

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

*PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE 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 20, 2021, 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 at December 31, 2023.

During the year ended on December 31, 2022, 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 council 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, 2022, 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 5 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 2022, the Board of Statutory Auditors attended 2 Shareholders' Meeting and 13 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 Control, Risk and Sustainability Committee, the Supervisory Body, as well as the Remuneration and Appointments 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 2022 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 shown by the Directors in the Annual Financial Report, the financial year 2022 was characterised by a sharp rise in revenue compared to the previous year, mainly due to the increase in volumes and also aided by the performance of the euro-dollar exchange rate. All Divisions recorded growth, with the exception of the Chemicals Division, which was unchanged compared to the previous year. One of the highest growth rates was recorded in the Medical Nitinol Division due to the resumption of elective therapies and the recovery of post-Covid deferred surgeries, together with the physiological growth of the minimally invasive surgery market. The revenues of the Packaging Division also increased. The Industrial Division was driven by higher sales of SMA materials in the luxury and mobile devices segments.

Revenue for 2022 amounted to 250.3 million euros, up by 31.6% compared to 190.2 million euros in 2021. Excluding the positive exchange rate effect (+9.9%) and the change in the scope of consolidation (+3.5%), revenue grew organically by +18.2% (+34.5 million euros).

Therefore, all operating indicators show a strong improvement compared to 2021, with consolidated EBITDA percentage growing from 18.8% to 22.7%.

Despite the excellent operating performance, financial year 2022 closed with a consolidated profit in line with 2021 as a result of having been heavily penalised by the reduction in the value of the securities portfolio, due to the conflict in Ukraine and consequent international tensions (-12.9 million euros loss related to securities in financial year 2022).

The following is a summary of the percentage changes in the main indicators extracted from the consolidated data for 2022, compared to the corresponding data for the previous year:

Consolidated revenue	+31.6%
Consolidated gross profit	+36.6%
Consolidated operating profit	+85%
Consolidated EBITDA	+58.3%

### **Most significant transactions during the year**

The following most significant transactions of SAES Getters S.p.A., described in the Report on operations, should be noted.

- On February 15, 2022, the Board of Directors of SAES Getters S.p.A. approved the inclusion of the newly acquired Strumenti Scientifici Cinel S.r.l. in the scope of the national tax consolidation, together with the other Group companies that are already part of it with retroactive effect from January 1, 2022.
- Since the approval of the Consolidated Financial Statements at December 31, 2021 the statutory audit assignment to the company Deloitte & Touche S.p.A. for the years 2013-2021 expired, the Ordinary Shareholders' Meeting of April 21, 2022 approved the motivated proposal of the Board Statutory Auditors relating to the assignment of the statutory audit mandate for the years 2022-2030 to KPMG S.p.A.
- On May 25, 2022, SAES Getters S.p.A. finalised the purchase of an additional 51% of the share capital of SAES RIAL Vacuum S.r.l., of which it previously held 49%, implementing the agreements reached between the parties on October 25, 2021 and subsequently formalised.

The consideration for the acquisition is equal to 5,250 thousand euros. A first tranche, equal to 4,750 thousand euros, was paid by SAES on May 25, 2022 with its own funds; the remainder, equal to 500 thousand euros, was withheld as a guarantee and will be paid, again from its own funds, in three successive annual instalments of

equal amount (166.7 thousand euros each), starting from the third anniversary following the closing date (May 25, 2022).

- On July 26, 2022, SAES Getters S.p.A. signed an amendment to the convertible loan granted to the German company Rapitag GmbH (Munich) midway through 2021. Specifically, the contract amendment provided for the payment of two additional tranches of financing up to a total maximum amount of 300 thousand euros, the first of which (amounting to 150 thousand euros) was paid on July 27, 2022; the second (amounting to 150 thousand euros) was not paid, due to failure to achieve the commercial milestone stipulated in the agreement. Furthermore, the amendment provided for the extension by one year of both the maturity date (December 31, 2025) and the conversion period (July 2, 2022 – July 1, 2024), confirming the annual interest rate of 6%.
- On November 10, 2022, the Board of Directors approved a capital payment of 300 thousand euros in favour of the joint venture Actuator Solutions GmbH. The same capital contribution was made by the other shareholder SMA Holding. The Board also ordered the further postponement to December 31, 2023 of the payment of all interest accrued from 2016 to today's date on the loans granted by the Group to the same German joint venture. A further capital payment of the same amount (300 thousand euros) was approved by the Board of Directors of SAES Getters S.p.A. on December 19, 2022. A similar share capital increase was also subscribed by the equal shareholder.
- On November 29, 2022, in order to protect the Group's profit for 2023 from exchange rate fluctuation, forward contracts were taken out on the US dollar for a notional amount of 12 million of dollars, with an average forward exchange rate of 1.0537 to the euro. These contracts extend throughout 2023, hedging approximately 80% of the estimated net dollar flows for the Group's Italian companies.
- On December 7, 2022, against the emergence of new and interesting business opportunities, the Board of Directors of SAES Getters S.p.A. approved the allocation to the joint venture Flexterra, Inc. of an additional convertible loan for a total value of 1 million of dollars, with the same characteristics as the two previously granted (July 2020 and August 2021) totalling 5 million of dollars. The loan, maturing on December 31, 2023 and on which 8% interest will accrue, is divided into four tranches of equal value, the first of which is expected at the beginning of 2023 upon signing of the updated agreement; the second, to be paid by the end of April 2023, is subject to the positive assessment by SAES of an updated business plan of the joint venture; the subsequent two tranches will be paid respectively by the end of July and by the end of October 2023, upon achievement of specific commercial objectives. The agreement also establishes the alignment of the maturity date of the previous 5 million of dollars convertible loan with that of the new loan (December 31, 2023). It should be noted that, as a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP).
- On December 22, 2022, the merger by incorporation into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) was carried out through the drafting, signing and filing in the Register of Companies of the deed of merger by the companies participating in the transaction. The merger was approved by the Board of Directors of SAES Getters S.p.A. and by the Shareholders' Meeting of SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) on October 19, 2022. The deed of merger became legally effective with the end of the accounting day of December 30, 2022. For accounting and tax purposes only, the merger transaction was backdated to January 1, 2022. The merger did not have any impact on the financial position, operating results and cash flows in the consolidated financial statements of the SAES Group, nor did it provide for any exchange, as the merged company was already wholly owned by SAES Getters S.p.A.

As regards the other SAES Group companies, we highlight the following from among the transactions of greater significance.

- On February 28, 2022, SAES RIAL Vacuum S.r.l. fully repaid the interest-bearing loan granted by the shareholder SAES Getters S.p.A. (principal portion equal to 49 thousand euros). On the same date, the loan granted by the shareholder Rodofil S.r.l. (principal equal to 51 thousand euros) was repaid.
- On March 1, 2022, SAES Nitinol S.r.l. waived the additional portion of interest accrued on the loans granted to the joint venture Actuator Solutions GmbH, equal to 300 thousand euros. The above waiver has no effect on the consolidated financial statements, as the financial asset related to the interest-bearing loan (both principal and interest) was already fully impaired at December 31, 2021, as it was deemed difficult to recover.
- On July 1, 2022, following registration in the Register of Companies, the transfer of the registered office of the subsidiary SAES Getters International Luxembourg S.A. from Luxembourg to Italy was finalised. The company changed its company name to SAES International S.r.l. The transfer of headquarters took place in

legal continuity, without causing any interruption of the legal personality of the company, without dissolution and/or liquidation of the same. Following this transfer, the previous tax losses of SAES Getters International Luxembourg S.A. (equal to approximately 58 million euros at June 30, 2022), on which no deferred tax assets were recorded, were no longer usable.

- On September 12, 2022, the Board of Directors resolved to liquidate the Korean subsidiary SAES Getters Korea Corporation, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023.
- On September 21, 2022, the subsidiary Strumenti Scientifici Cinel S.r.l. (Cinel) signed an agreement for the supply of a new turnkey imaging beamline, for the Elettra synchrotron in Trieste. The total value of the agreement is just over 4 million euros and the project has a duration of approximately two and a half years.
- In mid-October, the High Yield bonds held by SAES Investments S.A. were disposed of for a value of approximately 7.2 million euros. The investment in bonds was replaced with three-month time deposits (cash equivalent).

### **Most significant transactions after the end of the year**

The following transactions of greater significance which occurred after December 31, 2022 should be noted.

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

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

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

The conclusion of the transaction, expected in 2023, is subject to the receipt of the usual regulatory authorisations for this type of transaction, including authorisation by the Antitrust Authorities concerned. Also in light of this, following an in-depth assessment, as at December 31, 2022 the Management considered that the conditions set forth in IFRS 5 had not been met for the medical business subject to disposal to be classified as a "disposal group held for sale".

In order to preserve the collection in dollars envisaged by this sale transaction, on February 15, 2023 SAES Getters S.p.A. signed a contingent derivative contract with a notional value of 415 million of dollars with a maximum €/€ forward exchange rate of 1.1037 against the euro. The last possible date of exercise of the derivative is expected to be January 8, 2024 (Long Stop Date). The exact forward exchange rate within the reference contractual range will be determined on the basis of the effective date of any approval by the US Antitrust Authority. If, by the Long Stop Date, the latter expresses a negative opinion on the completion of the sale of the Nitinol business, the derivative would lapse without producing any effect on the Group's financial statements. If the transaction is not completed due to another contractual requirement or valuation not attributable to a negative opinion of the US Antitrust Authority, the derivative would remain active, with accounting effect on the Group's financial statements which at today's date is estimated to be equal to approximately -5.6 million euros.

Given the contraction in sales in the second half of 2022 due to the negative economic situation, SAES Coated Films S.p.A. launched a thirteen-week ordinary wage supplementation programme in mid-January 2023 which involves almost all employees.

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

On February 27, 2023, the Board of Directors of SAES Getters S.p.A. proposed the inclusion of the newly acquired SAES RIAL Vacuum S.r.l. in the scope of the national tax consolidation, together with the other Group companies that are already part of it. The respective Boards of Directors approved this inclusion between the end of February and the beginning of March. Therefore, SAES RIAL Vacuum S.r.l. will be part of the national tax consolidation scheme with retroactive effect starting from January 1, 2023.

On March 1, 2023, SAES Getters S.p.A., as Sole Shareholder, approved the total waiver of the right to the financial receivables owed to it at the end of 2022 by SAES Nitinol S.r.l., for an amount of 233 thousand euros. At the same time, the Parent Company approved a capital payment of 28 thousand euros in favour of SAES Nitinol S.r.l. by way of shareholder payment to cover losses, with the aim of replenishing the Share Capital eroded by the losses for the year 2022. Finally, SAES Getters S.p.A. approved the disbursement of an additional amount, equal to 900 thousand euros, to be allocated within the item available reserves of the shareholders' equity of SAES Nitinol S.r.l., in order to provide the subsidiary with the necessary provisions to guarantee its business continuity.

On March 6, 2023, the Independent Director Luciana Sara Rovelli resigned due to significant differences in strategic vision. Therefore, as of March 6, 2023, Luciana Rovelli ceased to hold all the offices assigned to her and in particular: Chairperson of the Remuneration and Appointments Committee; Member of the Control, Risk and Sustainability Committee; Chairman of the Supervisory Body, as well as Member of the Related Party Transactions Committee. 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 is already a member.

The appointment of a new Director will be proposed on the agenda of the next Ordinary Shareholders' Meeting. The mandate of this Director will last for the entire duration of the current Board of Directors, i.e. until the approval of the financial statements at December 31, 2023.

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.

### **Conflict in Ukraine**

Direct exposure of SAES in Russia, Ukraine and Belarus is marginal. The turnover for the year 2022 in Russia was immaterial, confirming the irrelevance of these markets.

Furthermore, SAES has no suppliers from these countries and has in any case decided to cautiously suspend all commercial activities towards Russia. During 2022, some indirect effects of the conflict were reported, relating to the energy impact and to the supply chains, which led to an increase in some costs.

### **Going concern**

The financial statements are prepared on the going concern assumption, given that, despite a difficult and uncertain economic/financial and geopolitical environment in light of the results achieved in 2022 and forecasts for future years that estimate a decline in energy costs, the Company maintains that there are no significant uncertainties (as defined in paragraph No. 25 of IAS 1 - Presentation of Financial Statements) regarding going

concern. In addition, the positive net financial position and the availability of unused credit lines, constitute a further guarantee of going concern.

### **Atypical and/or unusual transactions, including intra-group or 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 2022. 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, plants, tangible assets and various services; onerous cash pooling agreements are in place with several 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 2022 all related-party transactions fell within the scope of ordinary operations and were settled at standard economic and financial market conditions.

In the context of relations with subsidiaries or joint ventures of the SAES Group, the following should be noted in particular:

#### *ACTUATOR SOLUTIONS GMBH – Gunzenhausen, Germany*

A joint venture 50% jointly controlled by SAES Nitinol S.r.l. and SMA Holding, aimed at the development, assembly and marketing of actuator devices based on SMA technology.

With regard to Actuator Solutions GmbH, during 2022 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 2022).

Lastly, it should be noted that on July 2, 2021, SAES Getters S.p.A. signed a convertible loan agreement worth 1.5 million euros in favour of the German company Rapitag GmbH with expiry on December 31, 2024 (convertible loan fully written down as at December 31, 2022, following the failure to achieve the pre-set commercial objectives and the uncertainty regarding the future development of the business): according to the signed loan agreement, part of the resources provided by SAES are used by Rapitag to finance the prototyping activity, carried out through the joint venture Actuator Solutions GmbH as exclusive contractor.

#### *FLEXTERRA 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 fee contract.

Furthermore, the Company signed two convertible loan agreements in favour of the joint venture Flexterra, Inc., respectively for the amount of 3 million of dollars (granted on July 16, 2020) and of 2 million of dollars (the first tranche of 1 million of dollars paid on August 18, 2021 and the second tranche, of the same amount, paid in the second half of November 2021), to be repaid in cash or in the form of equity upon the occurrence of certain conditions, with an 8% annual interest (for more details, see Note No. 22). As a guarantee for the loans granted, SAES has received a lien on Flexterra's intellectual property (IP). At December 31, 2022, the financial liability of Flexterra, Inc. towards SAES Getters S.p.A. totalled 5.4 million euros, including 0.7 million euros in interest accrued and not yet paid.

The financial receivable related to the convertible loan (both principal and interest) was already fully written off at December 31, 2021 and in 2022 an additional impairment was made on the financial receivable, corresponding to the interest accrued during the year (379 thousand euros), since SAES management believes it is unlikely to be recovered.

The Company exercises management and coordination over SAES Innovative Packaging S.r.l., SAES Coated Films S.p.A., SAES Nitinol S.r.l. and SAES Investments S.A., 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 equity and economic transactions performed with subsidiaries and jointly-controlled companies of the SAES Group are summarised below:

(thousand of euro)

Legal Entity	Assets 2022	Liabilities 2022	Revenue 2022	Costs 2022	Dividends 2022	Obligations 2022 (**)
SAES Getters/USA, Inc.	1,847	103	6,750	975	6,292	4,000
Spectra-Mat, Inc.	125	0	110	0	0	0
SAES Smart Materials, Inc.	159	229	123	1,270	4,695	0
Memry Corporation	822	15	1,216	1,038	18,956	0
SAES Getters Korea Corporation	0	0	1,069	20	0	0
SAES Getters (Nanjing) Co.Ltd.	360	94	1,786	446	320	0
SAES Innovative Packaging S.r.l.	3	2,698	0	0	0	0
SAES Nitinol S.r.l.	31	0	(2)	6	0	0
SAES Coated Films S.p.A.	4,151	12	524	1	0	13
SAES Getters Export Corp.	0	0	0	0	446	0
Strumenti Scientifici Cinel S.r.l. (***)	383	3,389	252	34	0	35
SAES Investments S.A.	48,760	0	244	0	0	0
Memry Corporation - Italy Branch	10	3	(12)	0	0	0
SAES RIAL Vacuum S.r.l. (*)	81	26	131	171	0	0
SAES RIAL Vacuum S.r.l.	0	0	54	114	0	0
Actuator Solutions GmbH	41	26	94	342	0	1,250
Flexterra, Inc.	77	0	223	0	0	0
<b>Total</b>	<b>56,850</b>	<b>6,594</b>	<b>12,560</b>	<b>4,417</b>	<b>30,709</b>	<b>5,298</b>

(\*) Amounts referred to the period between the acquisition date of SAES RIAL Vacuum S.r.l. and December 31, 2022

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

(\*\*\*) co-obligation of SAES Getters S.p.A. in guarantee contracts entered into by related parties

The following related parties are also noted:

- S.G.G. Holding S.p.A., relative majority shareholder that at December 31, 2022 held 34.44% of the ordinary shares of SAES Getters S.p.A. On April 27, 2022, S.G.G. Holding S.p.A. collected dividends from SAES Getters S.p.A. amounting to a total of 2.4 million euros.

- Managers with Key Responsibilities, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Also considered managers with key responsibilities are the Group Human Resources Manager and the Group Research Lab Manager.

Their close relatives are also considered related parties. In this respect, it should be noted that 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, while Livia della Porta and Giulio della Porta, children of the Non-Executive Director Luigi Lorenzo della Porta, were employed by SAES Getters S.p.A. in June 2022 and the beginning of December 2022, respectively.

The following table shows the remuneration of Key Management Personnel, employed by SAES Getters S.p.A., as identified above.

(thousand of euro)

	2022	2021	Total difference
Short-term employee benefits	4,359	4,276	83
Post-employment benefits	0	0	0
Other long-term benefits	674	533	141
Termination benefits	1,335	1,479	(144)
Share-based payments	0	0	0
Other benefits	0	0	0
<b>Total remuneration to key management</b>	<b>6,368</b>	<b>6,288</b>	<b>80</b>

The item "Short-term employee benefits" is made up of both fixed and variable remuneration of Key Management Personnel and also includes the remuneration received by Ginevra della Porta, Livia della Porta and Giulio della Porta, by virtue of their employment relationship with the Company. The amount at December 31, 2022 was broadly in line with the previous year.

In general terms, the variable remuneration of the Executive Directors in 2022 remained broadly in line with the previous year.

At December 31, 2022, the amount due to the Company's Key Management Personnel was equal to 5,246 thousand euros compared to a payable of 3,935 thousand euros at December 31, 2021.

The increase compared to the previous year is related to the portion of debt set aside during the year for the three-year monetary incentive plan for Executive Directors and Key Management Personnel, which has not yet vested and the portion of debt for phantom shares.

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 2022 all related-party transactions fell within the scope of ordinary operations and were settled at standard economic and financial market conditions.

### **Audit Firm**

Since with the approval of the Financial Statements as at December 31, 2021 the statutory audit assignment assigned to the company Deloitte & Touche S.p.A. for the years 2013-2021 expired, the Ordinary Shareholders' Meeting of April 21, 2022 approved the motivated proposal of the Board Statutory Auditors relating to the assignment of the statutory audit mandate for the years 2022-2030 to KPMG S.p.A.

KPMG 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 31, 2023 and gave an opinion without findings and without requests for information on the consolidated and separate financial statements of the year 2022.

We held meetings, including of an informal nature, with the representatives of KPMG 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 audit firm 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 KPMG S.p.A.'s 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.

The Board of Statutory Auditors held technical meetings with the new Independent Auditors.

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

Starting from the date of assignment of the engagement, no further engagements were assigned to the auditing firm and/or to parties associated with it by ongoing relationships (other auditing services, tax advisory services, and non-audit services).

### **Indication of the presence of opinions issued under law during the year**

During the 2022 financial year, the Board of Statutory Auditors submitted to the Shareholders' Meeting of April 21, 2022 a reasoned proposal for the assignment of the statutory audit of the accounts for the financial years 2022 to 2030 to KPMG S.p.A.

### **Presentation of complaints pursuant to Article 2408 of the Italian Civil Code and allegations**

With reference to the year ended December 31, 2022, the Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

## Consob sanction procedure

With reference to the administrative sanction proceedings initiated by Consob against SAES Getters S.p.A. for violation of current regulations on public disclosure of inside information ("MAR"), with reference to the press release regarding the agreement to sell the gas purification business, finalised in mid-year 2018, the Company provided to pay the sanction amounting to 80 thousand euros at the start of 2021. The amount was allocated at the end of the 2020 financial year to a special liability provision, appropriately used in 2021. In spite of the fact that the sanction was paid, SAES Getters S.p.A. has decided to appeal this judgement in court. The Court of Appeal rejected the Company's appeal, which appealed to the Supreme Court.

In the days immediately following the approval of the financial statements by the Board of Directors, on March 23, 2023, the Company received a request pursuant to Article 115, paragraph 1, of Italian Legislative Decree No. 58/98 ("TUF") by CONSOB, with which CONSOB requests information on certain aspects related to the costs of the transaction for the sale of the Nitinol business.

With the same request, Consob also requests information on the Consolidated Non-Financial Statement relating to 2021 and on environmental and health and safety compliance relating to the subsidiary SAES Coated Films S.p.A.

## 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 organisational 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, KPMG S.p.A., and from the review of company documentation. In this regard, it had 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:

Company's employees	December 31, 2022	December 31, 2021	Average 2022	Average 2021
Managers	46	47	46	46
White-collars and junior managers	215	200	208	198
Blue-collars	194	185	195	186
<b>Total</b>	<b>455</b>	<b>432</b>	<b>449</b>	<b>431</b>

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 Euronext 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 "SCIGR") is managed and monitored by the Board of Directors, the Director responsible for the internal control and risk management

system, the Control, 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 SCIGR framework adopted by the Company implements the components of the CoSO Framework Model, recognised internationally as the best practice of reference for representing and assessing the Internal Control System. It should also be noted that:

- the Chairperson 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 and of the Committee for Related Party Transaction;
- a Statutory Auditor is member of the Supervisory Body, the body that promoted and supported the correct implementation of the Organisational Model pursuant to Italian Law 231/2001 also during 2022.

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 TUF), approved by the Board of Directors on March 14, 2023 and made available on the Company's website.

### **Corporate Governance Code**

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 2021 on March 14, 2023. The full text of this report, to which we refer for more information, is placed at the disposal of the public according to the procedure mandated by current laws and regulations.

### **Report on remuneration, pursuant to Article 123-ter of the Consolidated Finance Law and 84-quater of the Issuer Regulations, 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.

[With reference to this issue, it should be noted that on April 19, 2023, the Board of Statutory Auditors received a request from CONSOB to supplement information pursuant to Article 114, paragraph 5, of Italian Legislative Decree 58/98 concerning, inter alia, some passages of the Report on the Remuneration Policy and Compensation Paid. In compliance with the requirements of CONSOB, and following the additions made by the Board of Directors in the extraordinary meeting of April 22, 2023, the Board of Statutory Auditors, in the extraordinary meeting of April 23, 2023, assessed the additions that are highlighted in "track changes" mode, compared to what was already issued by the Board of Statutory Auditors on March 31, 2023.](#)

[The Board of Statutory Auditors, with particular reference to the issues relating to the Asset Plan, preliminarily notes that, at the Shareholders' Meeting, starting from the 2018 Report on the Remuneration Policy approved on March 13, 2019, the Board of Directors has always detailed the contents of the Asset Plan, which has never been changed since 2018, the year of its introduction, and specifically in subsequent reports dated March 12,](#)

2020 (2019 financial statements), March 11, 2021 (2020 financial statements), March 14, 2022 (2021 financial statements).

The Board of Statutory Auditors, like the Board of Directors, deems the Asset Plan compliant with the provisions of Article 123-ter, paragraph 3-bis, of the Consolidated Law on Finance, according to which the Remuneration Policy “contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company”. The Company operates on global markets in numerous technological sectors and invests in different technological platforms all focused on innovation and research: it is unique in the Italian and international market and it is extremely difficult to find companies comparable to SAES, both in terms of size and production activities, in the highly innovative technology sector. The Company Strategy has always been aimed at the growth and development of these platforms, with consistent and constant investment in research. In addition, the Company operates on “global” markets, developing high-tech and highly innovative products, with a focus on research. In fact, the Company operates on countless markets and with types of products that are totally different from each other and absolutely essential to the end products within which they are integrated. The multiplicity of business sectors that the Company develops entails a natural differentiation of the strategies across the various segments. The Board of Statutory Auditors duly shares the considerations made by the Board of Directors in its supplement to the Report on the Remuneration Policy. It may happen that, over time, a managed business has difficulties (due to critical issues in identifying application effects of the research carried out) or, on the contrary, that a business develops to such an extent as to require excessive efforts, with respect to size of the Company, to be maintained at the same profitability levels. Nonetheless, sometimes, in order to access new important business segments, it is necessary to “find” the financial sources within the existing assets. The Asset Plan originated precisely in this context, as it aims, on the one hand, to incentivise managers, whether they are top managers or middle management, and on the other hand to constantly grow the volumes and margins of the activities managed, thus allowing, if the opportunity or need to sell a business arises, the maximisation of value creation for the Company, the Group, shareholders and stakeholders. The payouts resulting from the Asset Plan are consequently always linked to value creation for the Group, for the shareholders and for all the stakeholders, as the related bonus is calculated on the capital gain generated and is paid out after collection. These characteristics make the plan obviously sustainable and aimed at pursuing the long-term interests of the Company, as well as aligned with its special nature.

The Asset Plan does not constitute a form of ad hoc bonus, as it is a form of non-recurring remuneration strictly related to the creation of value actually generated. It has a maximum limit that is represented by a reasonable percentage (10%) of an income component such as capital gains, which per se represents the added value created by management and contributed to the Company, to all shareholders and stakeholders. According to the rules established in the Asset Plan, this 10% is divided among a multitude of beneficiaries (around 90 people). Obviously, 90% of capital gains benefit the Company, shareholders and stakeholders. Equally obviously, the remuneration from the Asset Plan, if generated, can represent a significant part of total managerial remuneration. The Board of Statutory Auditors reiterates that the Asset Plan is consistent with the Group's strategic objectives and with the Risk Management Policy, since the actual payout is made only when value is achieved for the Group, due to a sale. As the Board of Directors maintains, it is also a predetermined instrument (as it has been known to the market for years), measurable (with clear and unequivocal calculation criteria, also known for years) and linked to a long-term time horizon (the Asset Plan has an expected duration of nine years and is instrumental to the Group's growth); it is also aligned with the performance objectives, as well as value creation for all stakeholders.

With reference to the adequate period of deferral with respect to the time of vesting, the Board of Statutory Auditors notes that the nature of the Asset Plan, aimed at rewarding the beneficiaries in the event of actual value creation, does not determine an increase in risks for the Company, also in the event of immediate payment, in line with the fact that the Plan is associated with the generation of capital gains for the Company. Moreover, payment is made only if the Company has sold the asset and in any case the cash payout takes place after the Company has collected the price, without any risk of financial deterioration for the Company. In any case, with reference to the possible payout of a bonus on the basis of the Asset Plan, when the transaction for the sale of the Nitinol business will be executed, during the meeting of the Board of Directors on 14 February 2023, the Executive Directors proposed to the Board of Directors to divide the payment of the portion due to them into

two equal instalments, the first according to the terms set out in the Asset Plan and the second twelve months after the first.

Lastly, the Board of Statutory Auditors notes that the Company has not decided to postpone the change in the non-recurring variable remuneration component: the Company has decided to assess the possibility of such changes for the future.

Moreover, the sale of the Nitinol business, which could result in the implementation of the provisions of the Asset Plan, was the subject of a binding agreement. This circumstance led to the emergence of a legitimate legally protected expectation for the beneficiaries of the Plan (over 90 people), based on the contractual obligation that arose at the time of their identification as beneficiaries, with the related risks of litigation in the event of failure to apply the Plan.

In fact, a unilateral amendment of the Asset Plan by the Company would entail risks of disputes with the beneficiaries of said Plan that would result in the loss of their legitimate expectation with a strong probability of negative outcome for the Company, as well as risks to the operational stability of the Company being undermined by these disputes and the discrediting of its image, due to the change in the rules in the face of legitimate expectations now acquired: all to the detriment of the Company and its stakeholders.

For the reasons set out above, the Board of Directors resolved not to change the Asset Plan or to assess the possibility of such changes for the future. The Board of Statutory Auditors shared the approach adopted by the Board of Directors.

### **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 of Borsa Italiana and under Article 147-ter, paragraph 4 and Article 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 only on the independence requirements set out under Article 147-ter, paragraph 4 and Article 148, paragraph 3 of the Consolidated Finance Law, although not based on the Corporate Governance Code of Borsa Italiana, 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 No. 162 of March 30, 2000 and of independence pursuant to Article 148, paragraph 3 of the Consolidated Finance Law.

### **Presentation of the Financial Statements of the Parent Company and the Consolidated Financial Statements at December 31, 2022**

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 no. 1606/2002 came into force, and the separate financial statements of SAES Getters S.p.A. were drawn up according to the IAS/IFRS international accounting standards, 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 for the year ended December 31, 2022 transpose the provisions of the Delegated Regulation (EU) 2019/815 (ESEF) for the year 2022 containing the obligation to adopt a single electronic reporting format for the preparation of the annual financial reports of the issuers, in order to facilitate the communication of financial information, as well as accessibility, analysis and comparability of financial statements.

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

The Directors signalled that the balance sheet balances relating to financial year 2021, presented for comparative purposes, were restated with respect to the amounts in the Consolidated Financial Statements for the year ended December 31, 2021, with an effect on the result and consolidated shareholders' equity, to reflect the adjustments resulting from the completion of the provisional valuation of the business combination of Strumenti Scientifici Cinel S.r.l., in compliance with the provisions of IFRS 3.

Both the result for the year and the Group shareholders' equity at December 31, 2021 decreased by 279 thousand euros.

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)	Note	2022	2021 <sup>(1)</sup>
Third party revenue	3	67,219,001	59,885,952
Intragroup revenue	3	9,263,231	9,741,910
<b>Total revenue</b>		<b>76,482,232</b>	<b>69,627,862</b>
Third party cost of sales	4	(39,084,741)	(36,014,096)
Intragroup cost of sales	4	(3,604,972)	(2,817,275)
<b>Total cost of sales</b>		<b>(42,689,713)</b>	<b>(38,831,371)</b>
<b>Gross profit</b>		<b>33,792,519</b>	<b>30,796,491</b>
Research & development expenses	4	(9,310,212)	(8,606,077)
Selling expenses	4	(11,757,255)	(7,403,745)
General & administrative expenses	4	(25,972,550)	(22,873,709)
Impairment losses on trade receivables	4	(96,810)	(13,178)
<b>Total operating costs</b>		<b>(47,136,827)</b>	<b>(38,896,709)</b>
Intragroup royalties	5	1,296,948	1,036,151
Other third party income	5	547,029	593,456
Other intragroup income	5	1,496,398	1,697,079
Other third party (expenses)	5	(573,964)	(1,567,331)
Other intercompany (expenses)	5	(1,077)	(339,848)
<b>Total other income (expenses), net</b>		<b>2,765,334</b>	<b>1,419,507</b>
<b>Operating loss</b>		<b>(10,578,974)</b>	<b>(6,680,711)</b>
Dividends		30,708,794	10,520,418
Third party financial income	6	964,572	1,161,472
Intragroup financial income	6	681,511	304,469
<b>Total financial income</b>		<b>1,646,083</b>	<b>1,465,941</b>
Third party financial expense	6	(2,915,434)	(3,038,969)
Intragroup financial expense	6	(248,774)	(271,770)
<b>Total financial expense</b>		<b>(3,164,208)</b>	<b>(3,310,739)</b>
Exchange gains	7	1,099,656	479,049
Exchange losses	7	(1,665,335)	(694,088)
Impairment losses on equity investments, loan assets and other financial assets	6	(13,686,969)	(9,084,000)
<b>Pre-tax profit (loss)</b>		<b>4,359,048</b>	<b>(7,304,131)</b>
Income taxes		(1,423,304)	(987,451)
Current taxes	8	(1,558,963)	(734,184)
Deferred taxes	8	135,659	(253,267)
<b>Profit (loss) from continued operations</b>		<b>2,935,744</b>	<b>(8,291,582)</b>
Profit (loss) from discontinued operations		0	0
<b>Profit (loss) for the year</b>		<b>2,935,744</b>	<b>(8,291,582)</b>

(1) 2021 financial data have been restated to ensure a more consistent comparison with 2022 data. Please refer to Note n.1, paragraph "Restatement of 2021 figures"

In financial year 2022, revenues totalled 76,482 thousand euros, up by 9.8% compared to 69,628 thousand euros in 2021. Removing the positive exchange rate effect (+3.4%, equal to 2,368 thousand euros), almost completely due to the appreciation of the US dollar against the euro, organic growth was 6.4% (4,486 thousand euros).

This performance was driven by the Industrial Division (with 3.5% organic growth equal to 1,340 thousand euros), in particular by the good performance of SMA materials sales in the luxury and mobile devices segments, and by the High Vacuum Division, (with 19.8% growth organic equal to 3,209 thousand euros), thanks to the higher sales of vacuum pumps in all segments (industrial, particle accelerators and research institutes) and the start of a project with Padua-based RFX consortium, which operates in the field of experimental nuclear fusion. The gross industrial result amounted to 33,793 thousand euros in 2022, up (+9.7%) compared to 30,796 thousand euros in 2021, despite the penalising effect of energy expenditure in the Italian plants and the exchange rates effect on the purchase of raw materials on foreign markets (higher costs of raw materials for 1,412 thousand euros due to exchange rate fluctuations).

The gross profit margin was stable compared to the previous year and equal to 44.2%.

The operating result for 2022 was equal to -10,579 thousand euros (-13.8% of revenues), down compared to the loss of -6,681 thousand euros (-9.6% of revenues) of the previous year. Excluding both the positive exchange rate effect (equal to +899 thousand euros) and the effect of the merger (-136 thousand euros), the organic change is equal to -4,662 thousand euros.

EBITDA was equal to -4,903 thousand euros in 2022 (-6.4% of revenues), down compared to 1,550 thousand euros in 2021 (-2.2% of revenues). Net of the positive exchange rate effect (+899 thousand euros), the change in the scope of consolidation (-127 thousand euros) and the non-recurring costs of both years, the change in EBITDA would have been -1,157 thousand euros.

Dividends, net interest and other financial income (expenses) and net foreign exchange gains (losses) totalled 28,625 thousand euros in 2022, compared to 8,461 thousand euros in the previous year.

2022 therefore closed with a positive income before taxes of 4,359 thousand euros, up compared to a loss of -7,304 thousand euros in the previous year. The improvement is a consequence of the higher dividends received from the subsidiaries Memry Corporation and SAES Smart Materials, Inc.

Income taxes for the year recorded a negative balance (cost) of 1,423 thousand euros against a negative balance (cost) of 987 thousand euros in 2021.

2022 therefore closed with a profit for the year of 2,936 thousand euros against a loss of 8,292 thousand euros in 2021, thanks to the higher dividends received.

As regards the various Income Statement components, the following should be noted:

- Operating costs were 47,137 thousand euros (61.6% of revenues), compared to 38,897 thousand euros (55.9% of revenues) in the previous year.
- Research and development expenses amounted to 9,310 thousand euros, up compared to 8,606 thousand euros in 2021 due to a slight increase in the costs of personnel employed in research at the Company, as well as expenses related to the restructuring of the laboratories of Lainate and higher costs for energy and gas.
- Selling expenses recorded an increase of 4,354 thousand euros. This growth is due to costs for the settlement of the rights accrued to the heirs of a strategic employee of the Company, higher consulting and marketing costs related to the launch of the B! POD and RedZone projects, travel expenses and commissions on the sales of SMA wiring for industrial application.
- General and administrative expenses increased by 3,099 thousand euros, due to non-recurring consultancy expenses for preliminary assessments for the sale of the Medical Nitinol business, amounting to 2,078 thousand euros, costs for salary increases and higher variable remuneration linked to good performance trend, as well as higher costs for insurance coverage and IT projects.
- Dividends, net interest and other financial income (expenses) and net foreign exchange gains (losses) totalled 28,625 thousand euros in 2022, compared to 8,461 thousand euros in the previous year. The increase in dividends, equal to 20,188 thousand euros compared to the previous year, is mainly due to the merger effect, as following the merger by incorporation of the wholly-owned subsidiary SAES International S.r.l. into SAES Getters S.p.A., the Company benefited from dividends paid by Memry Corporation and SAES Smart Materials, Inc. for a total of 23,651 thousand euros.
- In 2022, the Company wrote down equity investments and cash pooling receivables and other financial receivables for a total of 13,687 thousand euros.

The net financial position at December 31, 2022 showed a positive balance of 15,140 thousand euros, up sharply compared to the balance of 2,791 thousand euros in the previous year. This increase is mainly due to the higher dividends received from the subsidiaries Memry Corporation and SAES Smart Materials, Inc. (totalling 23,651 thousand euros).

Investments in property, plant and equipment amounted to 8,580 thousand euros, up compared to 2021 (7,002 thousand euros). The main investments refer to the purchase of equipment for High Vacuum and SMA Industrial productions, related to the new B!POD project. Investments were also made for the renovation and modernization of the corporate labs in Lainate, as well as the purchase of the emulsification pilot plant and other specific instrumentation for the R&D laboratories.

The outlays for investments in equity investments amounted to 4,750 thousand euros (acquisition on May 25, 2022 of an additional 51% of the share capital of SAES RIAL Vacuum S.r.l., of which it previously held 49%) while in 2021 they were 19,247 thousand euros, following the outlay for the acquisition of Strumenti Scientifici Cinel S.r.l.

In 2022, dividends of -8,530 thousand euros were paid (-7,440 thousand euros in 2021).

### **Impairment testing of assets of the separate financial statements**

#### **Equity investments**

In compliance with the requirements of IAS 36, an impairment test was carried out on the existence of impairment indicators. This test was carried out to assess the existence of an impairment loss on the basis of information sources both internal and external to the Company, the presence of negative results of the investee and any excess of the book value of the investment with respect to the related contribution to the consolidated financial statements of the SAES Group.

The impairment test was carried out for SAES Getters Korea Corporation, SAES Investments S.A., 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 difference between the book value and the related contribution to the consolidated financial statements, while the equity investment in SAES Rial Vacuum was subjected to testing following a significant reduction in the forecast EBITDA of the subsidiary, compared to what was assumed at the time of the acquisition of the entire share capital of the Company.

In the case of SAES Getters Korea Corporation, in liquidation, the difference between the carrying amount of the investment at December 31, 2022 and the estimate of the residual cash at the end of the liquidation period was analysed. The value of this difference was negative for 171 thousand euros and the equity investment was written down accordingly.

In the case of SAES Investments S.A., since the shareholders' equity of the company is already an expression of a fair value measurement of its assets mainly represented by securities and cash and cash equivalents, the negative difference, equal to 5,929 thousand euros, was written down between the value of the equity investment and the book equity at December 31, 2022.

With regard to SAES Nitinol S.r.l., which has a negative shareholders' equity of 252 thousand euros, it was deemed appropriate to write down the receivable due from this company for participation in the cash pooling for 233 thousand euros and the book value of participation for 19 thousand euros.

With regard to the equity investments in SAES Getters/USA Inc., SAES Coated Films S.p.A., Strumenti Scientifici Cinel S.r.l. and SAES Rial Vacuum S.r.l., the recoverable value was determined by estimating the equity value on the basis of the most recent plans drawn up by the Management for the period 2023-2025 approved by the Boards of Directors of the respective companies and by the Parent Company.

With regard to Strumenti Scientifici Cinel S.r.l., the outcome of the analyses carried out revealed the need to write down the equity investment by 772.9 thousand euros.

With regard to SAES Rial Vacuum S.r.l., the outcome of the analyses carried out revealed the need to write down the equity investment for 4,363.9 thousand euros.

On the other hand, with reference to SAES Coated Films S.p.A. and SAES Getters/U.S.A. Inc., the outcome of the analyses carried out did not reveal the need to write down the aforementioned equity investments.

Furthermore, the Management did not deem it necessary to carry out write-backs of the write-downs made in previous years, as the conditions were not met, also by virtue of the permanent instability of the international geopolitical and macroeconomic framework.

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

The companies included in the scope of consolidation at December 31, 2022 with the full consolidation method are the following:

Company	Currency	Share/quota capital	% of Ownership	
			Direct	Indirect
<b><u>Companies controlled directly by SAES Getters S.p.A.:</u></b>				
<b>SAES Getters USA, Inc.</b> Colorado Springs, CO (USA)	USD	33,000,000	100.00	-
<b>SAES Getters (Nanjing) Co., Ltd.</b> Nanjing (P.R. of China)	USD	6,570,000	100.00	-
<b>SAES Getters Export, Corp.</b> Wilmington, DE (USA)	USD	2,500	100.00	-
<b>SAES Innovative Packaging S.r.l.</b> Lainate, Milan (Italy)	EUR	75,000	100.00	-
<b>SAES Nitinol S.r.l.</b> Lainate, Milan (Italy)	EUR	10,000	100.00	-
<b>SAES Coated Films S.p.A.</b> Roncello, MB & Lainate, MI (Italy) & Friburgo (Germany)	EUR	50,000	100.00	-
<b>SAES Investments S.A.</b> Luxembourg (Luxembourg)	EUR	30,000,000	100.00	-
<b>Strumenti Scientifici Cinel S.r.l.</b> Vigonza, PD (Italy)	EUR	78,000	100.00	-
<b>SAES RIAL Vacuum S.r.l.</b> Parma, Parma (Italy)	EUR	200,000	100.00	-
<b>SAES Getters Korea Corporation in liquidation</b> Seoul (South Korea)	KRW	524,895,000	100.00*	-
<b>SAES Smart Materials, Inc.</b> New Hartford, NY (USA)	USD	17,500,000	100.00*	-
<b>Memry Corporation</b> Bethel, CT (USA) & Freiburg (Germany) & Lainate, MI (Italy)	USD	30,000,000	100.00*	-
<b><u>Companies controlled indirectly through SAES Getters/U.S.A., Inc.:</u></b>				
<b>Spectra-Mat, Inc.</b> Watsonville, CA (USA)	USD	204,308	-	100.00

\* Equity investment held directly by SAES Getters S.p.A. following the merger by incorporation into the Parent Company of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

With reference to the changes in the equity investments directly and indirectly controlled by the Parent Company during 2022, it should be noted that:

- On May 25, 2022, SAES Getters S.p.A., finalised the acquisition of the remaining 51% of the share capital of SAES RIAL Vacuum S.r.l., of which it already held 49%, with the aim of consolidating its leadership in the advanced scientific research market, making the most of the synergies with the other companies of the Group operating in the high vacuum business, including Strumenti Scientifici Cinel S.r.l. that was acquired in July 2021. From that date, the Group acquired control of SAES RIAL Vacuum S.r.l. and the company was consolidated on a line-by-line basis, rather than being included in the consolidation scope using the equity method.
- On September 12, 2022, it was resolved to liquidate the Korean subsidiary SAES Getters Korea Corporation, whose sales activities in the Korean territory will be assigned to local agents and distributors. The liquidation process, which began in November, is expected to be completed by the first half of 2023.
- On December 22, 2022, the merger by incorporation into SAES Getters S.p.A. of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.) was carried out. The merger deed took legal effect with the end of the accounting day of December 30, 2022; solely for accounting and tax purposes, the merger transaction was backdated to January 1, 2022. The merger did not have any impact on the financial position, operating results and cash flows in the consolidated financial statements, nor did it provide for any exchange, as the merged company was already wholly owned by SAES Getters S.p.A.

The companies included in the scope of consolidation at December 31, 2022 with the equity method are the following.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
<b>Actuator Solutions GmbH</b> Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
<b>Flexterra, Inc.</b> Skokie, IL (USA)	USD	33,382,842	46.84**	-
<b>Flexterra Taiwan Co., Ltd.</b> Zhubei City (Taiwan)	TWD	5,000,000	-	46.84***

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

\*\* Equity investment held directly by SAES Getters S.p.A. following the merger by incorporation into the Parent Company of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

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

The following table shows the investments in other companies held at December 31, 2022, other than subsidiaries, associates or jointly controlled companies, which are included in the consolidation and are measured at fair value, with a change in the latter recognised in the Consolidated Statement of Profit (Loss) and other comprehensive income, without reversal to the Income Statement.

Company	Currency	Share capital	% of Ownership	
			Direct	Indirect
<b>EUREKA! Fund I - Technology Transfer</b> Milan (Italy)	EUR	12,908,835*	4.79**	-
<b>Cambridge Mechatronics Limited</b> Cambridge (United Kingdom)	GBP	51,237***	0.82****	-

\* This amount represents the total capital payments by investors at December 31, 2022, against a total commitment of 62,675,500 euro.

\*\* Compared to December 31, 2021, the equity investment of SAES was diluted from 4.81% to 4.79% following the completion of the sixth and last closing by the EUREKA! Fund, on the basis of which new investors were formally admitted, with a total theoretical contribution to the investment by the latter of approximately 253 million euros.

\*\*\* Compared to December 31, 2021, the share capital of Cambridge Mechatronics Limited increased from 49,514 pounds to 51,237 pounds, while the SAES equity investment was diluted from 0.86% to 0.82%, as a result of two new issues of ordinary preference shares in March 2022 and August 2022, respectively, and as a result of the issue of new ordinary shares in connection with the exercise of certain options on shares held by employees.

\*\*\*\* Equity investment held directly by SAES Getters S.p.A. following the merger by incorporation into the Parent Company of the wholly-owned subsidiary SAES International S.r.l. (formerly SAES Getters International Luxembourg S.A.).

Note that in 2022, SAES Getters S.p.A. made capital injections into the venture capital fund EUREKA! Fund I – Technology Transfer for a total amount of 195 thousand euros and received repayments of approximately 5 thousand euros following the finalisation of the sixth and last closing by the same fund. At December 31, 2022, against a total commitment of 3 million euros, SAES Getters S.p.A. made capital injections into the EUREKA! fund totalling EUR 618 thousand<sup>1</sup> while the residual commitment is equal to 2,382 thousand euros.

The consolidated statement of profit and loss for 2022 is the following:

<sup>1</sup> Amount net of the repayments recognised by the fund following the capital injections made by new investors at closings subsequent to the first one.

**Statement of profit or loss**

(thousand of euro)	Notes	2022	2021 (*)
<b>Revenue</b>	4	<b>250,265</b>	<b>190,198</b>
Cost of sales	5	(139,570)	(109,170)
<b>Gross profit</b>		<b>110,695</b>	<b>81,028</b>
Research & development expenses	5	(12,657)	(11,704)
Selling expenses	5	(20,654)	(13,071)
General & administrative expenses	5	(36,147)	(33,104)
Impairment on trade receivables	5	(139)	(69)
<b>Total operating costs</b>		<b>(69,597)</b>	<b>(57,948)</b>
Other income	6	812	860
Other expenses	6	(738)	(1,688)
<b>Operating profit</b>		<b>41,172</b>	<b>22,252</b>
Financial income	7	2,958	5,310
Financial expense	7	(16,317)	(3,291)
Impairment losses on loan assets and other financial assets	7	(2,364)	(2,148)
Share of profit (loss) of equity-accounted investees	8	(433)	200
Exchange gains	9	1,394	895
Exchange losses	9	(1,953)	(1,125)
<b>Pre-tax profit</b>		<b>24,457</b>	<b>22,093</b>
Income taxes	10	(12,107)	(9,296)
<b>Profit from continuing operations</b>		<b>12,350</b>	<b>12,797</b>
Profit (loss) from discontinued operations		0	0
<b>Profit for the year</b>		<b>12,350</b>	<b>12,797</b>
<i>attributable to:</i>			
- the owners of the parent		12,350	12,797
- non-controlling interests		0	0
Basic/diluted earnings per ordinary share	11	0.67368	0.69831
Basic/diluted earnings per saving share	11	0.69031	0.71494

(\*) Some comparative amounts shown in the column have been restated with respect to the amounts of the consolidated financial statements at December 31, 2021, in order to reflect the adjustments resulting from the completion of the provisional assessment of the business combination of Strumenti Scientifici Cinel S.r.l. These adjustments are detailed in Note no. 1, paragraph "Restatement of 2021 figures".

**Statement of comprehensive income**

(thousand of euro)	Notes	2022	2021
<b>Profit for the year</b>		<b>12,350</b>	<b>12,797</b>
Exchange differences from translation of financial statements in foreign currencies	30	6,039	10,123
<b>Total other comprehensive income which may be subsequently reclassified to profit or loss</b>		<b>6,039</b>	<b>10,123</b>
Net actuarial gains (losses) on defined benefit plans related to SAES Getters S.p.A. and subsidiaries		914	(49)
Income taxes		(218)	12
Net actuarial gains (losses) on defined benefit plans related to equity-accounted investees		0	13
Income taxes		0	(3)
Net fair value losses on investments in other companies	30	(22)	(95)
Income taxes	30	0	0
<b>Total other comprehensive income (expense) that will not be subsequently reclassified to profit or loss</b>		<b>674</b>	<b>(122)</b>
<b>Total other comprehensive income, net of taxes</b>		<b>6,713</b>	<b>10,001</b>
<b>Total profit for the year and other comprehensive income</b>		<b>19,063</b>	<b>22,798</b>
<i>attributable to:</i>			
- the owners of the parent		19,063	22,798
- non-controlling interests		0	0

In financial year 2022, net consolidated revenue totalled 250,265 thousand euros, up by 31.6% compared to 190,198 thousand euros in 2021.

Consolidated gross profit amounted to 110,695 thousand euros in 2022, compared to 81,028 thousand euros in 2021. Removing the positive exchange rate effect (equal to +18.9 million euros) and the change in consolidation

scope (equal to +6.6 million euros), gross profit would have organically increased by 18.2% (+34.5 million euros in absolute value).

The gross margin is also up (from 42.6% in 2021 to 44.2% in 2022).

All Divisions grew both in absolute value and as a percentage of revenue, with the exception of the Chemicals Division, stable compared to the previous year as it was penalised by pressure on prices and higher costs for utilities. Growth was mainly concentrated in Medical Nitinol (+64.3%) and High Vacuum (+52.3%), both favoured by the strong increase in revenues and, in the case of the High Vacuum Division, also by the contribution of the recently acquired companies<sup>2</sup>, equal to 1.3 million euros. Lastly, the gross profit of the Packaging Division, which rose from 0.2 million euros to 1.3 million euros, should be noted, favoured by increased sales and greater economies of scale, despite the increase in the cost of utilities.

Consolidated EBITDA was equal to 56.7 million euros in 2022 (22.7% of consolidated revenue), up sharply (+58.3%) compared to 35.8 million euros in 2021 (18.8% of consolidated revenue). Net of the positive exchange rate effect (+7.6 million euros), the change in consolidation scope (+0.9 million euros) and non-recurring costs for both years (4.6 million euros in 2022 and 1.1 million euros in 2021 respectively), the change in EBITDA would have been positive for +15.9 million euros (+ 44.3%), in line with the organic increase in the operational result and driven by the growth in performance in the Medical Nitinol and High Vacuum Divisions.

### **Impairment testing on assets of the consolidated financial statements**

#### **Goodwill**

Goodwill recognised in the consolidated financial statements at December 31, 2022 was equal to 52,929 thousand euros. The increase compared to the restated value at December 31, 2021 (48,631 thousand euros) is attributable to both the consolidation using the line-by-line method of SAES RIAL Vacuum S.r.l. and the effect of exchange rates on goodwill in currencies other than the euro (in particular, appreciation of the dollar at December 31, 2022, compared to the exchange rate at December 31, 2021).

Pursuant to IAS 36, goodwill is not amortised but, on an annual basis or more often if there are indications of an enduring impairment loss in value, is subject to periodical impairment tests.

The impairment test, for which the assumptions and procedures used were approved by the Board of Directors on February 14, 2023 and the results of which were approved by the same Board on March 14, 2023, consisted of estimating the recoverable value 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 associated with 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 2023-2025 (approved by the Board of Directors on February 1, 2023), which do not envisage future restructuring to which the SAES Group is not yet committed.

The CGUs identified by the SAES Group for the purposes of impairment testing are five in total:

1. SAES Industrial, coinciding with the Metallurgy operating segment, in addition to all SAES products based on functionalised polymers that have a getter function (included within the Specialty Chemicals operating segment);
2. SAES High Vacuum, coinciding with the Vacuum Technology operating segment;
3. SAES Medical Nitinol, coinciding with the Medical operating segment;
4. SAES Packaging, coinciding with the Advanced Packaging operating segment;
5. Functional Acoustic Composites, i.e. the business of SAES functional composites for applications in consumer electronics (included within the Specialty Chemicals operating segment).

The new Functional Additives business, which includes the new products currently being validated by prospects and based on the technological platforms of functional materials developed in the SAES laboratories and which is part of the Chemicals operating segment starting from January 1, 2022, currently not having either allocated assets, nor forecast cash inflows, was considered for the purposes of impairment testing as "Not Allocated" and was included in the second level of verification.

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<sup>2</sup> Strumenti Scientifici Cinel S.r.l. acquired in July 2021 and SAES RIAL Vacuum S.r.l. consolidated on a line-by-line basis from May 25, 2022.

A second-level testing was also conducted, including on both the assets not allocated to any operating segment and, in the recoverable amount, the costs relating to the new Functional Additives business and to corporate functions, as well as the economic values that cannot be uniquely allocated or allocated through reliable drivers to primary operating segments, which include some of particular importance, such as the basic research costs, sustained by the Group to identify innovative solutions.

With regard to both the individual CGUs and the groups of CGUs subject to recoverability tests at December 31, 2022, neither the first nor the second level test revealed any potential impairment for non-current assets recognised in the financial statements.

The estimation of the recoverable amount of the various CGUs 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 financial years to be recalculated.

In particular, in relation to the current conflict between Ukraine and Russia, it should be noted that the plans used for the purposes of impairment testing do not include any effect, either direct or indirect, caused by the worsening of the geopolitical crisis, as it derives from events subsequent to the end of the financial year. However, it is not yet possible at present to make any assessment of the economic impacts of the conflict, due to the unpredictable dynamics of its evolution and the complex interdependencies with world economies. The potential effects of this phenomenon on the estimates of the Group's future cash flows cannot be determined at the moment and will be subject to constant monitoring in the coming months, also for the purpose of identifying any impairment of the Group's assets.

### **Equity investments**

In compliance with the requirements of IAS 36, the equity investments measured with the equity method - Actuator Solutions GmbH, and Flexterra, Inc. - must be subject to impairment test to verify that they are recognised in the consolidated financial statements at a value not exceeding their recoverable amount. However, as the value of the equity investment in Actuator Solutions GmbH at December 31, 2022 had been fully written off and since there were no recapitalisation obligations, it was not necessary to carry out any impairment test. With regard to 2021, it should be noted that on May 25, 2022 the SAES Group completed the purchase of the entire share capital of the company (previously 49% owned) SAES RIAL Vacuum S.r.l., which, starting from that date, was consolidated using the line-by-line method, rather than the equity method used previously, and, therefore, the carrying value of the investment was subject to an impairment test.

### **Write-down of financial receivables and other financial assets**

The item "Impairment loss of financial receivables and other financial assets" amounted to 2,364 thousand euros in 2022, compared to 2,148 thousand euros in the previous year. The amount for 2022 includes:

- the write-down - as difficult to recover, based on available information - of the financial receivable (160 thousand euros in both 2022 and 2021) for the interest accrued in the period on interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH;
- the write-down - as difficult to recover, based on available information - of the financial receivable (379 thousand euros in 2022, compared to 250 thousand euros in 2021) for the interest accrued on convertible loans granted by SAES Getters International Luxembourg S.A. (subsequently merged into the Parent Company, following the transfer of the registered office in Italy) to Flexterra, Inc. Both receivables were written down;
- the write-down, in the amount of -1,819 thousand euros, of the entire convertible loan (principal and interest portion) to the German company Rapitag GmbH, as a result of the failure to achieve the set business objectives and the uncertainty about the future development of the business.

### **Non-Financial Statement**

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 for the 2022 financial year 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 31, 2023, pursuant to Article 3, paragraph 10, Italian Legislative 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". The Board of Statutory Auditors reports that as a result of internal monitoring activities, the need for interventions at the subsidiary SAES Coated Films has emerged to implement corrective initiatives regarding its workplace health and safety management system.

With reference to this issue, it should be noted that CONSOB has requested, pursuant to Article 114, paragraph 5, Italian Legislative Decree No. 58/98, that the Board of Statutory Auditors provides "indications regarding any initiatives taken by this Board, specifying whether there has been an exchange of information on these issues with the corresponding control bodies of SAES Coated Films, with the Supervisory Body and with the Independent Auditors".

The Board specifies that the issue relating to atmospheric emissions of ethanol (which exceed the limits set by the Regional Law of the Lombardy Region, while complying with the limits of the national legislation pursuant to Italian Legislative Decree 152/2006), was addressed during the course of the meeting of February 24, 2023, during which the Chairperson of the Board of Statutory Auditors Donnamaria reported the issue, which had arisen in the previous meetings of the CCRS held in January and February 2023. On that occasion, Civardi, who also holds the position of Chairperson of the Board of Statutory Auditors of SAES Coated Films, updated the Board on this situation, reviewing the events that have taken place since 2019, and noting both the regulatory uncertainties with respect to the identification of emission limits, and the initiatives taken by the Company to bring the level of ethanol emissions within the limits set by regional regulations; it was also pointed out that, at the first meeting with Massimo Montesano, the sole member of the Supervisory Body of SAES Coated Films, appointed in March 2022, was updated on the matter. Also at the request of the Chairperson of the Board of Statutory Auditors of SAES Getters, Montesano was asked to express an opinion on any criminal findings that ethanol emissions above the limits set by regional regulations may involve. This opinion was issued on March 30, and it emerged that exceeding the emission limits could supplement the offence pursuant to Article 279, paragraph II, Italian Legislative Decree 152/2006, and that, in the event of a finding by the inspection bodies of the violation of said exceedance, a sworn statement and a deadline for its implementation would be defined, in compliance with which, payment of the fine would extinguish any possible offence.

With reference to the need to revise the existing fire prevention system of SAES Coated Films, the Board of Statutory Auditors was informed at the Board of Directors' meeting on February 27. The overhaul of the plant became necessary as a result of the installation of new machinery and the relocation of the warehouse, as part of a reorganisation of production. The Company submitted the draft amendment to the Fire Brigade and they approved it at the end of January 2023. The completion of the work is estimated in a maximum period of about 12 months starting from April 2023. Also with reference to this issue, an opinion was obtained from Montesano regarding any criminal findings that the violation of workplace safety may involve. This opinion was provided on March 30, and it emerges that, in the event of a violation and verification of the same by the inspection bodies, a sworn statement and a deadline for its implementation would be defined, in compliance with which, payment of the fine would extinguish any possible offence.

In conclusion, the initiatives taken by the Board were as follows:

- Discussion with the Chairperson of the Board of Statutory Auditors of SAES Coated Films;
- Discussion with the Supervisory Body of the subsidiary;
- Discussion with the Independent Auditors;
- Request for an opinion from a criminal lawyer; in acceptance of this request, the Company provided the opinion of Massimo Montesano, who, in addition to being the sole member of the Supervisory Body, is also an expert in criminal law.

Lastly, the Board of Directors acknowledges the proposal of the Board of Directors:

- to distribute the net profit for the year in full, net of unrealized net gains on exchange rates pursuant to Article 2426, par. 8-bis of the Italian Civil Code, for a total net amount of 2,751,573.78 euro, subject to rounding, and therefore assigning, to satisfy the rights due to savings shares and ordinary shares, pursuant to Article 26 of the By-Laws:

- (i) a dividend of 0.138549 euro per savings share, by way of full recognition of the preference dividend for the year 2021 for a total of 1,022,300.28 euro.
- (ii) a dividend of 0.138549 euro per savings share, by way of full recognition of the preference dividend for the year 2022 for a total of 1,022,300.28 euro.
- (iii) a dividend of 0.065634 euro per ordinary share;

- to distribute a portion of the "Retained earnings" available reserve of 8,791,227.88 euro to ordinary and savings shares, by assigning a dividend of 0.484366 euro per savings share and per ordinary share.

The calculation of ordinary shares does not include the 3,900,000 treasury shares of the Company. The Company cannot, in fact, sell them because, in compliance with Article 2357-ter, the Shareholders' Meeting did not authorise their sale.

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, 2022, as drawn up by the Directors.

Lainate, Italy, March 31, 2023

The Board of Statutory Auditors

Vincenzo Donnamaria

Maurizio Civardi

Sara Anita Speranza