the end of 2019.
- On December 10, 2020, the Shareholders' Meeting of SAES Coated Films S.p.A. resolved a payment to the shareholders' account, equal to €5.5 million, to cover the expected 2020 losses and any 2021 loss. Of this amount, €0.6 million was paid in cash and €4.9 million through the waiver by the Sole Shareholder SAES Getters S.p.A. of the receivables accrued up to October 31, 2020 from the invoicing of inter-company goods and services.

During the year, the subsidiary SAES Coated Films S.p.A. continued the technical and business partnership with Sacchital S.p.A., an important Italian converting company, for the development of innovative packaging structures that incorporate products of SAES Coated Films S.p.A. and its

subsequent launch on the market, also through joint promotion activities, albeit with of a lower profile than originally thought.

- On December 11, 2020, through the subsidiary SAES Getters International Luxembourg S.A., a share interest was taken in Cambridge Mechatronics Limited (CML), a company based in Cambridge, UK, with which SAES has already worked for many years in the business of shape memory alloys (SMA) for industrial application, particularly for consumer electronics and mobile telephony. CML is a company with strong multidisciplinary engineering skills, 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. SAES participates in a specific funding round carried out by CML by purchasing no. 159,745 newly issued ordinary preference shares, each with a nominal value of £6.26, with a total investment of £1 million. The objective of the investment, for SAES, is to strengthen the partnership with CML.

Most significant transactions after the end of the year

The following transactions of greater significance which occurred after December 31, 2020 should be noted:

- On February 8, 2021, the Company signed a term loan for consideration towards SAES Coated Films S.p.A., with which it aims to guarantee the subsidiary the financial support necessary for the continuation of its industrial project.

The contract envisages a maximum total principal amount equal to €5 million, which SAES Coated Films S.p.A. may request and repay the Company in different *tranches*, throughout the duration of the loan. The loan expires on December 31, 2021, a term that can be extended each year if neither party asks for a resolution.

- On February 12, 2021, SAES Group announced it had submitted an offer for the acquisition of 100% of the share capital of Strumenti Scientifici Cinel S.r.l. (CINEL), a consolidated international player in the sector of components and scientific instrumentation for synchrotrons and particle accelerators, based in the Padua province. Having obtained the approval of the Board, SAES has formalized an offer, which will allow the parties to finalize the contractual agreements, the signature of which is expected by the end of March 2021. The offer set out the purchase by SAES Getters S.p.A., directly or through a subsidiary, of 100% of CINEL. The price offered is around €19 million, to be paid to the CINEL shareholders, in proportion to the shares held, in a single tranche and in cash, already available to the Group. The objective of the acquisition, for SAES, is to strengthen its competitive position in the vacuum sector, through an expansion of the range of products for particle accelerators and synchrotrons, entirely made in Italy, and at the forefront on a global scale.

- On February 25, 2021, with regard to the investment in the EUREKA! venture capital fund, a further payment of €37 thousand was made, including both the portion of management commissions and fees, and the portion of an investment made by the fund in an innovative start-up, spin-off of the NEST lab of the Scuola Normale Superiore of Pisa and of the National Research Council, which has developed a diagnostic point-of-care system based on acoustic surface wave nanotechnological devices for the detection of molecules, focusing on the detection of brain traumas.

The Board of Statutory Auditors, duly and promptly informed by the Directors, ascertained compliance of the aforesaid transactions with the law, with the By-laws and the principles of correct administration, ensuring that they were not manifestly imprudent or risky, or conflicting with the resolutions passed by the Shareholders' Meeting or such as to jeopardise the integrity of the company's assets.

Impact of the Covid-19 epidemic

The Board of Statutory Auditors has positively acknowledged the prompt response of the Company to the crisis created by the Covid-19 epidemic. Accepting the provisions and recommendations issued by the Lombardy Region, the Lainate offices of SAES Getters S.p.A. and the Roncello facility of the subsidiary SAES Coated Films S.p.A. were closed from the afternoon of February 24 to February 28, 2020, also in order to arrange the necessary risk containment measures and to draw up the Covid-19 operations protocol. Later, the two facilities of Lainate and Roncello returned to operations, whereas the other production plants in Italy and abroad have always remained operative, complying with all regulatory

provisions in force to guarantee workplace safety and, where possible, encouraging remote working arrangements.

On March 26, 2020, the Group reached an agreement with the trade unions on the use, for a period of nine weeks starting from March 30, 2020, of the unemployment benefits provided for by the Prime Ministerial Decree “Cura Italia”, March 17, 2020 (CIGO, Cassa Integrazione Guadagni Ordinaria) for some employees of the Lainate plant, with a 40% salary contribution paid for by the company.

On May 14, 2020, an understanding was reached with the trade unions for the gradual return to work of employees at the Lainate operating unit (150 presences per day at Lainate in June and July, alternating physical presence with remote working). All employees returned to work from the beginning of August and, again from that date, a remote working pilot project was launched on a voluntary basis for a period of 12 months, with a maximum three days a week remote working for every employee participating in the project.

On October 27, 2020, with the Covid-19 pandemic worsening, SAES Getters S.p.A. signed a new agreement with union representatives to define additional security measures. This agreement set forth the continuation of the remote working experimentation project started at the beginning of August and the extension of remote working to around 35 employees amounting to a total of 2/3 days a week. This agreement was effective until December 31, 2020 and it was not renewed later. Therefore, only the aforementioned remote working agreement signed in August 2020 remains in force, subject to further emergency regulatory measures and in alignment with the epidemiological situation.

Lastly, the Board of Statutory Auditors proudly reports and acknowledges that the Company has made donations of a total value of €691 thousand to research institutes engaged in the front line in the fight against Covid-19, as well as to the Italian Civil Defence.

Despite the difficult economic and financial environment caused by the Covid-19 epidemic, the financial statements are prepared on going concern as, in the management's opinion, there is no significant uncertainty on business continuity. This conclusion was reached considering the performance in 2020, the resilience of the different businesses of the Group in terms of profitability and ability to generate cash flows, a financial position that continues to be positive during the year and also in view of the forecasts for 2021, which, although still reflecting the effects of the pandemic, are positive.

The duration and extent of the future spread of the Covid-19 pandemic and its related economic and financial effects remain difficult to forecast and are constantly monitored by the Company. However, it should also be noted that the global presence of the Company and its subsidiaries in terms of both manufacturing and sales, and its positioning in businesses that are deemed essential, most importantly medical devices and food packaging, reduce this risk. In addition, the positive Net Financial Position as at December 31, 2020, along with the availability of unused credit lines, constitute a further guarantee of business continuity.

Atypical and/or unusual transactions, including intra-group or related-party transactions

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that, also in 2020, transactions with subsidiaries, associated companies or joint ventures and with other related parties of the SAES Group continued.

As regards the subsidiaries, these transactions were mostly commercial, and regarded purchases and sales of raw materials, semi-finished goods, finished products, tangible assets, royalties and various services. Cash pooling agreements are in place with several Group companies as well as loan agreements. Agreements for the provision of commercial, technical, IT, administrative, legal and financial services for the analysis of specific projects are also in force with several subsidiaries. The Board of Statutory Auditors was informed that all contracts were concluded at economic and financial market or standard conditions. The equity and economic transactions with subsidiaries and jointly-controlled companies of SAES Getters S.p.A. are summarised below.

(thousands of euro)

Legal Entity	Receivables	Payables	Revenues	Expenses	Obligations
	2020	2020	2020	2020	2020 (*)
SAES Getters/USA, Inc.	1,932	79	5,135	917	4,000
Spectra-Mat, Inc.	91	0	127	1	0
SAES Getters Export, Corp	0	0	0	0	0
SAES Smart Materials, Inc.	122	82	197	608	0
Memry Corporation	719	59	990	944	0
SAES Getters Korea Corporation	202	0	1,399	81	0
SAES Getters (Nanjing) Co.Ltd.	470	60	4,337	430	0
Memry GmbH in liquidazione	0	140	0	0	0
SAES Getters International S.A.	29	3,415	29	15	0
SAES Innovative Packaging S.r.l. (**)	10	2,720	10	1	448
SAES Nitinol S.r.l.	123	627	10	1	0
SAES Coated Films S.p.A.	372	31	1,035	11	90
SAES Investments S.A.	141,562	162	295	162	0
SAES RIAL Vacuum S.r.l.	368	18	996	198	0
Actuator Solutions GmbH	252	0	791	300	1,317
Flexterra, Inc.	46	0	47	0	0
Total	146,299	7,393	15,400	3,668	5,855

(*) It includes guarantees issued by SAES Getters S.p.A.

(**) co-obligation of SAES Getters Sp.A. in guarantee of E.T.C. S.r.l. in liquidation (now SAES Innovative Packaging S.r.l.) for VAT refund 2017

The Board of Statutory Auditors also received information on related-party transactions; they fell within ordinary operations and were settled at economic and financial conditions in line with standard market conditions.

The information provided by the Directors in their Report on the financial statements of the year ended December 31, 2020 and in the relevant notes is complete and suitable for the transactions initiated with all Group entities and with those with other related parties.

To this regard, the Board of Statutory Auditors acknowledges that, as indicated in the Report on Corporate Governance, the Company, in compliance with Article 2391-bis of the Italian Civil Code, as implemented by Consob Regulation no. 17221 of March 12, 2010 and with the Consob Communication dated September 24, 2010, and also with Article 9.C.I of the Corporate Governance Code of listed companies, adopted the procedures for the transactions with related parties - identified pursuant to the international accounting standard IAS 24 revised - aimed at ensuring their transparency and substantial and procedural correctness.

In connection with the transactions with related parties other than subsidiaries, as at December 31, 2020 the Directors identified the following in their Report:

- **S.G.G. Holding S.p.A.**, relative majority shareholder that as at December 31, 2020 held 34.44%¹ of the ordinary shares of SAES Getters S.p.A. On April 29, 2020, SGG Holding S.p.A. collected dividends from SAES Getters S.p.A. amounting to a total of €2.5 million.

It should be noted that the payable of S.G.G. Holding S.p.A. to SAES Getters S.p.A. for the request for reimbursement of the IRES surplus paid in previous years (€272 thousand as at December 31, 2019) no longer exists following the repayment of €144 thousand received from the Italian Tax Agency in May 2020 and transferred by S.G.G. Holding S.p.A. to SAES Getters S.p.A. in June of that year. The residual credit of SAES Getters S.p.A. for the difference (equal to €128 thousand) was written off as it cannot be recovered.

- **Actuator Solutions GmbH**, a joint venture jointly owned by SAES and Alfmeier Präzision Groups, focusing on the development, manufacturing and marketing of actuators based on SMA technology.

With regard to Actuator Solutions GmbH, in 2020 the SAES Group had a commercial relationship (sale of raw materials and semi-finished products) and performed various services (in particular, development services and accessory/administrative activities), which are charged back under a service contract. In

¹ At December 31, 2020, no. 2,819,773 ordinary shares held by S.G.G. Holding had accrued the increase in voting rights and, therefore, S.G.G. Holding held 45.01% of the voting rights (percentage calculated also including the voting rights of the treasury shares held by SAES Getters S.p.A.).

addition, there is a sales agreement in place between the Parent Company and Actuator Solutions GmbH that envisages recognition to the joint venture of sales commissions on SMA wiring procured for SAES Getters S.p.A. from the business activities of Actuator Solutions.

Lastly, it should be noted that SAES Nitinol S.r.l. granted several loans to the joint venture Actuator Solutions GmbH. As at December 31, 2020, the financial liability of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to €10.1 million, including €2.1 million of interests accrued and not yet paid.² The total amount of financial credit (both principal and interest) held by SAES Nitinol S.r.l. on the German joint venture has already been written off at the end of the previous financial period; at December 31, 2020, SAES Nitinol S.r.l. made an additional write-down on the financial credit corresponding to the interest accrued in the current year (€0.5 million) since SAES management believes it is unlikely to be recovered.

It should be noted that, in September 2020, the companies Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., wholly-owned subsidiaries of Actuator Solutions GmbH, completed the liquidation process, which had been started at the end of 2019. The SAES Group carried out no transactions with either company during the current year.

- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil S.r.l., focusing on the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices.

SAES Group has business relationships with SAES RIAL Vacuum S.r.l. (purchase and sale of raw materials, components and processing for the production of vacuum systems) and performs various services for this, mainly sales and marketing activities and administrative support, which are charged back under a service agreement. Finally, SAES Getters S.p.A. granted a loan of €49 thousand³, aimed at financially supporting SAES RIAL Vacuum S.r.l.

- **Flexterra, Inc.**, a joint venture of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialization of materials and devices used in flexible displays.

- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by the joint venture Flexterra, Inc.

With regard to Flexterra, Inc. and its subsidiary, the SAES Group provides administrative, legal, financial and tax support services, as well as assistance in the joint venture's research and development activities, including the management of patents. These services are charged back under a service fees contract. On July 16, 2020 SAES Getters International Luxembourg S.A. granted a convertible loan worth \$3 million to the joint venture Flexterra, Inc., to be repaid in cash or in the form of equity upon the occurrence of certain conditions, with an 8% annual interest. The related financial receivable of SAES Getters International Luxembourg SA was written off as at December 31, 2020 since Flexterra's 2021-2025 plan does not provide for its recovery in the five-year forecast period.

It should be noted that, in the first half of 2019, SAES had finalized the sale to Flexterra, Inc. of the OLET intellectual property developed by E.T.C. S.r.l. in liquidation. Since these patents were not valued in the assets of E.T.C. S.r.l., the transaction had resulted in a capital gain from a related party equal to €1.2 million⁴.

- **Key Managers**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors. The Group Human Resources Manager, the Group Legal/Compliance & Internal Audit Manager and the Group Research Lab Manager⁵ are also considered key managers. Their close relatives are also considered connected parties. In this respect, it should be noted that, as at December 31, 2020, Ginevra della Porta and Lorenzo della Porta, children of Massimo della Porta, were employed by SAES Getters S.p.A. and SAES Coated Films S.p.A., respectively.

The following table shows the total values of transactions between SAES Getters S.p.A. and related parties in 2020 and 2019.

² On December 31, 2020, SAES Nitinol S.r.l. and Actuator Solutions GmbH signed an agreement to postpone to December 31, 2021 the payment of all interest accrued from 2016 to 2020 on loans granted by SAES, in several tranches, to the joint venture.

³As at December 31, 2020, the financial receivable due to SAES Getters S.p.A. by the joint venture SAES RIAL Vacuum S.r.l. was equal to €50 thousand (€49 thousand principal plus €1 thousand interest).

⁴ Capital gain recognized only limited to the minority interest in the joint venture, in accordance with IAS 28.

⁵ The Group Research Lab Manager became a Key Manager with effect from January 1, 2020.

(thousands of euro)

December 31, 2020	Expenses recharge													
	Net sales	Cost of goods sold	Research and development expenses	Selling expenses	General and administrative expenses	Research and development expenses	Selling expenses	General and administrative expenses	Other income (expenses)	Financial income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	975	(198)	0	0	0	0	10	10	0	1	318	(18)	0	50
Actuator Solutions GmbH	709	0	0	0	0	40	0	42	(300)	0	252	0	0	0
Flexterra, Inc.	0	0	0	0	0	25	0	22	0	0	47	0	0	0
Total	1,685	(198)	0	0	0	65	10	74	(300)	1	618	(18)	0	50

(thousands of euro)

December 31, 2019	Expenses recharge													
	Net sales	Cost of goods sold	Research and development expenses	Selling expenses	General and administrative expenses	Research and development expenses	Selling expenses	General and administrative expenses	Other income (expenses)	Financial income (expenses)	Trade receivables	Trade payable	Tax consolidation receivables from Parent Company	Financial receivables
S.G.G. Holding S.p.A.	0	0	0	0	0	0	0	0	0	0	0	0	272	0
SAES RIAL Vacuum S.r.l.	25	204	15	0	0	0	10	10	0	1	27	92	0	50
Actuator Solutions GmbH	891	0	0	0	0	40	1	42	0	0	69	0	0	0
Actuator Solutions Taiwan Co., Ltd in liquid	5	0	0	0	0	0	0	0	0	0	0	0	0	0
Flexterra, Inc.	0	0	0	0	0	42	0	88	(25)	0	130	0	0	0
Total	921	204	15	0	0	82	11	140	(25)	1	225	92	272	50

The following table shows the remunerations to managers with strategic responsibilities as identified above.

(thousands of euro)

	December 31, 2020	December 31, 2019	Difference
Short term employee benefits	3,967	3,918	49
Post employment benefits	0	0	0
Other long term benefits	1290	682	608
Termination benefits	1740	1,909	(169)
Payments in shares	0	0	0
Other benefits	0	0	0
Total remuneration provided to managers with strategic responsibilities	6,997	6,509	488

As at December 31, 2020, the amount due to key managers was equal to €7,121 thousand compared to €5,237 thousand as at December 31, 2019. The increase is mainly due to the 2020 provision for long-term monetary incentive plans; no payments were made during the current year.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 (revised), it should be noted that also in 2020 all related-party transactions were carried out in the ordinary course of business, at economic and financial conditions in line with standard market conditions.

Audit Firm

Deloitte & Touche S.p.A., the firm appointed to audit the consolidated and separate financial statements of SAES Getters S.p.A. and to perform the statutory audit of accounts pursuant to Article 150, paragraph 3 of Italian Legislative Decree 58/1998, issued the certification reports on March 26, 2021 and gave an opinion without findings and without requests for information on the consolidated and separate financial statements of the year 2020.

We held meetings, including of an informal nature, with the representatives of the firm Deloitte & Touche S.p.A., and during said meetings no significant data or information to be pointed out in this report were ascertained.

The Board of Statutory Auditors acknowledges to have received, pursuant to Article 19, paragraph 3, of Italian Legislative Decree 39/2010, the report of the independent auditors explaining essential issues that arose during the statutory audit and any significant shortcomings that emerged in the internal control system in connection with the financial disclosure process. The report shows that no significant shortcomings have been identified in the preparation of the financial statements.

The Board also acknowledges to have received from the audit firm, pursuant to Article 17, paragraph 9, letter a) of Italian Legislative Decree 39/2010 confirmation of its independence, to have had information on the services other than the statutory audit provided to the Company also by entities belonging to its network and to lastly have discussed, pursuant to Article 17, paragraph 9, letter b) of the same decree, the risks concerning its independence and the measures taken to limit these risks with the audit firm.

Indication of any additional engagements with the audit firm and/or parties associated with the firm in long-term relationships

As regards the additional tasks appointed to the audit firm and/or to parties associated with the firm in long-term relationships (other auditing services, tax consultancy services and other services other than the audit), reference is made to the information given by the Company in the Explanatory notes to the consolidated financial statements, pursuant to Article 149-duodecies of the Issuers' Regulations on disclosure of fees.

Indication of the presence of approvals issued under law during the year

In 2020, the Board of Statutory Auditors approved:

- the adjustment made for 2019 to the fees to be paid to Deloitte & Touche S.p.A. in connection with the statutory audit appointment granted for the years from 2013 to 2021 with resolution of the ordinary Shareholders' Meeting on 23 April 2013 (2013-2021 Statutory Audit Appointment);
- the adjustment made for 2019 to the fees to be paid, again, to Deloitte & Touche S.p.A. in connection with the appointment concerning the limited review of the consolidated non-financial disclosure of SAES Getters S.p.A. and of its subsidiaries granted for the years from 2017 to 2021 with resolution of the ordinary Shareholders' Meeting on April 24, 2018;

With reference to 2020, the Board of Statutory Auditors was also called upon to approve in 2021:

- the adjustment made for 2020 to the fees to be paid to Deloitte & Touche S.p.A. in connection with the statutory audit appointment granted for the years from 2013 to 2021 with resolution of the ordinary Shareholders' Meeting on 23 April 2013 (2013-2021 Statutory Audit Appointment);
- the adjustment made for 2020 to the fees to be paid, again, to Deloitte & Touche S.p.A. in connection with the appointment concerning the limited review of the consolidated non-financial disclosure of SAES Getters S.p.A. and of its subsidiaries granted for the years from 2017 to 2021 with resolution of the ordinary Shareholders' Meeting on April 24, 2018;

Presentation of complaints pursuant to article 2408 of the Italian Civil Code and allegations

With reference to the year ended 31 December 2020, the Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

Consob sanction procedure

The Board of Statutory Auditors has acknowledged that the Company is the subject of an administrative sanction procedure initiated by Consob for the alleged violation of the regulations in force on the disclosure of inside information to the public (MAR, "Market Abuse Regulation") with reference to the press release relating to the agreement for the sale of the gas purification business, finalized in mid-2018. In particular, Consob noted that the publication of the information concerning the transaction was not preceded by the activation of the delayed disclosure procedure pursuant to Article 17, paragraph 4, of EU Regulation no. 596/2014 (MAR). In view of the information and supporting documentation relating to the transaction provided by the Company to Consob, the Sanctions Office has quantified a penalty at €80,000, an amount set aside in the financial statements in a specific provision for risks, given that the Company decided to appeal the allegation.

Correct administration - Organizational structure and its amendments

The Company is managed with expertise in observance of the rules of law and of the By-laws. We attended the Shareholders' Meeting and the meetings of the Board of Directors, and the meetings of the other established committees for which our presence is required, held in observance of the statutory and legislative rules that govern their functioning.

The Board of Statutory Auditors acquired knowledge and monitored, to the extent of its competence, the suitability and operation of the organizational structure of the Company, through direct observations and information gathered from the heads of the functions; in this regard, it has no comments to make. The

mandates and powers meet the needs of the Company and are adequate for the evolving company management. The Board of Statutory Auditors believes that the overall organisational structure of the Company is appropriate for the size of the Group.

The Board of Statutory Auditors monitored, within the scope of its competence, the suitability of the administrative-accounting system, and the reliability with which this correctly represents management activities, acquiring information from the heads of the respective functions, from the audit firm, Deloitte & Touche S.p.A., and from the review of company documentation; in this regard, it has no observations to make.

During the year, the technical characteristics of the administrative staff were found to be suited to the company needs.

We provide below the number of employees of SAES Getters S.p.A. by category:

Group's employees	December 31, 2020	Average 2020	December 31, 2019	Average 2019
Managers	44	44	43	45
Employees and middle management	193	190	188	192
Workers	185	187	179	182
Total	422	422	410	419

Through regular audits during the year, the Statutory Auditors verified the correctness and promptness of all fulfilments/communications consequent to the listing of the Parent Company on the STAR segment of the electronic equity market (MTA) to be made to Borsa Italiana and Consob.

Internal control and risk management system - Administrative-accounting system

The internal control and corporate risk management system (hereinafter also referred to as “SCI GR”) is managed and monitored by the Board of Directors, the Director responsible for the internal control and risk management system, the Audit, Risk and Sustainability Committee, the Internal Audit Function, the Supervisory Body and the Board of Statutory Auditors, each with specific tasks within the scope of their role and relevant responsibilities. The SCI GR framework adopted by the Company implements the components of the “CoSO Framework” model, recognized internationally as the best practice of reference for representing and assessing the internal control system. It should also be noted that:

- the Chairman of the Board of Statutory Auditors attends, as a guest, the meetings of the Audit, Risk and Sustainability Committee and the Remuneration and Appointments Committee;
- a Statutory Auditor is member of the Supervisory Body, the body that promoted and supported correct implementation of the Organisational Model pursuant to Italian Law 231/2001 also during 2020.

During the year, the Board of Statutory Auditors found no particular critical issues or anomalies requiring mention in this report as part of its supervision of the effectiveness of the system and observance of the law, also following periodic meetings with the aforesaid parties.

Subsidiaries

As established in the internal control model adopted by the Company, the Manager in charge of preparing the company’s accounting documents ensures the circulation and updating of the control rules of the subsidiaries, ensuring that they are in line with the Group’s principles. On this aspect, the Board fully refers to the detailed information provided in the specific paragraph of the Report on corporate governance and ownership (pursuant to Article 123 of the Consolidated Finance Law), approved by the Board of Directors on March 11, 2021 and made available on the website of the Company.

Corporate Governance Code for listed companies

The Corporate Governance system of the Company implements, in its essential passages, the principles and recommendations contained in the “Corporate Governance Code of listed companies”, which the Board of Directors decided to adopt on February 23, 2012. The Board of Directors also approved the annual Report on corporate governance and ownership structure for the year 2020 on March 11, 2021; the full text of this, to which we refer for more information, is placed at the disposal of the public according

to the procedure dictated by current laws and regulations.

Report on remuneration, pursuant to article 123-ter of the Consolidated Law on Finance and 84- quater of the Issuers' Regulation, and monetary incentive systems for strategic resources

The Board of Statutory Auditors certifies to have previously examined and provided its approval, together with the Remuneration and Appointments Committee, also in observance of the provisions under Article 2389, paragraph 3 of the Italian Civil Code, on policies and general guidelines on the subject of remuneration of administrative bodies and managers with strategic responsibilities of the Company and, in particular, on the Remuneration Report drawn up pursuant to Articles 123-ter of the Consolidated Finance Law and 84-quater of the Issuers' Regulations, and with reference to the annual and three-year monetary incentive instruments for the strategic resources of the Company and of the SAES Group.

Independence

The Board of Statutory Auditors certifies to have checked the correctness of the criteria adopted by the Board of Directors to assess:

- the independence of its members based on the requirements set out in the Corporate Governance Code and under Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Finance Law, acknowledging the declarations issued by the Directors and confirming the "Independent" status of the Directors Gaudiana Giusti, Stefano Proverbio, Luciana Rovelli, and based on the independence requirements set out under Articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Finance Law, although not based on the Governance Code, the "Independent" status of Adriano De Maio;
- permanence of the requirements of professional competence and reputation that the Auditors must possess pursuant to Ministry of Justice Decree 162 of March 30, 2000 and of independence pursuant to Article 148, paragraph 3 of the Consolidated Finance Law and of application criterion 8.C.1. of the Corporate Governance Code (2018 version).

Presentation of the Financial Statements of the Parent Company and the Consolidated Financial Statements as at 31 December 2020

As we are not charged with the analytical checking of the content of the financial statements, we certify that we supervised the general outline adopted with regard to both the separate financial statements of SAES Getters S.p.A. and the consolidated financial statements, and the overall compliance with the law in form and structure; we also confirm that we found them to correspond to the events and information of which we are knowledgeable. As for the previous years, please note that both the consolidated financial statements after European Regulation 1606/2002 came into force and the separate financial statements were drawn up according to the international accounting standards IAS/IFRS, on a going concern basis.

The accounting schedules adopted are consistent with those envisaged by IAS 1 - revised; specifically:

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

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the context of the statement of profit (loss) by allocation and in the Explanatory notes the significant income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified.

Again pursuant to the aforementioned resolution, the values of positions or transactions with related parties have been shown separately from the related items in the explanatory notes.

The financial statements were drawn up on the assumption of a going concern.

As for the financial statements submitted for your approval, we point out the following in brief.

Separate financial statements of SAES Getters S.p.A.

(euro)	2020	2019
Third party net sales	53,737,011	51,805,309
Intercompany net sales	10,116,595	10,261,149
Total net sales	63,853,606	62,066,458
Third party cost of sales	(33,396,179)	(32,274,220)
Intercompany cost of sales	(2,297,397)	(2,328,012)
Total cost of sales	(35,693,576)	(34,602,232)
Gross profit	28,160,030	27,464,226
Research & development expenses	(7,432,781)	(7,751,623)
Selling expenses	(6,207,182)	(7,351,182)
General & administrative expenses	(23,633,332)	(20,659,904)
Write-down of trade receivable	(52,332)	470
Total operating expenses	(37,325,627)	(35,762,239)
Intercompany royalties	862,135	964,031
Other third party income (expenses), net	(987,800)	375,282
Other intercompany income (expenses), net	1,714,618	2,292,468
Total other income (expenses), net	1,588,953	3,631,781
Operating income (loss)	(7,576,644)	(4,666,232)
Dividends	11,257,181	19,457,326
Third party financial income	1,155,112	1,447,284
Intercompany financial income	331,520	354,021
Total financial income	1,486,632	1,801,305
Third party financial expenses	(1,835,254)	(1,024,925)
Intercompany financial expenses	(179,005)	(180,611)
Total financial expenses	(2,014,259)	(1,205,536)
Foreign exchange gains (losses), net	(334,876)	(55,262)
Writedown of investmens	(416,207)	(1,490,452)
Income before taxes	2,401,827	13,841,149
Income taxes	(149,750)	178,242
Current taxes	(891,206)	(309,757)
Deferred taxes	741,456	487,999
Net income (loss) from continued operations	2,252,077	14,019,391
Net income (loss) from discontinued operations	0	396,459
Net income (loss)	2,252,077	14,415,850

Net revenues in 2020 were equal to €63,854 thousand, up by 2.9% compared to 2019. The growth in sales was mainly driven by the Security & Defense and Electronic Devices Businesses, due to the sales of getter components for infrared sensors and night vision systems for defense applications, also increased due to stock increases due to the Covid-19 emergency and infrared applications in thermal sensors used for temperature measurement and thermography, as well as the Solutions for Vacuum Systems Business (+ 20.8% personnel growth), due to higher sales in the particle accelerator segment.

The gross industrial profit was positive and equal to €28,160 thousand in 2020 against €27,464 thousand in the previous year, with a 2.5% increase, equal to €696 thousand in absolute terms, mainly due to the higher volumes as described above. In 2020, unallocated costs for €442 thousand were also recorded, due to a project for the renovation and modernization of some production units at the Lainate site. The gross profit margin instead was substantially unchanged, from 44.2% in 2019 to 44.1% in 2020.

In 2020, profit for the year was equal to €2,252 thousand compared to profits of €14,415 thousand in 2019.

As regards the various income statement components, it should be noted that:

- general and administrative expenses increased by €2,974 thousand. This change was the result of: (i) extraordinary costs, equal to €589 thousand, incurred for the management of the Covid-19 emergency (in particular costs for sanitation and adaptation of accesses and spaces in order to guarantee the safety of the workers, in addition to health prevention costs and consulting and training costs); (ii) higher consulting costs, in particular for the development of IT systems to support the business; (iii) the increase in variable remuneration to the Executive Directors; (iv) depreciation for the new Milan office of the Company.
- the writing down of equity investments in Memry GmbH, currently in liquidation (€105 thousand), equal to the difference between the value of the investment and the corresponding portion of shareholders' equity as at 31 December 2020, and in SAES Getters Korea Corporation (€184 thousand), following impairment testing.

In addition, as regards SAES Getters Korea Corporation, a provision for risks of €154 thousand was made to cover future losses.

- Taxes for the year also include the higher IRAP and related penalty paid by the company amounting to a total of €49 thousand, as the result of a general audit (IRES, IRAP, VAT) by the Italian Tax Agency for the 2016 tax period. The IRES and IRAP findings, submitted by the Italian Tax Agency, mainly relate to the failure to charge back to affiliates royalty costs and costs for services provided to affiliates by the Directors. The company, although convinced of the correctness of its actions, for the sole purpose of avoiding a long and costly litigation procedure, adhered to the Tax Agency's report and, in addition to paying the higher IRAP, took steps to make a downward adjustment to the tax losses carried forward for IRES purposes, equal to €1,273 thousand.

It should be noted that, following the changes made by Law Decree No. 142, 29 November 2018, to the reference standard on "Controlled Foreign Companies" (CFC system, Article 167, paragraph 5 of the Consolidated Law on Income Tax), on 9 December 2020 the Company filed a request for ruling pursuant to Article 11, paragraph 1(b), Law no. 212, to obtain the opinion of the Italian Tax Authorities on the non-application of this legislation to the US subsidiary SAES Getters Export, Corp. The Company believes that the risk of a negative response from the Italian tax authorities is remote. The estimate of the potential liability in the event of a negative response is equal to €1.4 million.

The net financial position as at 31 December 2020 showed a positive balance equal to €33,715 thousand, down compared to the balance of €56,892 thousand in the previous year. Compared to December 31, 2019, the decrease in the net financial position (-€23,177 thousand) is mainly due to investments in tangible fixed assets (-€5,130 thousand), as well as investments in SAES Group companies (-€9,572 thousand) and in the venture capital fund EUREKA! (-€312 thousand).

Impairment testing of assets in the separate financial statements

Equity investments

In compliance with the international accounting standard IAS 36, on each reporting date, the Company assesses if there are elements that could indicate that intangible assets with a finite useful life and property, plant and equipment and equity investments may have suffered an impairment loss. Intangible assets with an indefinite useful life undergo impairment testing at least once a year, or, more frequently, whenever there is any indication that the asset may be impaired.

With reference to the financial statements as at December 31, 2020, the impairment test, aimed at establishing if the equity investments had been recognized in the financial statements as at December 31, 2020 at a lower value than their recoverable amount, was conducted on the basis of the most recent plan drawn up by top management for the period 2021-2023 and approved by the Company's Board of Directors on January 21, 2021. The testing conducted, based also on the best estimates made by Management as regards the company's operations, production profiles, market context and changes in the regulatory and legislative framework, was concentrated on the equity investments having a carrying amount higher than the pertinent amount of shareholders' equity.

With reference to the equity investment held in SAES Getters International S.A., no elements were found that necessitated impairment testing, even if the book value of the equity investment is higher than the corresponding portion of shareholders' equity, as the income from the investees is deemed sufficient to guarantee that no impairment is required.

Conversely, in accordance with IAS 36 - Impairment of assets, the recoverable value of the equity investments held in SAES Coated Films S.p.A., SAES Getters Korea Corporation and SAES RIAL Vacuum S.r.l. was tested. The recoverable amount of those investments was calculated by finding the equity value of these companies through the cash flows forecast in the respective business plans. These cash flows were estimated by management on the basis of the assumptions of the long-term plans, approved for each business and for the relative equity investments by the Company's Board of Directors on January 21, 2021, the medium-term forecasts prepared by Management and a terminal value.

With reference to the equity investments held in the subsidiary SAES Coated Films S.p.A. and in the jointly controlled company SAES RIAL Vacuum S.r.l., the impairment test gave a positive result and, therefore, no write-down was made.

With reference to the equity investment held in the subsidiary SAES Getters Korea Corporation, the impairment test gave a negative result and the equity investment was written down by an amount equal to the book value, i.e. €184 thousand. In addition, a provision for risks was made to cover future losses, equal to €154 thousand.

With regard to the investment in Memry GmbH undergoing liquidation, a comparison was made between the carrying amount of the investment and the shareholders' equity of the subsidiary. This comparison ascertained the need to write down the investment by €105 thousand, thus aligning the book value of the investment with the recoverable value, consistent with the future benefits that are expected to flow to the investor within the end of the liquidation process, scheduled for next year.

The estimation of the recoverable amount required judgement and the use of estimates by management. The Company cannot therefore guarantee that no impairment losses will arise in the future. In fact, a number of different factors, also related to changes in the market and in demand, could require the value of the assets in future periods to be recalculated. The circumstances and the events that could cause a further assessment of the existence of impairment will be constantly monitored by the Company. In particular, in regard to the Covid-19 epidemic, it should be noted that forecasts of the potential effects of this event on the performance of the various sectors and, consequently, on the estimates of the future cash flows of subsidiaries and joint ventures, are highly uncertain and will be constantly monitored over the coming months, also to identify any future impairment.

Consolidated financial statements of SAES Getters S.p.A.

The companies included in the scope of consolidation as at December 31, 2020 with the full consolidation method are the following:

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Directly-controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	100.00*	-
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH in liquidation Weil am Rhein (Germany)	EUR	330,000	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, Milan (Italy)	EUR	50,000	100.00	-
SAES Investments S.A. Luxembourg (Luxembourg)	EUR	30,000,000	100.00	-
Indirectly-controlled subsidiaries:				
Through SAES Getters/U.S.A., Inc.:				

Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Through SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	524,895,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA) & Freiburg (Germany)	USD	30,000,000	-	100.00

* On December 16, 2020, the transfer of 10% of the share capital of SAES Getters International Luxembourg S.A. from SAES Getters (Nanjing) Co., Ltd. to SAES Getters S.p.A. (already holding 90% of the shares) was completed. At the end of this inter-company transaction, which did not generate any change in the scope of consolidation, the Parent Company holds 100% of the share capital of the Luxembourg subsidiary.

** Formerly E.T.C. S.r.l. in liquidation

The companies included in the scope of consolidation as at December 31, 2020 with the equity method are the following:

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
SAES RIAL Vacuum S.r.l. Parma, Parma (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Skokie, IL (USA)	USD	33,382,842	-	46.73**
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	46.73***

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

** % of indirect ownership held through SAES Getters International Luxembourg S.A.

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

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

Company	Currency	Capital Stock	% of Ownership	
			Direct	Indirect
Eureka! Fund I - Technology Transfer Milan (Italy)	EUR	2,582,893*	7.51	-
Cambridge Mechatronics Limited Cambridge (United Kingdom)	GBP	48,565	-	0.87**

* Total capital payments by investors as at December 31, 2020, against a total commitment of €39,955 thousand.

** % of indirect ownership held through SAES Getters International Luxembourg S.A.

The main changes in the scope of consolidation during 2020 are shown below.

- On June 23, 2020, an agreement was signed with EUREKA! Venture SGR S.p.A. under which SAES has invested in the venture capital fund EUREKA! *Fund I - Technology Transfer* venture capital fund (a closed alternative investment fund qualifying as a 'EuVECA' fund pursuant to Regulation (EU) 345/2013), established and managed by the investment company and with investors including the Italian National Development Bank Cassa Depositi e Prestiti (CDP) and the European Investment Fund (EIF). The investment in the Fund, finalized through the Parent Company SAES Getters S.p.A., is equal to €3 million and has a ten-year duration (coinciding with the maturity of the Fund). The cash outflow for SAES will not be immediate, but staggered over time, according to the investment opportunities that will gradually arise and related calls for capital subscriptions from the investment company (known as drawdowns). As at December 31, 2020, SAES Getters S.p.A., of a total commitment of €3 million, has provided capital totalling €301 thousand⁶.
- It should be noted that, in September 2020, the companies Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., wholly-owned subsidiaries of Actuator Solutions GmbH, completed the liquidation process, which had been started at the end of 2019.

⁶ Amount net of the repayment of €11 thousand recognized following the completion by the Fund of the second closing, which has resulted in the entry of new investors and dilution of the SAES stake from 8.02% to 7.51%.

- On December 11, 2020, through the subsidiary SAES Getters International Luxembourg S.A., an equity investment was made in Cambridge Mechatronics Limited (CML), a company based in Cambridge, UK. SAES has participated in a specific funding round carried out by CML by purchasing no. 159,745 newly issued ordinary preference shares, each with a nominal value of £6.26, with a total investment of £1 million.

The following also should be noted:

- On July 24, 2020, the revocation of the liquidation status of the company E.T.C. S.r.l., resolved by the Shareholders' Meeting on April 15, 2020, became effective. On that same date, the company name was changed from E.T.C. S.r.l. to SAES Innovative Packaging S.r.l. and its company purpose modified to allow the company to directly or indirectly take on investments or shareholdings in the packaging sector and to scout for new technologies in that sector.
- On December 16, 2020, the transfer of 10% of the capital stock of SAES Getters International Luxembourg S.A. from SAES Getters (Nanjing) Co., Ltd to SAES Getters S.p.A. (already owner of 90% of the shares) was completed by the authorities of the People's Republic of China. Following this transaction, the Parent Company holds 100% of the capital stock of the Luxembourg subsidiary.

The consolidated profit and loss for 2020 is the following:

Consolidated statement of profit or loss		
(thousands of euro)	2020	2019
Total net sales	168,703	182,352
Cost of sales	(98,590)	(103,979)
Gross profit	70,113	78,373
Research & development expenses	(10,421)	(11,052)
Selling expenses	(11,045)	(13,033)
General & administrative expenses	(31,721)	(29,306)
Write-down of trade receivables	(56)	26
Total operating expenses	(53,243)	(53,365)
Other income (expenses), net	(596)	1,764
Operating income (loss)	16,274	26,772
Interests and other financial income	2,904	8,071
Interests and other financial expenses	(4,147)	(1,486)
Write-down of financial receivables and other financial assets	(2,965)	(414)
Share of result of investments accounted for using the equity method	(1,704)	(1,757)
Write-down of investments accounted for using the equity method	(591)	(1,155)
Foreign exchange gains (losses), net	(477)	(104)
Income (loss) before taxes	9,294	29,927
Income taxes	(4,507)	(10,242)
Net income (loss) from continued operations	4,787	19,685
Net income (loss) from discontinued operations	0	152
Net income (loss) for the period	4,787	19,837
Minority interests in consolidated subsidiaries	0	0
Group net income (loss) for the period	4,787	19,837
Net income (loss) per ordinary share	0.25699	0.99693
- from continued operations	0.25699	0.98925
- from discontinued operations	0.00000	0.00000
Net income (loss) per savings share	0.27362	1.01356
- from continued operations	0.27362	1.00588
- from discontinued operations	0.00000	0.02060

Consolidated statement of other comprehensive income		
(thousands of euro)	2020	2019
Net income (loss) for the period from continued operations	4,787	19,685
Exchange differences on translation of foreign operations	(9,555)	1,638
Exchange differences on equity method evaluated companies	(630)	161
Total exchange differences	(10,185)	1,799
Equity transaction costs related to equity method evaluated companies	0	0
Total components that will be reclassified to the profit (loss) in the future	(10,185)	1,799
Actuarial gain (loss) on defined benefit plans related to SAES Getters S.p.A. and subsidiaries	80	(484)
Income taxes	(19)	116
Actuarial gain (loss) on defined benefit plans, net of taxes - SAES Getters S.p.A. and subsidiaries	61	(368)
Actuarial gain (loss) on defined benefit plans on equity method evaluated companies	(1)	5
Income taxes	0	(1)
Actuarial gain (loss) on defined benefit plans, net of taxes - equity method evaluated companies	(1)	4
Fair value variation of investments in other companies	(110)	0
Income taxes	0	0
Fair value variation of investments in other companies, net of taxes	(110)	0
Total components that will not be reclassified to the profit (loss) in the future	(50)	(364)
Release of conversion reserve for liquidation of companies evaluated at equity method	278	0
Total components that have been reclassified to the profit (loss)	278	0
Other comprehensive income (loss), net of taxes - continued operations	(9,957)	1,435
Total comprehensive income (loss), net of taxes - continued operations	(5,170)	21,120
Net income (loss) for the period from discontinued operations	0	152
Other comprehensive income (loss), net of taxes - discontinued operations	0	0
Total comprehensive income (loss), net of taxes - discontinued operations	0	152
Total comprehensive income (loss), net of taxes	(5,170)	21,272
<i>attributable to:</i>		
- Equity holders of the Parent Company	(5,170)	21,272
- Minority interests	0	0

The net consolidated revenues were equal to €168.7 million, down by 7.5% from €182.4 million in 2019. The exchange rate effect was negative and equal to -1.3%, mainly related to the depreciation of the US dollar against the euro.

Consolidated gross profit was equal to €70.1 million in 2020, compared to €78.4 million in 2019. The decrease (equal to -€8.3 million in absolute terms and -10.5% as a percentage), partly caused by the exchange rate effect, negative and equal to -€1.1 million, was mainly due to the decrease in sales, in particular in the Nitinol medical device business, which suffered the most from the impact of the Covid-19 pandemic due to the postponement of non-urgent treatments. Despite the decline in revenues, the gross profit margin remained substantially stable (41.6% in 2020, compared to 43% in 2019), due to increased margins in the Vacuum Technology and Specialty Chemicals Divisions. Lastly, margins also increased in the Advanced Packaging Division, due to the gradual replacement of metallised products with lacquered products with a higher added value.

Consolidated EBITDA was equal to €27.2 million in 2020 (16.1% of consolidated revenues), compared to €36.5 million in 2019 (20% of consolidated revenues). Net of the negative exchange rate effect (-€0.9 million) and excluding all non-recurring revenues and costs (costs for Covid-19 donations of -€0.7 million in 2020 and net revenues of +€0.7 million in the previous year), 2020 EBITDA would have been equal to €28.8 million (17.1% of revenues), compared to €35.8 million (19.6% of revenues) in 2019: the decrease (-€6.9 million in absolute terms or -19.4% as a percentage) was mainly concentrated in the Nitinol Medical Division and in the business of shape memory alloys for industrial applications, which suffered more from the decline in revenues, due to the Covid-19 pandemic and US-China international tensions. Consolidated net income in 2020 was €4.8 million compared to €19.8 million in 2019.

Impairment testing on assets of the consolidated financial statements

Goodwill

Goodwill recognised in the financial statements as at December 31, 2020 was equal to €35,417 thousand. The decrease over the year, equal to €2,999 thousand, was entirely due to the exchange rate effect (for the depreciation of the dollar at December 31, 2020 compared to the end of the previous year) on goodwill in currencies other than the euro.

Pursuant to IAS 36, goodwill is not amortized but rather is tested for impairment annually or more often if there are indications of a enduring loss in value. For impairment testing purposes, goodwill is allocated to a Cash Generating Unit (CGU) or groups of CGUs, within the largest aggregation allowed, which may not exceed a business segment identified in accordance with IFRS 8.

The Board of Directors approved the assumptions and procedures used for impairment testing on February 11, 2021 and the corresponding results on March 11, 2021. Impairment testing involves estimating the recoverable value of each Cash Generating Unit (CGU) and comparing it with the net book value of the property, plant and equipment and intangible assets, including goodwill, allocated to that CGU.

The recoverable amount is verified by calculating the value in use, which corresponds to the present value of the future cash flows that are expected to be associated to each Cash Generating Unit based on the most recent plans drawn up by management for the 2021-2023 period and approved by the Board of Directors on January 21, 2021, based on the medium-term forecasts prepared by management and the terminal value.

No further potential impairment of assets was detected from this first level of testing, not even for the Advanced Packaging Division, created more recently. Lastly, management carried out additional testing, including both assets not allocated to any business segment and, in the recoverable amount, the costs for the corporate functions, as well as the economic values that cannot be uniquely allocated or allocated through reliable drivers to primary sectors, for example basic research costs sustained by the Group to develop innovative solutions. No potential impairment of assets was detected from this further level of testing.

Equity investments

In compliance with the requirements of IAS 36, impairment testing was carried out on the equity investments measured with the equity method, in particular, SAES RIAL Vacuum S.r.l. and Flexterra, to verify that the equity investments are recognised in the consolidated financial statements as at December 31, 2020 at a value not exceeding their recoverable amount.

Impairment testing revealed an impairment only for the equity investment in the joint venture Flexterra: the value in use of the investment was calculated using the Free Operating Cash Flow method, starting from the five-year plans drawn up by top management and approved by the Board of Directors of SAES Getters S.p.A. on February 11, 2021. The same Board of Directors of SAES Getters also deemed appropriate a prudential 15% reduction of the prospective operating cash flows deriving from the plans drawn up by the company, in the face of the situation of general uncertainty (also following the Covid-19 pandemic) and the related delays in the start of production and sales activities. The testing carried out led to the cancellation of the consolidated investment, through the recognition of a write-down equal to -€591 thousand; no provision for impairment was made for this investment, as there is currently no legal or implicit obligation of the SAES Group to recapitalize the company.

The estimated recoverable amount of the various Cash Generating Units and equity investments measured with the equity method have required judgement and the use of estimates by management. The Group cannot therefore ensure that no impairment losses will arise in the future. In fact, a number of different factors, also related to changes in the market context and in demand, could require the value of the assets in future periods to be recalculated.

In particular, in regard to the Covid-19 epidemic, it should be noted that forecasts of the potential effects of this event on the performance of the various sectors and, consequently, on the estimates of the Group's future cash flows, are highly uncertain and will be constantly monitored over the coming months, also to identify any future impairment of the Group's assets.

Write-down of financial receivables and other financial assets

The item mainly consists of the write-down of the financial receivable for the convertible loan of \$3 million granted in July 2020 by SAES Getters International Luxembourg S.A. to Flexterra, Inc. This write-down, equal to €2,539 thousand (of which €2,445 thousand for the principal and €94 thousand for interest accrued in the second half of the year), was due to the fact that the Flexterra five-year plan, approved by the Board of Directors of SAES Getters S.p.A. on February 11, 2021, presents various elements of risk and uncertainty under various profiles and does not provide for this receivable to be recovered in the five-year forecast period.

Lastly, in both years, the item includes the write-down of the financial receivable for the interest accrued during the year on interest-bearing loans granted in the 2014-2020 period by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH, also unlikely to be recovered (€481 thousand in 2020 and €480 thousand in 2019).

Non-Financial Disclosure

The Board of Statutory Auditors supervised the satisfaction of the obligations set by the legislation on drawing up and publishing the consolidated non-financial statement - 2020 Sustainability Report and the adequacy of the procedures, processes and structures that oversee the production, measurement, reporting, and representation of the performance and information of this nature. To this regard, the control body examined the report issued by the independent auditors on March 26, 2021, pursuant to Article 3, paragraph 10, Italian Law Decree 254/2016 and Article 5 of Consob Regulation 20267 that, on the basis of the work performed, concluded that the Consolidated non-financial statement was drawn up, in all significant aspects, in compliance with the requirements of Articles 3 and 4 of the cited legislative decree and with the "Global Reporting Initiative Sustainability Reporting Standards".

Lastly, the Board acknowledges the proposal of the Board of Directors to distribute the entire net profit for the year (except for rounding) and a portion of the available reserve "Retained earnings" as follows:

- €3,131,323.57 to preferred shares, allocating them a dividend of 0.424378 euro per share;
- €4,308,540.00 to ordinary shares, allocating them a dividend of 0.400000 euro per share.

- €0.424378 for each of the 7,378,619 preferred shares	€3,131,323.57
- €0.400000 for each of the 10,771,350 ordinary shares	€4,308,540.00
For a total maximum amount of	€7,439,863.57

On the basis of the above and in consideration of the results of the activities we carried out, we propose to the Shareholders' Meeting to approve the consolidated and separate financial statements for the year ended December 31, 2020, as drawn up by the Directors.

Lainate, 26 March 2021

The Board of Statutory Auditors

Vincenzo Donnataria

Maurizio Civardi

Sara Anita Speranza