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report as of March 31st 2021

Testo del comunicato

Vedi allegato.

2.2

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REGEM

Press release

**The Bod of El.En. approves the financial report
as of March 31st 2021**
Record results for the Group in the first quarter
Improved guidance

- **Consolidated Revenues: 116,4 million of euro up 60% on the 73 million of euro of 1Q, 2020**
- **EBITDA: 15,6 million of euro vs. 7,1 million of euro in 2020 (up 120%)**
- **EBIT: 12,9 million of euro vs. 4,5 million of euro in (up 187,5%)**
- **Net financial position: cash positive for 75,8 million of euro up on the 69,2 million as of December 21st, 2020**

Florence, May 14, 2021 – The Board of Directors of El.En. S.p.A., leader on the laser market and listed on the STAR segment of the Italian Stock Exchange, approved today the financial report as of March 31, 2021.

In the first three months of 2021 the El.En. Group recorded consolidated revenues for 116,4 million of euro , with an approximately 60% increase compared to the 73 million of euro of March 31, 2020 and an EBIT of 12,9 million of euro, up approximately 187,5% on the 4,5 million of euro as of March 31, 2020, and with an EBIT margin of 11.1%.

Gabriele Clementi, President of El.En. said: *"We can't hide our great satisfaction in sharing with the market the excellent result of the first quarter of 2021 which confirms, albeit still in an uncertainty climate, the signs of recovery already recorded in the second half of 2020. The reference markets of the Group are offering important opportunities. In several areas we have already recovered what was lost due to the pandemic and we expect to perform even better over the next few months thanks also to a significant order backlog that allows us to look to the future with confidence, confirming, at the moment, the expectation of a significant increase in turnover and profitability"*

The fortieth anniversary of the foundation of El.En. was just celebrated, an anniversary that falls in a particularly flourishing period of the Group's activities, testifying to the great initial intuition of the founders and the great quality and intensity of the work performed by themselves and by all the collaborators of the Group in recent years.

Just a few days before this anniversary, Prof. Leonardo Masotti left us. He was one of the two founders of El.En., its scientific soul, inspirer of the most significant innovative products and applications, university professor who generously disseminated his knowledge among his students and within all the functions and structures of El.En.. We remember him with affection and gratitude.

In the first quarter of 2021, in continuity with the end of 2020, the growth progression of the Group continued after the parenthesis due to the effects of Covid, with a level of turnover and profitability

back in line with the forecasts outlined before the pandemic. While 2020 was characterized by the Group's resilience to the pandemic, during which it was able to stay profitable and maintain a positive trend and revenue growth despite the profoundly adverse conditions, the first quarter of 2021 showed very brilliant results. The activities and investments made in the recent years in order to facilitate the planned growth in the various sectors in which the Group operates, begin in these months to materialize in the expected results.

The effects of the pandemic still continue to affect daily life and economic activities, with inconveniences and problems that spread negatively on numerous markets. The Group's operational activities in Europe are still limited by access protocols for companies, by the use of smart working as a security measure to reduce presence in offices and by the impossibility, or difficulty, of international traveling. Thanks to the positive reaction to the effects of the pandemic in some market niches, to the excellent and proactive work of the Group's operating structures and to the ability to continuously feed, even during the pandemic, the distribution networks with innovative products of great interest to customers, the Group is in recent months collecting the excellent results that we present together with a backlog at historic highs.

All the companies of the Group adopted since the beginning of the spread of the pandemic safety protocols aimed at preserving the health of employees and collaborators, securing offices and laboratories with precautionary measures and in compliance with the directives aimed at guaranteeing the tranquility of workers. Remote work has been widely adopted, although the lack of direct interaction is a major limitation to the effectiveness and creativity of many vital operational functions, above all research and development and marketing. The safety procedures adopted are still in force according to the protocols agreed with the employees and periodically updated. During the first quarter of 2021, the daily life and activities of the Group took place under almost normal conditions but above all without forced interruptions.

The commercial structures were able to benefit from the range of innovations introduced in 2020, pending the new additions planned for 2021 to further contribute to the success of the sales activity.

In the **industrial sector**, the improvement of the performance of laser cutting systems continues, with 30KW sources now firmly in our sales catalogs.

In the **medical sector**, Nd: YAG and Alexandrite systems launched in the second half of 2020 have been the driving force in hair removal, while for body contouring the technology of high intensity magnetic fields joins the functions added to the flagship Onda system, based on the localized and selective microwave emission. TFL systems (fiber optic laser with Tullium source) are entering a phase of introduction on the market and there will be several more products to see the light in 2021.

We are experiencing a widespread problem at a global level, in obtaining timely supplies on various materials. The delivery delays of certain electronic, opto-electronic, plastic and metal components became longer in recent months, creating some difficulties for the production processes. Although this led to lower efficiency of the production processes, increase in the costs of components and need to increase stocks of raw materials, the Group is positively continuing all its activities.

As part of our activity for the conservation of artistic heritage, in recent months we have started a collaboration of great prestige, engaging two sophisticated systems for cleaning the surfaces of Notre Dame in Paris, deeply damaged by the carbon black of the 2019 fire. At the moment the two lasers are successfully operating on the chapels dedicated to Our Lady of Guadalupe and San Ferdinando.

One year after the spread of the pandemic from the epicenter of Wuhan to the whole world, the Group is resolutely emerging from the subsequent impasse. Although still in anomalous and uncertain conditions of the markets on which the Group operates, very positive results were achieved.



In the 1Q of 2021, revenues showed a significant increase of about 60%, more marked in the industrial sector. The **Medical** sector recorded a growth of approximately 26% compared to the same period of 2020 with a turnover of 67.2 million euros compared to 53.5 million euros in 1Q 2020. The **Industrial** sector recorded revenues up by about 153% at 49.1 million euros vs. 19.4 million euros in the first quarter of 2020. It should be emphasized that beyond the comparison with the first quarter of 2020, that was already heavily penalized by the spread of the pandemic in China and Italy, the results of this 2021 are very positive in absolute value.

Within the **medical and aesthetic systems** sector, which accounts for 57% of revenues, there was a strong recovery in the Aesthetics and Therapy segments which grew by 52,0% and 44,2% respectively. The leap in sales of aesthetics assumes a very significant value and is based on solid growth, in particular in hair removal and body contouring applications, also due to a strong offer of innovative systems with Alexandrite technology (for hair removal) and an articulated range of technologies for body treatments. The Surgery sector decreased (6,1%) due to the difficulty of accessing hospitals and the focus of hospital activities on Covid, a trend that had not yet affected the market at the beginning of 2020.

In the **industrial applications sector**, revenues showed an important overall recovery of approximately 153%, recording variations between 47% and approximately 206% in all the main segments. Growth in the cutting sector was 205,5%, with a turnover of 39.3 million of euro in the first quarter of 2021 compared to 12,8 million of euro in the same period of 2020, which suffered the halt of Chinese activities and partially of the Italian ones. Marking grew by 47,5% on the first quarter of 2020, recording sales for approximately 5,1 million of euro compared to 3,4 million of euro in 1Q 2020; sales of laser Sources recorded an approximately 47% increase compared to the same period of 2020 with a revenue at 1,1 million of euro.

In terms of **geography**, 63,8% growth was recorded in the Rest of the World with a revenue of 69.9 million of euro compared to 42,7 million of euro in 1Q 2020 and equal to 60.1% on total revenues, followed by Europe where sales were 23,6 million of euro compared to 18,7 million of euro in the same period of 2020, equal to 20,3% on total. In Italy the sales result was 22,8 million of euro compared to 11,5 million of euro in the first quarter of 2020, 19.6% of total revenues.

Gross Margin for the first quarter was 43,6 million of euro, an increase of approximately 38,5% compared to the 31,5 million of March 31, 2020 and a sequential improvement compared to the level recorded in the fourth quarter of 2020.

As an effect of the operating leverage and the substantial savings in sales and marketing expenses for trade fair and congress travel, prevented by the pandemic, **EBITDA** was widely positive for 15,6 million of euro, an increase of approximately 119,9% compared to 7,1 million of euros as of March 31, 2020. EBITDA Margin in the first quarter of 2021 was equal to 13.4% exceeding EBITDA Margin of 9,7% registered in 1Q 2020.

EBIT for the quarter was positive for 12.9 million of euro, up by 187,5% compared to the 4,5 million of euro of March 31, 2020. EBIT margin was 11,1% up on the 6,2% of the previous year and marking a very satisfactory level, in line with the Group's most ambitious objectives.

The **pre-tax result** had a balance of approximately 14,1 million and recorded a significant 199,3% increase compared to the 4,7 million of March 31, 2020.

The **net financial position** of the Group was positive for approximately 75,8 million of euro, up compared to approximately 69,2 million of euro at 31 December 2020. The cash flows generated by operating activities covered the needs deriving from the physiological increase in working capital in this phase of growth and forecast of further rapid growth, and those resulting from capital expenditures. The share capital increase collected by the company in connection to the exercise of the stock options assigned to employees, summing up 3,2 million of euros in 3 months, also



contributed to the improved financial position. The solid financial position allows the Group to define its growth strategies with great freedom.

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The *manager in charge of preparing the corporate accounting records*, Enrico Romagnoli, declares, pursuant to paragraph 2, article 154-bis of the Consolidated Finance Law, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

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Other resolutions of the Bod

During the meeting, the Board of Directors appointed the members of the committees referred to in the Corporate Governance Code of listed companies and more specifically the "remuneration committee", the "control and risk committee, for transactions with related parties and for sustainability "and the" nomination committee ".

The Board of Directors also positively assessed, on the basis of the information available, the independence of the non-executive directors Fabia Romagnoli, Daniela Toccafondi and Michele Legnaioli.

Business outlook

The beginning of 2021 is confirming and surpassing the forecasts of rapid growth in turnover and profitability, in line with the growth path outlined before the pandemic. The Group is aware that the uncertainties still arising from the evolution of the pandemic and the effects of the relaunch measures could, even in the short term, negatively affect the markets on which it operates. At the moment we are experiencing a particularly positive phase of demand. The current trend in the acquisition of orders in the main application segments suggests the possibility of reaching 500 million in annual turnover while maintaining EBIT at around 10%.

As required by Consob, the Quarterly report on March 31st, 2021 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website www.elengroup.com ("*Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2021*") from May 14th, 2021 and on authorized storage website www.emarketstorage.com.



CONFERENCE CALL

On Monday May 17th, 2021 at 15.00 CET (14:00 GMT) (9:00 EST), EL.EN. S.p.A. will hold a conference call discussing the Group's financial results. The following link can be used to participate:

EL.EN. S.p.A. Q1 Financial Results 2021 (Video Conference)

Join: <https://polytemshir.it/zoom.us/j/82312641303?pwd=NTU5cEtIRW5XaVE4UER3MHFXVGZnZz09>

Meeting ID: 82312641303

Password: 720113

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+39 02124128823 Italy (toll)
+1 2532158782 US (toll)
+1 3462487799 US (toll)
+1 6699006833 US (toll)

Prior to the conference call, download of the presentation will be available on the Investor relation page of the El.En. website: <http://www.elengroup.com/en/investor-relations-en/company-presentations>.

El.En., an Italian company, is the parent of a high-tech industrial Group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications. The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;
- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;
- Laser systems for scientific research

EL.EN has been listed on the Star (MTA) of Borsa Italian with a market capitalization amounts to Euro 684 million.

Cod. ISIN: IT0005188336
Code: ELN
Listed on MTA
Mkt cap.: 684 million of euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended March 31st , 2021 (unaudited)

Income Statement	31/03/2021	Inc %	31/03/2020	Inc %	Var. %
Revenues	116.367	100,0%	72.945	100,0%	59,53%
Change in inventory of finished goods and WIP	6.133	5,3%	9.742	13,4%	-37,04%
Other revenues and income	709	0,6%	914	1,3%	-22,48%
Value of production	123.209	105,9%	83.601	114,6%	47,38%
Purchase of raw materials	75.891	65,2%	51.173	70,2%	48,30%
Change in inventory of raw material	(6.001)	-5,2%	(6.096)	-8,4%	-1,55%
Other direct services	9.677	8,3%	7.012	9,6%	38,01%
Gross margin	43.642	37,5%	31.512	43,2%	38,50%
Other operating services and charges	8.818	7,6%	8.773	12,0%	0,50%
Added value	34.824	29,9%	22.738	31,2%	53,15%
Staff cost	19.263	16,6%	15.661	21,5%	23,00%
EBITDA	15.561	13,4%	7.077	9,7%	119,88%
Depreciation, amortization and other accruals	2.627	2,3%	2.579	3,5%	1,86%
EBIT	12.935	11,1%	4.498	6,2%	187,54%
Net financial income (charges)	1.228	1,1%	317	0,4%	287,27%
Share of profit of associated companies	(64)	-0,1%	(106)	-0,1%	-38,98%
Income (loss) before taxes	14.099	12,1%	4.710	6,5%	199,33%

NOTE:

The El.En. Group uses some alternative performance indicators that are not identified as IFRS accounting measures, in order to better assess the Group's performance. Therefore criteria of determination applied by the group may not be homogeneous with that adopted by other groups and the value obtained may not be comparable.

These alternative performance indicators, determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA / 2015/1415 and adopted by CONSOB with communication no. 92543 of December 3, 2015, refer only to the performance of the accounting period covered by this release and the periods to be compared.

The Group uses the following alternative performance indicators to evaluate the financial performance:

- **Gross margin from operations**, also known as "EBITDA", it's also an indicator of operating performance and it's calculated by adding the EBIT the entries under "Depreciation, amortization and other accruals";
- **Added Value**, determined by adding to EBITDA the item "For staff costs";
- **Gross Margin**, an indicator of sales margins calculated by adding to the Added Value the line " Other operating service and charges ";
- The impact of the various income lines on revenue.

The Group uses as alternative performance indicators to evaluate their ability to cope with financial obligations:

- **Net Financial Position** as: cash and banks + securities held as current assets + current financial assets – long term financial liabilities - current financial liabilities

Fine Comunicato n.0481-50

Numero di Pagine: 9