QUARTERLY FINANCIAL REPORT AS OF MARCH 31ST, 2021

El. En. Group

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17
Capital stock: Underwritten and paid : € 2.584.056,28 (*)
Registry of Companies in Florence – C.F. 03137680488

(*) as of the date of approval of this document

This document has been translated into English for the convenience of readers who do not understand Italian.
The original Italian document should be considered the authoritative version.

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financial statement on March 31st 2021)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Daniela Toccafondi

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

Executive officer responsible for the preparation of the Company's financial statements in compliance with Law 262/05

Enrico Romagnoli

Independent auditors

Ernst & Young S.p.A.

EL.EN. GROUP

QUARTERLY MANAGEMENT REPORT

AS OF MARCH 31st 2021

Quarterly report

Right in this period we are celebrating the fortieth anniversary of the foundation of El.En. Spa, an occasion that occurs in a particularly prosperous moment for the activities of the Group and demonstrates the extraordinary initial intuition of the founders and the exceptional quality and intensity of the work that they and their collaborators have conducted over the years.
Sadly, just a few days before this anniversary, Prof. Leonardo Masotti, one of the two founders of the company left us. He was the scientific soul of El.En. and inspired the most significant products and innovative processes and, as a university professor, generously shared his knowledge with his students and all of the internal structures of El.En. He will be remembered with affection and gratitude.

Introduction

This quarterly report as of March 31st 2021 for the El.En. Group was drawn up in compliance with the Regulations of the Italian Stock Market for the companied that are quoted in the STAR segment (art. 2.2.3, sub-section 3) which requires the publication of a quarterly report within 45 days after the end of each quarter, as per Notice 7587 of April 21st 2016 issued by the Borsa Italiana. Consequently, as stated in the above mentioned Notice, in relation to the contents of the Report for the quarter ending March 31st 2021, we have made reference to sub-section 5 of art. 154-ter of Legislative Decree February 24th 1998 no. 58. This document also contains the information previously inserted in the preceding quarterly reports.

The task of examining the data and the information provided in this report has not been assigned to Independent auditors, because, as of this writing, it is not compulsory.

The results as of March 31st 2021 are shown in comparative form with those for the same quarter last year. All amounts are expressed in thousands of Euros unless otherwise indicated.

Alternative Non-GAAP measures

The El.En. Group uses some alternative performance measures which are not identified as accounting measures that are part of the IFRS in order to offer a better evaluation of the performance of the Group. Consequently, the criteria applied by the Group may not be homogeneous with that used by other companies and the results obtained may not be comparable with the results shown by these latter.

These alternative performance measures, determined in conformity with the guidelines for alternative measures issued by ESMA/2015/1415 and adopted by the CONSOB with notice nr. 92543 on December 3rd 2015, refer only to the economic performance of the period being considered and those with which it is being compared.

The Group uses the following alternative non-GAAP measures to evaluate the economic performance:

- the **earnings before income taxes, devaluations, depreciations and amortizations** or "EBITDA", also represents an indicator of operating performance and is determined by adding to the EBIT the amount of "Depreciations, Amortizations, accruals and devaluations";
- the **added value** is determined by adding to the EBITDA the "cost for personnel";
- the **gross margin** represents the indicator of the sales margin determined by adding to the Value Added the "Costs for operating services and charges".
- the **incidence** that the various entries in the income statement have on the sales volume.

As alternative performance indicators to evaluate its capacity to meet their financial obligations, the Group uses:

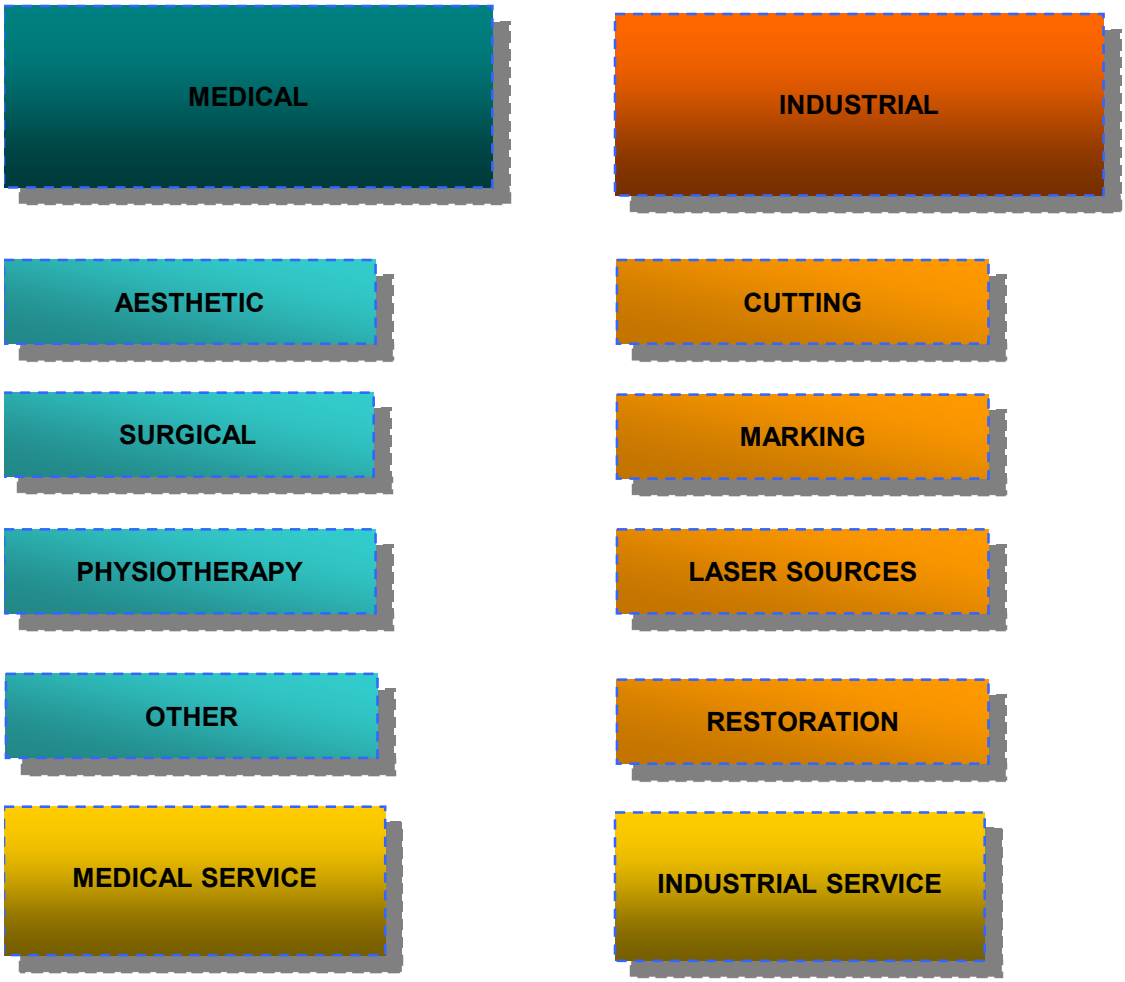
- the **net financial position** which means: cash available + securities entered among current assets + current financial receivables – debts and non-current financial liabilities - current financial debts.

DESCRIPTION OF THE ACTIVITIES OF THE GROUP

El.En was founded in 1981 and arose from the intuition of a university professor and one of his students. The Company developed over the years and became a multi-faceted, dynamic industrial group specialized in the manufacture, research and development, distribution and sale of laser systems.
The founders, Professor Leonardo Masotti and his wife, Barbara Bazzocchi, and Ing, Gabriele Clementi, have always conducted the company and are still part of the top management.
The laser, an acronym for "**Light Amplification by Stimulated Emission of Radiation**" is a fascinating technology invented in 1960 and represents the fulcrum of the technology of the Group. This luminous emission with its unique characteristics (monochromaticity, consistency, brilliance) found and is still finding a growing number of applications which have given rise to its own specific industrial sectors and in others has radically changed the way in which they operate. Telecomunications, sensors, printers, lithographs, numerous processes in industrial manufacturing, numerous medical and aesthetic applications have been able to benefit from the innovations made available by the versatility, precision and reliability of laser systems. As Prof. Gérard Mourou - Nobel prize for physics in 2018 for the invention of chirped pulse amplification or CPA, which was later used to create ultra-short high intensity laser impulses (terawatt) - pointed out during his visit in January 2019 to the headquarters of Quanta System Spa in Samarate (VA), "the best is yet to come"! Scientific research and applied industrial research will continue to find innovative applications for laser technology from which we can all benefit directly or indirectly.

Among the many types of laser sources and applications that have been developed, the Group has always been specialized in systems for two particular sectors: laser systems for medicine and aesthetics which we call the Medical sector and laser systems for manufacturing which we call the Industrial sector. Each of these sectors is divided into various segments which vary from each other because of the specific application of the laser system and, consequently, for the specific underlying technologies and the type of user. For this reason, the activity of the Group which is generically defined as the manufacture of laser sources and systems, actually has a wide variety of products which are used by many different kinds of clients, also due to the global presence of the Group which forces it to adapt to the particular methods which every region in the world has in the adoption of our technologies.

Over time, the Group has acquired the structure which it now has through the creation of new companies and the acquisition of the control in others. The activities are conducted by this diverse group of companies which operate in the fields of manufacture, research, development distribution and sale of laser systems. Each company has been assigned a specific task which sometimes is based on its geographical location, sometimes on a specific market niche, and other times on a more extended and transversal area of activity including different technologies, applications and geographical markets. The activities of all of the companies are coordinated by the Parent Company in such a way that the available resources can be put to the best use on the markets and take advantage of the dynamism and flexibility of each single business unit without losing the advantages of a coordinated management of some of the resources.
In our sectors of the market, the wide range of products, the capacity to segment some of the markets in order to maximize the overall quota held by the Group, together with the opportunity of involving managerial staff as minority shareholders are at the base of the company organization of the Group. The high number of different companies that compose the Group is based on the linear subdivision of the activities which we have identified also for purposes of reporting but, above all for strategic purposes, as shown below:



An integral part of the main company activity of selling laser systems, is that of the post-sales customer assistance service which is not only indispensable for the installation and maintenance of our laser systems but also a source of revenue from the sales of spare parts, consumables and technical assistance.

The division of the Group into numerous different companies also reflects the strategy for the distribution of the products and for the organization of the activities for research and development and marketing. El.En. is one of the most successful groups on our market, thanks to a series of acquisitions concluded over the years, in particular, in the medical sector (DEKA, Asclepion, Quanta System and Asa). Following an approach that is unique and original for our sector, each company that has entered the Group has maintained its own special characteristics for the type and segment of the product, with brands and distribution networks that are independent from the other companies of the Group and represent a real business unit. Each one has been able to take advantage of the cross-fertilization which the individual research units has had on the others and has made their own elective technologies available to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.
While we recognize the importance that the multi-brand and multi-R&D has had on the growth of the Group, at the same time we realize the need to increase the coordination between the activities of the different business units of the medical sector and promote the joint activities like distribution in Italy which, under the new brand name of "Renaissance" will unite into a single organization the pre-existing networks of Deka and Quanta System.
In 2020 the integration of the Group networks continued: the Asclepion laser systems for aesthetic applications will be available for sale in Italy through the Renaissance network which further reinforced its leadership in the territory, while, at the same time, the distribution network of Asclepion in Germany offered the Deka systems. An optimal integration of the medical business units is, in fact, one of the objectives of the General Director of El.En. Spa, who took on this role, a new one for the company, on January 1st of 2017.

Although they both use laser technologies and share numerous strategic components and some activities at the R&D and production level, the Medical and Industrial sectors are active on two completely different kinds of markets. Their internal operations are organized in such a way as to satisfy the radically different needs of the clients of the two different

sectors. Moreover, specific dynamics in the demand and expectations for growth that are connected to different key factors correspond to each of the two markets.
The outlook for mid-term growth is positive for both markets. In the medical sector, there is a constant increase in the demand for aesthetic and medical treatments by a population which, on the average, tends to age and wishes to limit as much as possible the effects of aging. There is also an increased demand for technologies that are able to minimize the duration of surgical operations and of post-operative recovery or to increase their effectiveness by reducing the impact on the patient (minimally invasive surgery) and the overall costs.
For the industrial sector laser systems represent an increasingly indispensable tool for manufacturing since they offer flexible, innovative technologies to companies that are competing on the international market and wish to raise their qualitative standards and increase productivity. Although they continue to be used on the traditional market of manufacturing, laser systems represent a high-tech component of it which, thanks to the continued innovation of the laser product and processes that lasers allow, presents excellent prospects for growth.

Growth in the industrial sector is expected thanks to the increase in productivity and in the quality of the products along with the great flexibility that laser operations bring to numerous manufacturing processes. Although they still refer to traditional manufacturing systems, both our cutting technologies, which transform the product, and our marking systems, which identify it or decorate it, respond to specific requirements of the manufacturing sector which are increasingly requested. Another factor which contributes to the demand are the technological innovations which make the products increasingly easy to use, productive and versatile and in this way increase the range of potential customers.

It should also be noted that, in the presence of the excellent outlook for the growth of our markets, the Group has succeeded in acquiring new portions of the market and create new application niches thanks to their innovations. The adequacy of the range of products offered, the capacity to continually renew it in order to meet the demands of the market or, even better, create new ones, are the critical factors for our success. The El.En. Group has had and still has, the ability to excel in these activities. The lengthy section in this document dedicated to Research and Development is a demonstration of the importance of these activities for the Group and the particular focus that is directed to dedicating the necessary resources that are needed to guarantee the prosperity of the Group in the years to come.

Group financial highlights

During the first three months of 2021 the El.En. Group registered a sales volume of 116 million Euros and an EBIT of about 12,9 million Euros.
With the results shown at the end of 2020, the gradual increase in the growth of the Group continued after the parenthesis due to the effects of the Covid virus and registered a sales volume and revenue that were in line with the forecasts which had been made before the spread of the pandemic.
In 2020 we were all pleased to observe the remarkable resilience of the Group which had been able to maintain a positive trend and a growth in sales volume despite the extremely adverse conditions. Now, at the beginning of 2021 it gives us great satisfaction to report results that are very solid and positive in absolute terms. The activities and the investments which had been set up in recent years to facilitate the rapid growth which had been programmed in the various sectors of our business are now starting to reach the goals that we had set.

The effects that the pandemic continues to have on our everyday life and on our economic activities are still very evident and create inconveniences and problems which reflect negatively on many of the markets. Our operating activities in Europe are forced to deal with the limitations imposed by the measures restricting access to the companies and they have had to resort to smart working in order to reduce the presence of employees in the offices, and the impossibility or great difficulty of travelling internationally. Thanks to the positive reaction to the pandemic by some of the niche markets, to the adequacy and proactiveness of our operating structures and, even when the pandemic was raging, the capacity to continually supply our distribution networks with products which were of great interest to the clientele, we are now able to reap the benefits of our efforts. The results are shown concretely in the sales volume and the quantity of orders received which is now at an all time high.

As soon as the pandemic started to spread the companies of the Group adopted safety measures intended to protect the health of our employees and collaborators so that they could work in our offices and laboratories in conditions of complete safety using the opportune social distancing and in conformity with the regulations which were meant, above all to reassure the workers. For this reason smart working was used on a broad scale although the lack of direct interaction represents a significant limitation to the effectiveness and creativity in many vital functions, particularly research and development and marketing. All of the safety procedures are still in place according to protocols which have been agreed upon with the employees and which are periodically up-dated. During the first quarter of 2021 our daily life and the activities of the Group were conducted in conditions which were almost normal and, above all, without having to undergo forced interruptions.

Our marketing structures were able to benefit from the new range of products introduced in 2020 and from some new products like the latest version of Onda *Coolwaves* complete with a massaging handpiece, while we wait for the new arrivals planned for 2021 to further contribute to the success of the sales activities.

In the industrial sector, the improvement in the performance of the cutting systems, with 30 KW laser sources, continues, and the first installations, thanks to our know-how and our particular ability, have now been transformed into a standard selling item.
In the medical sector the drivers in the hair removal sector are the Nd:YAG and Alexandrite systems launched in the second half of 2020, Elite iQ and Again, while for *body contouring* the technology of the high intensity magnetic fields has now joined the additional functions of the prime system, Onda, which uses microwave technology. The TFL systems (lasers in optical fiber with Thulium sources) are now experiencing their first phase of significant sales.

It should be noted that we are encountering significant difficulties in the rapid procurement of various types of materials. The delivery times for some electronic, plastic and metal components have become very long in the last few months and create major problems for our production processes. Up to now we have never had to stop the production line for lack of materials, but the effects of this problem have had, and continue to have, a significant impact which has as a result: decreased efficiency in the production process due to the need to continually adapt the programs according to the materials available which do not always coincide with that which is needed at a given time; increase in the cost of components since the lack in the supply has had the natural consequence of an increase in prices; the need to increase the stock of raw materials in order to compensate for the long delivery times by the suppliers and prevent problems in the punctual delivery of products to our clients.

If we evaluate the situation of the Group a year after the explosion of the pandemic from the epicenter in Wuhan to the entire world, one can appreciate the way in which we have succeeded in absorbing the effects of the prolonged closure of the factories, the sudden drop in demand and then the continuation of the restrictions on movement, with the Group which is now emerging with great decisiveness from the difficulties caused by the pandemic.

The profound uncertainties related to the evolution of the markets, and the social and economic conditions which will characterize the next few months, remain: the state of an economy recovering after a profound crisis, public finance that is called upon to direct industrial policy with the novelty of a certain abundance of funds, the expansive models of monetary policy which have to be combined with public expenditure of an extraordinary entity and the social and consumer models profoundly altered by the limitations of the pandemic which will have to stabilize in a new normality, the characteristics of which are still not determined.

Even in these anomalous and uncertain conditions our markets, on the one hand, and our organization on the other, have found positive responses which take concrete form in the gradual improvement of our results.

The chart below shows the results of the Income Statement related to the first quarter of 2021, displayed in comparative form with the same results for last year.

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%**

The chart below shows the breakdown of the net financial position of the Group.

Net financial position	**31/03/2021**	**31/12/2020**
Cash and bank	132.687	123.744
Financial instruments	500	0
Cash and cash equivalents	**133.187**	**123.744**
Current financial receivables	**3**	**14**
Bank short term loan	(21.940)	(20.659)
Part of financial long term liabilities due within 12 months	(3.327)	(3.168)
Financial short term liabilities	**(25.267)**	**(23.827)**
Net current financial position	**107.924**	**99.931**
Bank long term loan	(21.057)	(23.366)
Other long term financial liabilities - non current part	(11.047)	(7.398)
Financial long term liabilities	**(32.104)**	**(30.763)**
Net financial position	**75.820**	**69.168**

Operational performance

The chart below shows the subdivision of the sales volume for the first three months of 2021 according to the sector of activity of the Group, compared with the same subdivision for the same period last year.

Before commenting on these figures, we would like to call your attention to the fact that the period with which they are compared, the first quarter of 2020, represented the start of the pandemic which began in Wuhan and spread to the rest of the world. The results for that quarter refer to a period in which all of our industrial activities were completely blocked in China for two and a half months and in Italy for about 20 days in the month of March. In the medical sector, sales in Italy also came to a halt in March, while the international sales had not yet undergone the drop in demand which occurred in the following months.

	31/03/2021	Inc %	31/03/2020	Inc %	Var. %
Medical	67.234	57,78%	53.518	73,37%	25,63%
Industrial	49.133	42,22%	19.426	26,63%	152,92%
Total revenue	**116.367**	**100,00%**	**72.945**	**100,00%**	**59,53%**

The overall growth was close to 60%, and is much more significant in the industrial sector which was almost completely shut down in the first quarter of 2020.

The chart below shows the sales volume divided by geographical area:

	31/03/2021	Inc %	31/03/2020	Inc %	Var. %
Italy	22.776	19,57%	11.532	15,81%	97,51%
Europe	23.632	20,31%	18.709	25,65%	26,31%
ROW	69.959	60,12%	42.704	58,54%	63,82%
Total revenue	**116.367**	**100,00%**	**72.945**	**100,00%**	**59,53%**

As explained above, the comparison has no significance; the recovery of about 20% of the total of the amount of sales in Italy should be noted.

In the sector of medical and aesthetic systems, which represents more than 57% of the sales volume of the Group, the trend is shown on the chart below.

	31/03/2021	Inc %	31/03/2020	Inc %	Var. %
Aesthetic	43.393	64,54%	28.531	53,31%	52,09%
Surgical	10.413	15,49%	11.097	20,73%	-6,16%
Physiotherapy	2.969	4,42%	2.060	3,85%	44,17%
Others	157	0,23%	230	0,43%	-31,79%
Total medical systems	**56.931**	**84,68%**	**41.917**	**78,32%**	**35,82%**
Medical service	10.303	15,32%	11.602	21,68%	-11,20%
Total medical revenue	**67.234**	**100,00%**	**53.518**	**100,00%**	**25,63%**

Sales on the international markets did not show significant losses during the first quarter of 2020, in particular in the segment of surgery. The restrictions imposed by the lockdown had negative effects on the surgical segment more than the others because of the difficulty in gaining access to the hospitals and the focus of all the hospital activities on the care of Covid patients. The drop in sales volume that is registered reflects the weakness of the sector during the months of the pandemic as well as some contingent issues which at the beginning of 2021 slowed down the pace of the line in which surgical systems are produced and which we believe will be recovered in the next quarters.

The jump forward in the sales in the aesthetic sector has a very significant meaning which is only partially diluted in comparison to the first quarter of 2020 halted by the pandemic and is actually based on a solid growth, in particular in the

applications for hair removal and body contouring. Thanks to a series of innovative systems with alexandrite technology (for hair removal) and a complete range of technologies for body treatments (microwaves with skin cooling, superluminescent LED matrices, high intensity magnetic impulses) we have been able to satisfy the demand which, after the pause caused by the first wave of the pandemic, has gradually recovered and been consolidated.

The drop in the sales volume for medical services was caused by a temporary difficulty registered in the production of sterile optical fibers for urology, which represent one of the main elements of this activity. These difficulties will be overcome in the second half.

The chart below shows the breakdown of the sales volume by market segment for the sector of industrial applications.

	31/03/2021	Inc %	31/03/2020	Inc %	Var. %
Cutting	39.269	79,92%	12.854	66,17%	205,50%
Marking	5.075	10,33%	3.440	17,71%	47,52%
Laser sources	1.107	2,25%	752	3,87%	47,22%
Conservation	24	0,05%	228	1,17%	-89,46%
Total industrial systems	**45.475**	**92,55%**	**17.274**	**88,92%**	**163,26%**
Industrial service	3.658	7,45%	2.153	11,08%	69,93%
Total industrial revenue	**49.133**	**100,00%**	**19.426**	**100,00%**	**152,92%**

The comparisons in the industrial sector are based on a benchmark that is not very relevant, in particular in the cutting segment in which two-thirds of the activity is conducted in China. However, this must not detract from the exceptional performance shown by the cutting sector which is now working at an extremely fast phase with volumes of production and sales for which major investments have been made to augment the production capacity which is now used increasingly with a very beneficial effect on the income statement. The trend has been very positive also for the other main segments like marking and laser sources which are now in rapid recovery from the period of crisis and showing substantial profits.

The small segment of restoration is not indicative in this quarter. On the other hand, it has always been a source of great satisfaction for the Group to participate in the restoration of great works of art. In recent months we have been collaborating on the restoration of the cathedral of Notre Dame using sophisticated systems for the cleaning of the surfaces which were profoundly deteriorated by the layers of soot. At this time the two lasers have been used successfully on two of the lateral chapels, the one initially named for St Julian Hospitaller and St Mary Egiziaca, now dedicated to Our Lady of Guadalupe and St Ferdinand.

The following are comments on the Income Statement:

The gross margin was 43.642 thousand Euros, an increase of 38,5% over the 31.512 thousand Euros shown on March 31st 2020, due to the substantial increase in the sales volume. One should not be deceived by the with the first quarter of 2020 which registered a sharp drop in the sales margins (from 43,2% to 37,5%), because the sales mix in 2020 was profoundly different due to the almost zero sales in China in the industrial sector characterized by high volumes and margins that were much lower than the average for the Group. With an incidence of 37,5% on sales on the other hand we registered an excellent result with respect to the preceding quarter (33,8%), thanks to the improvement in the margins in both sectors which contributed significantly to the operating profitability in this quarter.

The costs for operating services and charges were 8.818 thousand Euros, substantially unchanged with respect to the 8.773 registered on March 31st 2020. The incidence on the sales volume however decreased from 12% on March 31st 2020 to 7,6% on March 31st 2021. In this aggregate of cost a decisive element was the savings on marketing expenses due to the cancellation of all international travel and trade fair and symposium activities particularly in the medical sector which represents a significant expense. The only fairs in which we were able to participate were those held in China for the sector of metal cutting with lasers and in Japan for the sector of equipment for aesthetic treatments.

The cost for personnel amounted to 19.263 thousand Euros, an increase with respect to the 15.661 thousand Euros shown on March 31st 2020, with an incidence on the sales volume which, instead, decreased from 21,5% in the first quarter of 2020 to 16,6% on March 31st 2021.

As of March 31st 2021 there were 1.724 employees in the Group, an increase with respect to the 1.626 on December 31st 2020. New hiring was done mostly by the Chinese companies which are now in a phase of rapid growth in their sales volumes and are outfitting their new manufacturing structures.

A large portion of the personnel expenses is directed towards research and development costs, for which the Group receives grants and reimbursements in relation to specific contracts underwritten by the institutions created for this purpose.

As a consequence of the amounts mentioned above, thanks to the increase in sales volume and the improved management of the overhead costs, the EBITDA amounted to 15.561 thousand Euros, an increase of about 120% with respect to the 7.077 thousand Euros shown on March 31st 2020. The EBITDA also increased in its incidence on the sales volume, which was 13,4% as opposed to 9,7% on March 31st 2020.
The costs for amortizations, depreciations and accruals showed a slight increase, and rose from 2.579 thousand Euros on March 31st 2020 to 2.627 thousand Euros on March 31st 2021, but the incidence on the sales volume decreased from 3,5% to 2,3%.

The EBIT therefore amounted to 12.935 thousand Euros, a substantial increase with respect to the 4.498 thousand Euros for the first quarter of 2020, with an incidence on the sales volume which increased to 11,1% from 6,2% for the same period last year. This is a record result for the first quarter which usually registers sales volumes that are lower than the annual average and for this reason not able to fully benefit from the operating leverage.

The financial income amounted to 1.228 thousand Euros with respect to the 317 thousand Euros registered for the same period last year and benefited from the favorable currency exchange rate with the US dollar which was re-evaluated with respect to the Euro during this period.

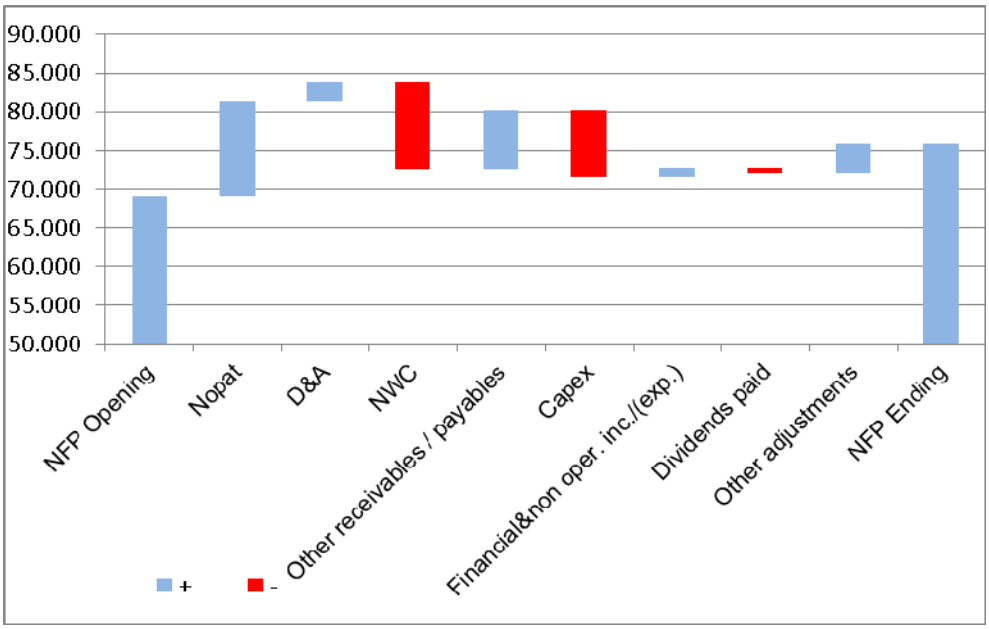
The income before taxes amounted to 14.099 thousand Euros, an increase over the 4.710 thousand Euros shown on March 31st 2020.

Financial position and investments

Comments on the net financial position

The net financial position for the period showed an increase of about 7 million, and rose from 69,2 million shown on December 31st 2020 to 75,8 million on March 31st 2021.
The cash flow generated by the operating activities covered the normal increase in working capital in this phase of growth and expectations for a continued rapid growth, and those derived from fixed investments. The improvement in the financial position was also due to the increase in capital cashed in by the company, as a consequence of the stock options assigned to their employees, for an amount of 3,2 million Euros in 3 months. Their solid financial position allows the Group to use great discretion in sustaining its growth strategies. In this case, the cash will also be used in order to pay the share holders after the suspension of payment of dividends which was considered to be opportune in 2020.

The graph below shows the determining factors in the variations of the net financial position:



It should be noted that the amount of postal and bank deposits of the Chinese companies includes 8 million Euros in deposits that are restricted until the expiration date of some payments to suppliers with the issuance of bank bills.

It should also be recalled that 11,5 million Euros in cash was invested in previous years by the Parent Company El.En. in financial instruments of an insurance type which, because of their characteristics do not have to be entered among the non-current financial assets and also the subsidiary company Quanta System for 2,5 million Euros invested in similar financial instruments; although these investments represent a use of cash, they are not part of the net financial position. At the end of this period the total fair value of the investments was 15,2 million Euros.

Gross investments made this quarter

The chart below shows the gross investments made this quarter.

	31/03/2021	31/03/2020
Intangible assets	409	167
Tangible assets	7.482	3.156
Financial fixed assets		20.130
Total	7.891	23.453

The investments in tangible assets practically doubled since the first quarter of last year. The most important item was represented by the purchase by Cutlite Penta of Prato of a manufacturing building for their production activities which are now in a phase of rapid growth, located adjacent to their operating headquarters, which will offer the advantage of facilitating coordination of the operations inside of a single industrial complex.
The amount entered among the assets for this investment was about 5 million. About 1,5 million in fixed investments this period were related to the completion of the buildings in Torre Annunziata and Wenzhou (the second factory in this city) and the start up of the construction of a second factory in Lin Yi.
The substantial investment in intangible assets is related to the installation of new management software at Quanta System. The investment of 20 million in financial assets on March 31st 2020 referred to the purchase of a quota of 29,7% from the minority shareholders of Penta Laser Wenzhou.
The substantial rise in investments in the first quarter will slow down in the following quarters because the purchase of the building by Cutlite Penta is a single non-repeatable event.

Research and Development activities

During the first quarter of 2021, despite all of the difficulties caused by the Covid pandemic emergency, we continued conducting research and development activities according to the strategy which, in times of crisis, is even more valid, pursuing continual innovation intended to open new applications for laser and other energy sources both in the medical and industrial sectors (which includes the applications for the conservation of our cultural heritage) and to release on to the market products that are innovative because of the performance of the devices and/or the technologies that are used.

In general, for highly technological products in particular, the global market requires that the competition be met by rapidly and continually placing on the market completely new products and innovative versions of old products with new applications or improved performance which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid- to long-term schedules.

In our laboratories we conduct research in order to identify and understand real problems in some sectors of medicine and, on the basis of the experience and know-how that we have acquired, we look for solutions concerning the interaction of the electro-magnetic waves, mainly of the laser light, with biological materials, by conducting experiments and preliminary tests in the laboratories that have been specifically created for this purpose at El.En. For industrial applications and for the conservation of works of art we also study the interaction between the electro-magnetic waves and inert materials.
Moreover, for the laser systems that are dedicated both to new and consolidated applications we continue to develop technologies to improve the performance, efficiency and sustainability by applying a process of continual improvement, on one hand, of the laser sources by making a selection of its spectral content, the methods for generating it and the optimal level of power and, on the other hand, we program its management over time in relation to the laws governing its disbursement and in space as far as the shape and movement of the light beam to be applied to the target is concerned.

The research which is aimed at obtaining mid-long-term results is generally oriented towards highly innovative subjects which represent major entrepreneurial risks, which are, however typical of our international dimension and inspired by intuitions which have arisen within our companies or by prospects indicated by the scientific work conducted by advanced research centers throughout the world, some of which we continually collaborate with.

The applied research which is dedicated to achieving results according to a short-term schedule is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and performance specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification.
The research which is conducted is mainly applied and is basic for some specific subjects generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries. In China the expenses for research and development have fiscal advantages due to the increased deductibility.

The El.En. Group is at this time one of the few companies in the world that develops, produces and markets the widest range of technologies available including solid state lasers, semi-conductor lasers, active fiber lasers, dye lasers, CO_2 lasers as well as frequency conversion systems like OPO and Raman, which are able to supply solutions from infrared to ultraviolet with various levels of power and duration of emission in order to satisfy a vast range of applications.

Moreover, besides laser technology, El.En. is active in other technologies related to other types of electro-magnetic energy, in particular radio-frequency, microwaves and high intensity electro-magnetic fields. Consequently research and development activity is directed to many different systems, sub-systems and accessories.
Without going into excessive detail, a description of the numerous sectors in which the research activities of the Parent Company and some of the subsidiary companies have been involved is given below. We conduct an intense activity in order to obtain patents and protect the intellectual property of our inventions; this process becomes increasingly difficult over the years because of the policies of protectionism promoted by the most technologically advanced nations.

Systems and applications for lasers in medicine

The Parent Company, **El.En.,** in collaboration with **DEKA** and more recently with **Quanta System** and **Elesta**, have been active conducting research on biological samples and cell cultures in the laboratory and clinical experiments for applications in the surgical field of devices and sub-systems based on the use of electro-magnetic energy. There are numerous applications in the fields of general surgery, otolaryngology, aesthetic medicine, gynecology, dermatology, urology and vulnology.

Since the month of November 2020 DEKA has its own Medical Advisory Board for women's genital health, the applicative segment of the CO^2 laser system which recently added to their range of products the new "**Monnalisa Glide"**, system, an evolution of the "Mona Lisa Touch", one of the main products of the Group to which a vast amount of scientific and experimental literature is dedicated. This new system is includes the addition of a non-ablative spectral component with a wave length of 1540nm combined with the traditional CO_2 radiation laser for the purpose of improving the treatment of vaginal atrophy.
In the sector of dermatological applications, we continued our research activity related to a new product, **RED TOUCH**, based on a laser source with red emission which represents a unique and innovative solution for the photo-rejuvenation of the skin, based on the direct interaction of the radiation with the collagen present in the tissue, which after studies conducted at the El.En. PhotoBioLab di El.En. great effectiveness in stimulating the neo-collagenogenesis of the elastic fibers which greatly improve the appearance of the skin.

We have continued to collect clinical data to confirm the methods used in the **Luxea** equipment, whose performance comports a number of uses for various applications in aesthetic medicine; in this equipment the main laser sources for various applications have been added. The level of integration and management met with the approval of the first experimenters and clients who bought it.
In particular, we are now conducting clinical experiments on a new important accessory which will be able to offer a unique solution to complete the range of treatments for vascular lesions including angiomas and "port wine stains", based on proprietary technology; release on the market is planned for the third quarter of 2021.

We have continued to gather objective data for the clinical evaluation of the results to enrich the specific scientific literature related to our innovative system for body shaping, **Onda Coolwaves** which was released on the market in the first quarter of 2021 in an improved version with a new handpiece for massaging the parts that have been treated and further improve the effectiveness of the Coolwaves treatment.
In the segment of Body Contouring we concluded the development of systems with matrix technology using superluminescent LEDs combined with electro-stimulation for the reduction of adipose layers and systems for muscular stimulation for the reduction of localized adipose based on electric (**PhysiQ**) or magnetic (**Schwarzy**) stimulation
These devices using electro-magnetic fields for the stimulation of specific muscle masses of the body have potential also for applications in the rehabilitation sector and in the first quarter of 2021 achieved significant results on the market. We are now conducting further tests aimed at improving the performance of the devices and the quality of the treatments thanks to the development of specific applicators.

During the first quarter of 2021 at El.En. Spa we increased the staff of the new department, **Clinical Research and Practise (CRP)**,which was created for the purpose of improving the effectiveness of the process of clinical development (an integral part of the development of new products, with relative testing, pre-launching and opportune physical and clinical debugging) and in order to develop material to improve support of the marketing, white paper and scientific articles, as well as the capitalization of laboratory experiments at El.En. The new CRP department coordinates the activities of the PHOTOBIOLAB laboratory of El.En., creating a very effective synergy in the reduction of the times required to obtain the validation of the clinical results by means of the analysis in real time of the histological samples that are produced and in this way offer a very useful service to all of the companies of the Group.

In the sector of hair removal we have continued research and development activity aimed at optimizing the clinical aspects of the new high-end products ("**Elite-IQ" and "Again"**), and in particular we are studying the temporal structure of the impulses produced for the purpose of improving the effectiveness of the treatment by reducing the discomfort, also in association with specific processes for cooling the skin during the treatment.

In the field of gynecology we have been working on the development of systems for the treatment of incontinence caused by stress and, in particular we have completed a medical system called **"Dr Arnold"** for the stimulation of the pelvic floor by means of high intensity magnetic impulses.

For surgical applications we have continued research and development activities related to CO_2 laser technology. We created new accessories and systems including the "***Multipulse Pro Duo"*** which is marketed by the subsidiary Asclepion, a system which makes it possible to perform a vast range of surgical operations thanks to the double arm-fiber

function. In the first quarter of 2021 we also released a new CO_2 system for surgical applications dedicated exclusively to delivery applications in fiber and we are now completing the medical certification of the multiuse (reprocessable) sterile wave guides produced by Quanta System SpA.

During the first quarter of 2021 DEKA obtained the medical certification of their new product, **"SmartPico"**, a laser system dedicated mainly to applications for the removal of tattoos and benign pigmented lesions which operates on a picosecond regime.

The SVATT project saw El.En. involved in a research partnership called ATS (*Associazione Temporanea di Scopo*). As part of the SVATT project they will be conducting research and development projects for the creation of a new technology which is solid enough and transmittable to the reality of hospitals for making products that can be used in the field of immunotherapy and immunotherapy re-enforced by nano-particles for the treatment of the melanoma pathology.

At **Quanta System** they have continued work on the development of laser instruments designed for the market of aesthetic medicine and the sector of medical therapies in urology, also using new technologies for the manufacture of sources with emission characteristics capable of further improving the performance of the systems already available on the market.
Also for urological applications, they are now enlarging the family of fiber lasers with Thulium wave lengths, TFL. In particular, besides the compact 60 W sources with high-powered peak, a version with 80W power will soon be available.
They have continued the comparative study between TFL sources and the existing technologies in order to evaluate the particulate obtained in urological lithotripsy.
They are also proceeding with the development, design and prototyping of a new laser system for urology, all solid state functioning at a continuous regime, impulsed and with ultra-short impulses. The possibility of using a single system for all of these options will make it possible during urological lithotripsy to treat concretions with different densities in different conditions and this in turn will make it possible to use applications which are now possible only using multiple systems.

Among the other products developed by Quanta System this year, we should note the continuation of the activity for the development and innovation in dermatology in the segment dedicated to the removal of tattoos, skin lesions and dermatological lesions in general.
The new solid state laser handpiece (OPO) for the generation of wave lengths in red (694 nm) using a patented pump energy delivery system is now available on the Pico and Q-switch systems.
They have also completed the prototyping of the zoom handpiece with variable focal length for the Pico and Q-switch systems and it will be available on the new systems as well as being compatible with the machines which have already been installed.
They have continued with the designing and prototyping of a new platform which is an evolution of the EVO system and will include all the long impulse sources available with outlet in fiber. They will use source technology and new materials in order to increase the optical power specifications. This system will make it possible to combine different sources in a single or simultaneous function with new specifications.
They have continued the development of a new generation of handpieces and accessories for applications in dermatology. In particular, on the new platform there will be new interchangeable zoom handpieces which will make it possible to amplify the range of spot laser and the density of energy.
They have proceeded with the development of new accessories for cooling the skin which are part of a family of accessories with contact and air cooling which improve the efficiency and ergonomics and can be completely integrated on to multiple source platforms. This development will guarantee an improvement in the uniformity of the distribution of the gradient of the contact temperature which will increase the comfort of the patient during dermatological applications like hair removal, vascular lesions and skin rejuvenation. Moreover the new design will increase the efficiency, comfort and simplicity of use for the user.

At **Asclepion** they are now completing the development activities that are part of a strategy of updating of all the systems in the catalog which includes a new philosophy of user interface, new electronics ad new design. They have developed an automatic recognition system for blood vessels for vascular treatments using a camera, and they are now conducting technical and clinical experimentation.

In the first quarter of 2021 at **Elesta** they concluded the development of sterile accessories for micro-invasive laser treatments guided by images. They have developed a new hardware platform for the ESI (Echolaser Smart Interface) device and extended the application to the programming of treatments for malignant pathologies mainly in endocrinology and urology. They have developed an infrastructure for remote control of the device which is useful for support and tutoring during the laser treatments. They have applied for a new patent.

Our associated company **Accure Acne Inc.** obtained the EU brand for their Accure Laser ™ system for the treatment of moderate cases of acne vulgaris and began sales of the new product in Europe in the first quarter of 2021. Accure Laser is the first laser platform in the world developed to selectively strike the sebaceous glands which are the source of the production of sebum and the key for an effective and long-lasting treatment of acne.
Accure Laser ™ is the result of a major research project conducted by Accure Acne Inc. in collaboration with El.En. and Quanta System, and represents a product of the highest innovative value in the sector of products for dermatology. It is, in fact, the first system in the world which combines sophisticated automatic control elements which guarantee the effectiveness and safety of the treatment which is automatically adapted to the specific area of treatment for each patient. Among the automatic Artificial Intelligence elements, there is an "autotrigger" system which gives consent to the laser emission only when the target cooling temperature has been reached, the ADD (automatic dose determination) and the DEM system which automatically controls the interruption of the emission through direct measurement of the arrival at the End Point. The product is protected by a massive "patent portfolio" which includes more than 14 patents.

Asa has continued to conduct clinical and trial experiments related to the therapeutic effectiveness of their equipment for physical therapy using their own research facility at ASA campus which characterizes the high scientific content of the body of documents for clinical reference for the Asa instruments.

All of the companies of the Group working in the medical sector in recent months have had to deal with the complex and onerous task of adapting the technical and clinical documentation required in order to obtain the quality certification for laser systems used in medicine (EU brand). In fact, as part of the series of modifications in the regulations imposed by the new "MDR" directive the documentary requirements and the experimental evidence necessary to prove the safety and effectiveness of medical devices which is already very extensive are now even more stringent.

Laser systems and applications for industry and restoration

At **El.En.** we have launched a campaign of product re-engineering in light of the increasingly demanding applications to which its products are aimed. We have continued to work on the improvement of the range of mid-powered sealed CO2 sources also with applicative experiments on the first examples of the series of Blade RF1222 sources which, with 1.200 Watt is now the most powerful in the range. We continued to improve the source for the purpose of increasing the average power up to 1,5 kW, a threshold which would make it possible to use RF in come specific applicative fields which otherwise would be precluded, like that for dies developed by Cutlite Penta. These sectors require performances in terms of the lengthening of the intervals for ordinary maintenance, and direct the efforts for development towards materials and status monitoring systems of the opening of the cavity as well as a greater autonomy of the refill cartridge of the laser gas mix.
We have taken up the challenge of the Chinese market which requires mid- to low powered sources at very competitive prices for high volumes, forcing the designers to create construction solutions which are increasingly efficient in order to satisfy the requests for improved performance.

In the sector of systems for galvanometric scansions, we have begun a program for the renewal of the control electronics and related software and have concluded the initial phase for creating the equipment for the control and testing of the galvanometric assemblies and the relative testing procedure. These components are being increasingly installed also in the medical systems manufactured by the Group with requests for greater performances and production efficiency. The controlling software was the subject of an important development project aimed at stabilizing the performance and implementing the control algorithms that were capable of guaranteeing them at every level of operation.

The system which is dedicated to restoration, the Blaster 100W, is now being drastically renovated in terms of software and hardware in relation to the control unit and interface with the operator. We have also started work on the development of a 300 W transportable system for applications to a broader type of conservation which could be extended also to the sectors of paint stripping and industrial cleaning.

Cutlite Penta has developed a new system for controlling the power of lasers used in the production of backlit acrylic panels in order to increase the consistency and modularity of the final effect. They continued with the development of new lines of machinery and accessories like the cutting heads for lasers in fiber by improving their performance and their capacity to manage very high powers and they have introduced innovative control methods and continued in their close collaboration with Penta Chutian Wuhan and Penta Laser Wenzhou. In the sector of machines for cutting metals, the new optical, mechanical, fluid-dynamic and sensor developments in the EVO2 cutting heads has allowed the introduction of the range of laser powers of over 15kW. Machines equipped with 20k sources are now a reality of great commercial appeal and represent a product in continual evolution thanks to the development of cutting processes that are increasingly state-of-the-art. They also conducted activity aimed at the development of innovative systems for cutting pipes and combined machines for cutting both pipes and flat sheets which is a segment that offers great sales potential.

The development of the software and the characterization of the cutting parameters, also with the relative support gases, made it possible to fully exploit the potential derived from the high-powers used with significant increases in the performance in terms of productivity and quality and the creation of innovative machinery for bevel cutting 2D and 3D which will be used to create a new line of application for cutting with fiber lasers.

They have also continued the development and amplification of a range of machines for making American dies, a field in which Cutlite Penta has always been a world leader by presenting a new line based on the El.En. RF1222 laser with a power increased to 1.5kW to be installed at some selected clients' with the function of beta tester.

On the machines of **Ot-las** they have continued the experiments on the use of a new CO_2 RF1222 laser source by El.En. and on the new scanning optics which have been specifically developed for it. Moreover, they have continued their research and optimization of processes in the field of leather, textiles and shoes with the consequent improvements in performance and production flexibility.

At **Lasit** the developments were related to the creation of 3 axis marking systems for applications in the mass production of high quality components for the sectors of cycling, automotive and machine tools, as well as personalized solutions with flat field optics in the sector of high-fashion accessories.

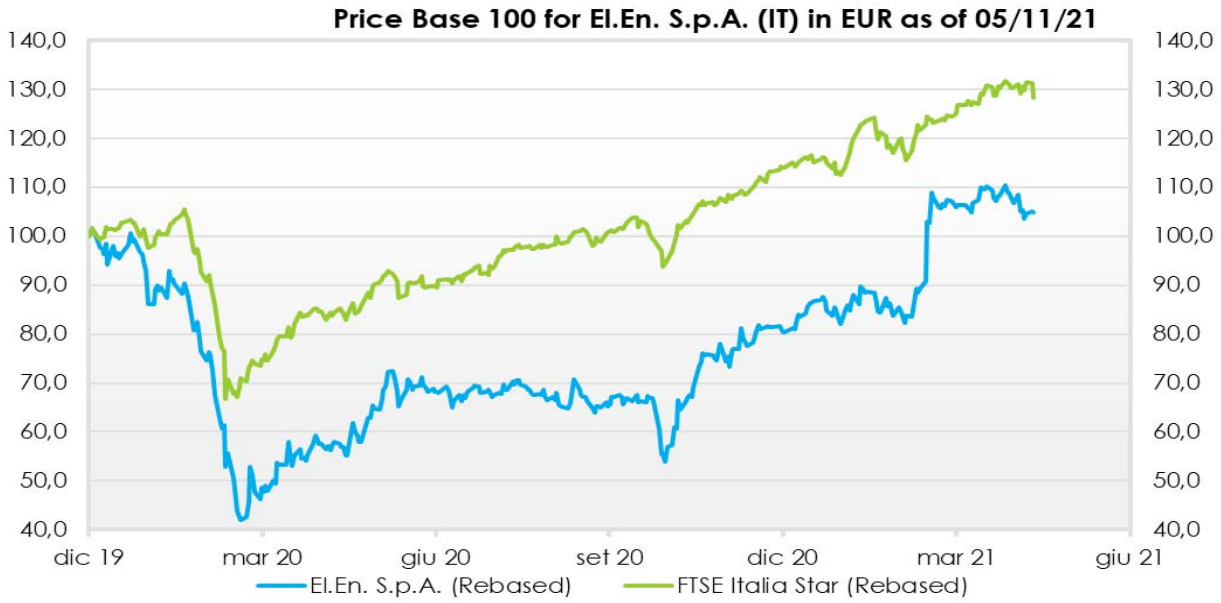
The chart below shows the expenses for Research and Development:

Thousands of Euros	**31/03/2021**	**31/03/2020**
Staff costs and general expenses	2.834	2.509
Equipment	82	116
Costs for testing and prototypes	899	714
Consultancy fees	142	308
Other services	36	10
Total	**3.993**	**3.657**

Following the usual company policy, the expenses shown in the chart have mostly been entered in the operating costs because it is not possible to make a reasonable estimate of the return on the investment.
The amount of expenses sustained corresponds to about 4% of the consolidated sales volume of the Group. The expenses sustained by El.En. S.p.A amounted to 4% of its sales volume.

Trend of El.En. stock

The graph below shows the performance of the stock:



Other information

It should be recalled that on October 3rd 2012 the Board of Directors of El.En. S.p.A. voted to adhere to the possibility of *opt-out* in compliance with art. 70, sub-sections 8 and 71, sub-section 1-bis of the Consob Regulations 11971/99, exercising their right to waive the requirement to publish the information documents concerning any significant extraordinary operations related to mergers, divisions, increases in capital in kind, acquisitions and sales.

Significant events which occurred during this quarter

In the month of January Cutlite Penta concluded the purchase of the industrial building adjacent to its headquarters, with an investment of about 5 million Euros which was sustained by leasing and, in this way, from a logistic point of view, enlarged the area available for their operations which are now rapidly expanding.

Subsequent events

On April 27th the shareholders' meeting of the Parent Company approved the financial statement for the year 2020 and also took the following resolutions.
- to allocate all of the net income for 2020 to an extraordinary reserve;
- to distribute to the shares now in circulation on the date that coupon no. 4 comes due on May 24th 2021, in compliance with art. 2357-*ter*, second sub-section of the Civil Code, a dividend for the amount of 0,40 (zero point forty) Euros gross per share in circulation;
- for the distribution of the dividend, to use the net income which were not distributed in the years preceding December 31st 2017 and accrueed in a voluntary reserve called "extraordinary reserve" for the overall amount present on the date of the resolution which was 7.947.517,60 Euros while it was understood that this sum, where possible, could be incremented by any amounts which were necessary for the distribution of the dividend to the shares in circulation on the date the coupon comes due for picking up the stock options in the period between the date of the resolution of the assembly and the record date (May 25th 2021);
- to accrue, where possible, in a special reserve of the retained earnings the residual dividend destined for treasury stock which may be held by the Company on the date that the coupon comes due.

Also on April 27th 2021 the shareholders' meeting of El.En. S.p.A. authorized the purchase of treasury stock at the conditions proposed by the Board of Directors in compliance with articles 2357 and 2357-ter cc. The purchase of treasury stock may be made for the purpose of assigning or distributing the shares to employees and/or collaborators and/or members of the administrative bodies of the company or its subsidiaries on the basis of incentive remuneration plans approved by the assembly of the Company as well as, for the residual, for the purpose of possessing an instrument of exchange of equities as part of a strategic operation. The above mentioned purposes should be pursued with plans and operations for the purchase and sale and/or disposal made in full respect of the terms and regulations stated in the laws now in force and, in particular, EU regulation 596/2014 ("MAR") and the relative regulations as well as the market practice approved by the CONSOB. The authorization was approved for the purchase, within 18 months of the date of the resolution, in one or more sections, of a maximum number of ordinary shares of the Company the sole category now issued, which, in any case, must not be greater than one fifth of the share capital. On the date of the resolution 20% of the capital underwritten and paid out of El.En. amounted to 3.973.758 shares for a nominal value of 516.588,54 Euros. The purchase of the treasury stock must take place according to the criteria of equal treatment of the shareholders in compliance with art. 132 T.U.F. and with art. 144-*bis Regolamento Emittenti*. Consequently, the administrators may proceed with the purchase with the following and concurrent methods, where applicable and which will be determined at the time of the individual operations: by means of public offerings of purchase or exchange on the regulated stock market. The purchase must take place at a price which, at the minimum is not less than the nominal value of 0,13 Euros per share, and at the maximum, greater than 10% more than the official trading price on the day preceding the purchase. Moreover, the shares can be sold within 10 years of the resolution at a price or equivalent in the case of company operations, which is not less than 95% of the average of the official trading prices registered during the five days preceding the sale. Both the purchase and the acts of sale of the treasury stock must take place in full compliance with the regulations in force for this subject whether they be European, delegated or domestic.

The Assembly also approved the report on incentive remuneration, ex art. 123-*ter* T.U.F.
The Assembly also appointed the Board of Directors for the three year period 2021-2023 and consequently until the approval of the financial statement for the year 2023. The Assembly established the number of board members as seven and appointed Gabriele Clementi as chairman, and Barbara Bazzocchi, Andrea Cangioli, Alberto Pecci, Fabia Romagnoli, Michele Legnaioli and Daniela Toccafondi as board members. The composition of the board of directors respects the balance of genders required in compliance with Art. 147-*ter*, sub-section 1-ter of D.Lgs. 58/1998.

On the same date, the Board of Directors of the Parent Company El.En. S.p.A. appointed as managing directors the Chairman, Ing. Gabriele Clementi and board members Barbara Bazzocchi and Andrea Cangioli and attributed to them, separately and with independent signature, all of the ordinary and extraordinary powers of administration for conducting all the activities inherent to the company mission, with the exception of the attribution of those which are prohibited by the state laws and the company by-laws.

Current outlook

The results registered for the start of 2021 confirm and exceed the forecasts for a rapid growth of the sales volume and profitability, in line with the outlook for growth which we expected before the spread of the pandemic. We know that the uncertainties caused by the evolution of the pandemic and by the effects of the measures taken for recovery may soon have a negative effect on our markets however at this time we are registering a particularly high level of demand. The current tendency in the acquisition of orders in the main segments makes the threshold of 500 million in sales volume an objective which we may be able to reach already in 2021. As in this quarter, we can hope that in the next quarters the entity of the volume of business will allow us to exceed the level of 10% in operating profitability.

For the Board of Directors

Managing director
Ing. Andrea Cangioli

Appendix "A": List of subsidiary companies as of March 31st 2021

Subsidiary companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Parent company					
El.En. S.p.A.	Calenzano (ITA)				
Subsidiary companies					
Ot-Las S.r.l.	Calenzano (ITA)	98,89%		98,89%	98,89%
Cutlite Penta S.r.l	Calenzano (ITA)		100,00%	100,00%	83,60%
Deka Mela S.r.l.	Calenzano (ITA)	85,00%		85,00%	85,00%
Esthelogue S.r.l.	Calenzano (ITA)	50,00%	50,00%	100,00%	100,00%
Deka Sarl	Lione (FRA)	100,00%		100,00%	100,00%
Lasit S.p.A.	Torre Annunziata (ITA)	70,00%		70,00%	70,00%
Quanta System S.p.A.	Milano (ITA)	100,00%		100,00%	100,00%
Asclepion GmbH	Jena (GER)	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	Arcugnano (ITA)		60,00%	60,00%	51,00%
BRCT Inc.	New York (USA)	100,00%		100,00%	100,00%
With Us Co., Ltd	Tokyo (JAP)		78,85%	78,85%	78,85%
Deka Japan Co., Ltd	Tokyo (JAP)	55,00%		55,00%	55,00%
Penta-Chutian Laser (Wuhan) Co., Ltd	Wuhan (CHINA)		100,00%	100,00%	83,60%
Penta-Laser Equipment Wenzhou Co., Ltd	Wenzhou (CHINA)		84,54%	84,54%	83,60%
Cutlite do Brasil Ltda	Blumenau (BRASIL)	98,27%		98,27%	98,27%
Pharmonia S.r.l.	Calenzano (ITA)	100,00%		100,00%	100,00%
Deka Medical Inc.	San Francisco (USA)		100,00%	100,00%	100,00%
Merit Due S.r.l.	Calenzano (ITA)		100,00%	100,00%	98,89%
Galli Giovanni & C. S.r.l.	Cassano Magnago (ITA)		70,00%	70,00%	70,00%
Penta Laser Technology (Shangdong) Co., Ltd.	Linyi (CHINA)		100,00%	100,00%	83,60%

Associated companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Immobiliare Del.Co. S.r.l.	Solbiate Olona (ITA)	30,00%		30,00%	30,00%
Actis S.r.l.	Calenzano (ITA)	12,00%		12,00%	12,00%
Elesta S.p.A.	Calenzano (ITA)	50,00%		50,00%	50,00%
Chutian (Tiajin) Laser Technologies Co.,Ltd	Tianjin (CHINA)		41,00%	41,00%	34,27%
Quanta Aesthetic Lasers Usa, LLC	Englewood (USA)		19,50%	19,50%	19,50%
Accure Inc.	Delaware (USA)		39,44%	39,44%	39,44%

Appendix "B": DECLARATION IN COMPLIANCE WITH ART. 154BIS, SUB-SECTION 2, D.LGS. N.58 / 1998

The undersigned Dr. Enrico Romagnoli, as the executive officer responsible for the preparation of the financial statements of El.En. S.p.A. declares, in compliance with sub-section 2 of art. 154-bis of Legislative Decree n. 58 of February 24th 1998, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.
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Calenzano, May 14th 2021

Executive officer responsible for the preparation of the financial statements
Dott. Enrico Romagnoli