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consolidated six months financial report
2021

Testo del comunicato

Vedi allegato.

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REGEM

Press release

The Bod of El.En. SpA released the consolidated six months financial report

***Outstanding record setting financial results
Strong growth in revenue (+68,5%) and in EBIT (+232,2%)
Improved 2021 guidance***

- **Consolidated revenues: 273,9 million of euro vs. 162,5 million of euro of 1H 2020 (+68,5%)**
- **EBITDA: 39,1 million of euro vs. 14,5 million of euro of 1H 2020 (+170,2%)**
- **EBIT: 30,8 million of euro vs. 9,3 million of euro of the same period of (up 232,2%)**
- **Net income for the group positive for 22,4 million of euro vs. 6,4 million of euro in 1H 2020 (up 250,7%)**
- **Net Financial position: positive for 78,9 million of euro vs. 64,2 million of euro as of December 31st, 2020**

Firenze, September 10th, 2021. The Board of Directors of El.En. S.p.A., leader in the laser market, listed on the STAR segment of the Italian Stock Exchange, approved today the half-year report as of 30 June 2021. The period under review showed extraordinarily positive results which constitute a historical record.

This phase of exit from the most critical period of the pandemic saw the materialization of the planned growth thanks to the favorable general conditions of demand on all the relevant markets in which the Group operates. Thanks to the fundamental strategic planning and implementation of the recent years, the Group was able to record results that even exceeded those forecast in the planning phase prior to the pandemic, with a progressive acceleration that suggested a new revision of the guidance for the current year.

The first half of 2021 closed with a **consolidated turnover** of 273,9 million of euro vs. 162,5 million of euro in 1H 2020 with a 68,5% increase; **EBITDA** was equal to 39,1 million of euro with a 170,2% increased and 14,3% margin on sales, compared to 14,5 million of euro in the same period of 2020 which showed an 8,9% margin on sales.

EBIT was 30,9 million of euro, marking a significant change of + 232,2% compared to 9,3 million of euro in the same period of 2020.

Net income for the group was equal to 22,5 million of euro up 250,7% on the 6,4 million of 1H 2020.

With reference to the first half of 2019, conducted in conditions not altered by the pandemic, the average growth (CAGR) over the two-year period 2019-2021 was 20,56% for consolidated turnover, or 14,4% for the medical sector and 29,1% for the industrial sector.

Gabriele Clementi, President of El.En. S.p.A. said: " *Despite the profound uncertainties related to the evolution of the pandemic and the exit phase, much longer than initially hoped, our markets in this phase are favorable, benefiting not only from the physiological post-crisis rebound, but also from a climate of confidence. and*



optimism also deriving from the prospects of significant support for the economy by the expansive industrial policies widely adopted in the world. At the end of the six months the order backlog to be fulfilled in our two sectors was at the highest levels ever recorded by the Group. We therefore express great satisfaction for the excellent results obtained and are happy to share them with our shareholders. The strategic positioning that the Group has consolidated over time on its markets is the result of robust teamwork and planning that lasted several years, including organizational, technological, research and development aspects, and substantial investments. We have seen a very high level of knowledge and considerable technical-managerial skills develop and grow within our companies. And today, thanks to this environment we have created, we are able to fully benefit from the phase of demand growth, anticipating the needs of the market. We have the right organization and the technologies needed to meet market demands and seize the opportunities that arise, and to further stimulate demand to our advantage”.

Demand for the Group's products was strong in all application segments and in all significant geographic markets. In the medical sector, hair removal systems registered particular success on the US market and our sales on the professional beauty market have shown great vivacity in Italy and Japan. The success of our equipment for Body Contouring was also excellent, an application segment for which the group offers an articulated proprietary range of technologies. In the industrial sector, the driving business was still the sheet metal laser cutting, where the Chinese market plays a fundamental role for us. On the European markets, as well, and on the Italian one in particular, in this segment the Group has been able to carve out a competitive position of great prestige. Still in the field of applications for the manufacturing sector, the medium power laser sources and the marking systems of Lasit and Ot-las have also achieved remarkable results.

Some difficulties continue to persist in the procurement of several materials. The delivery times of some electronic, plastic and metal components are much longer than in the past, creating some difficulties in the production processes. There were no episodes in the half year that forced the companies of the Group to shut down the production lines due to lack of materials, but the effects of this problem had and continue to have a significant impact on the production process efficiency, on the cost of materials, and on the increase in the inventory of raw materials.

In all our production facilities, since the beginning of the pandemic, safety and prevention measures were adopted and continue to be adopted to protect the health of workers, also limiting, where possible, the presence of workers in the company with the use of remote working.

Also in the first half of 2021, in order to maintain alive and lively the relationships with customers, the marketing and sales functions took advantage, with excellent results, of virtual means of communication via the web, for meetings and for the marketing activities including launch of new products, while congresses and trade fairs were still almost completely suspended.

We note that the comparative semester, the first of 2020, was marked by the most acute phase of the pandemic, which started from Wuhan and then spread throughout the world. The results of that semester had seen the activities of the industrial sector completely blocked in China for two and a half months and in Italy for over a month starting in March. Even in the medical sector, sales activities in Italy had already stopped starting from March 2020, while international sales were affected by a strong alteration in demand only from the month of April.

Overall growth in 1H 2021 was close to 69%, more marked in the industrial sector that was more slowed down by the pandemic than the medical sector in the first half of 2020.

In the first half of 2021, revenues of the **medical sector** amounted to 146,7 million of euro compared to 100,3 million in the same period of 2020, with a change of + 46,24% and a 53,55% on total turnover.

Recovery was significant in all segments, but the result in **aesthetics** stands out (+ 68,3%), with a turnover of 94,1 million of euro for the period vs. 55,9 million in the same period of 2020, which consolidated its prevalence in the medical sector, where the Group offers systems for hair removal, tattoo removal, body contouring and rejuvenation applications. Hair removal, the most important application segment in terms of revenues, contributed most to the extraordinary results of the

period, driven by a demand that continues to expand thanks to our ability to develop increasingly effective, compact and fast systems, making the laser application increasingly attractive. The launch of Again, a high-powered platform intended for customers with "heavy duty" operations, has enhanced the range of products of the Group which has its best sellers in terms of volume with the Alexandrite technology based Motus by Deka, and the semiconductor based Mediostar by Asclepion, systems capable performing fast and effective hair removal, suitable for smaller volumes of work as well. Other aesthetic application segments also recorded excellent results, in particular the Body Contouring with Onda and its new and improved release Onda Plus, El.En.'s and Deka's flagship system with the original microwave technology, to which more systems with complementary technologies have been added

The **surgery segment** recorded a slight increase (up 5,67%), and following the pandemic shows a more difficult return to normal, particularly in urology, due to the focus of hospital activities on Covid.

Excellent recovery was achieved in **physiotherapy**, in which the subsidiary Asa Laser has returned to confirm the growth that characterized it in the years preceding the pandemic. The therapy segment grew by 93,68% with six months revenues of 6,3 million of euro compared to 3,3 million of euro in the 2020 period.

The turnover for **after-sales service** was also good (up 17,99%) with approximately 24,7million of euro compared to 20,9 million in the first half of 2020 and with an incidence on total turnover of 16,33%, including the technical assistance service and the sale of spare parts and consumables. The recovery could have been more important if production difficulties, not attributable to the Group, had not prevented the first few months of the year from meeting the demand for optical fibers for urology, a segment in which Quanta System excels. The critical issues have been resolved and in the second quarter of 2021 the volume of product and turnover was largely satisfactory.

In the **industrial applications sector**, on a half-yearly basis the increase in revenues was equal to approximately 104,5%, a strong recovery compared to the same half of 2020, with a total revenue of 127,2 million of euro vs. 62,2 million in 1H 2020, driven by the **sheet metal cutting segment** which recorded a robust rise in demand with a turnover of 106,2 million of euro vs. 49,0 million of euro in the first half of 2020, a change of 116,8% and a share of total sector turnover of approximately 83,5%.

The trend was also very positive for the other main segments such as marking (up 22,9%) and laser sources (+ 377,1%), rapidly recovering compared to the crisis period.

Geographically, in the first six months of 2021, the growth revenues was quite significant in the various areas of the world. In the **Rest of the World**, the first half of 2021 showed revenues for 169,7 million of euro compared to 104,9 million of euro in the same period of 2020, with a 61,8% increase and a 62% share on total consolidated revenues.

In **Italy**, there was an increase in sales of approximately 83,3%, with revenues at approximately 50,3 million of euro and a 18,35% share on total revenues compared to the 27,4 million of 1H 2020. Accentuated growth was also recorded in **Europe** (up 78,7%) with a turnover of approximately 54 million of euro compared to 30,1 million in the first six months of 2020.

During the year, the activities undertaken in the area of sustainability by the Group intensified. In the activities envisaged by the Group's Sustainability Plan, all subsidiaries, in addition to monitoring existing projects and achieving their objectives, identified additional improvement areas and projects; the continuous commitment of the Group was also reflected in the improvement of the ESG ratings obtained by the main sustainability rating agencies.

Although the revenue of the **art conservation** segment is not indicative in the period, it is always a reason of pride for the group to contribute with its own laser technologies to the restoration of absolute masterpieces. The recent ceremony that celebrated the restoration of the Rialto Bridge in Venice gives us the opportunity to remember that our laser systems have been extensively used on works of exceptional importance, also contributing in this circumstance to restore the whiteness of

the bas-reliefs, plaques and masks that decorate the famous bridge, respecting its original valuable surfaces.



In detail:

Gross Margin stood at 99,9 million of euro, an increase of 67% compared to the 59,9 million of June 30, 2020, due to the significant increase in revenue. The overall margin on sales showed a slight decrease, although it actually improved both in the medical and industrial sectors: the overall percentage decrease was given by the increase in the weight of industrial sales which structurally have a lower margin.

EBITDA was equal to 39,2 million euros, up 170,2% compared to 14,5 million of euro in 1H 2020. EBITDA also saw its margin on revenues increase to 14,3% compared to 8,9% as at 30 June 2020 thanks to the increase in revenue and the better absorption expense for operations.

EBIT was positive for 30,9 million of euro, up 232,2% on the 9,3 million of euro of June 30th, 2020, with an 11,3% margin on revenues markedly improving the 5,7% margin of the same period of 2020.

Income before taxes showed a positive 31,8 million of euro balance (8,9 million of euro in 1H 2020), up 256%.

Net Income for the group was 22,5 million of euro, up 250,7% on the 6,4 million of euro of 1H 2020.

The **Net Financial position** of the of the Group remained positive and recorded an increase of approximately 15 million of euro in the period, from 64,2 million at 31 December 2020 to 78,9 million at 30 June 2021. The cash flows generated by operating activities covered the needs resulting from the increase in working capital, physiological in this phase of rapid growth, those deriving from fixed investments and the payment of dividends to which El.En. and the subsidiaries returned after a one-year suspension. The capital increase collected by the company as a result of the exercise of the stock options assigned to employees, amounting to 4,0 million of euro in the half year, also contributed to improving the net financial position. The solid financial position allows the group to freely define the support for its growth strategies.

Subsequent events

On July 20, 2021, the Shareholders' Meeting of EL.En. SpA, meeting in extraordinary session, approved the proposal of the Board of Directors relating to the elimination of the expressed par value of the shares and the increase in the total number of shares by splitting the ordinary shares (stock split), in circulation in a ratio of one to four, with the aim of facilitating liquidity and marketability of the securities, taking into account the current market value.

The elimination of the indication of the nominal value of the shares from the Articles of Association was resolved in order to allow greater flexibility in relation to the execution of capital operations and the simplification of operations such as the increase and reduction of capital, groupings and share splits, the cancellation of treasury shares, also leading to a reduction in cost associated with certain bureaucratic requirements.

The split with a 1:4 ratio of the nr. 19.929.586 ordinary shares led to an increase in shares in circulation to nr. 79.718.344 by withdrawing and canceling the issued and existing ordinary shares, and assigning, for each ordinary share withdrawn and canceled, of no. 4 newly issued ordinary shares. The share capital has not undergone any changes as a result of the stock split.

The Assembly then approved the consequent amendments to art. 6 of the articles of association (paragraphs 1-3-4) relating to the share capital, pursuant to and for the purposes of arts. 2328, 2346 and 2443 of the Italian Civil Code and the adjustment of the 2016-2025 Stock Option Plan. The withdrawal and issuance of the fractional shares without expressed par value began from the 2nd of August 2021 with the assignment of the new ISIN code: IT0005453250

Current Outlook

The overall situation of the markets in which the Group operates currently shows favorable conditions, although criticalities may emerge at any time in consideration of the prolonged transition from the pandemic crisis.

In presence of the current market conditions, counting there will be no further repercussions and new restrictions, on the basis of the Group's sales performance and the current backlog status, we outline for revenues the possibility of exceeding 550 million in the year, with EBIT in further improvement.

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.

As required by Consob, the Half yearly report as of June 30th, 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 September 10th, 2021 and on authorized storage website www.emarketstorage.com.



CONFERENCE CALL

On September 13, 2021 at 15:00 CET (14:00 GMT) (9:00 EST), EL.EN. Spa will hold a conference call with the financial community, to discuss the financial results of the Group:

Join: <https://polytemshir-it.zoom.us/j/86899619858?pwd=K1ArY1dIZEU5bkIzUU1nSDhxU3FpUT09>

Meeting ID: 86899619858

Password: 451203

You can dial the following numbers:

+39 02124128823 Italy (toll)

+39 0694806488 Italy (toll)

+39 0200667245 Italy (toll)

Before the conference call, you can download the presentation slides from the Investor Relations page of the El.En. website: <http://www.elengroup.com/it/investor-relations/presentazioni>

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 Italiana. Its market capitalization amounts to Euro 1.160 million.

Cod. ISIN: IT0005453250

Code: ELN

Listed on MTA

Mkt cap.: 1.160 million of euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – EI.En. Group Profit and Loss account as of June 30th , 2021

Income Statement	30/06/2021	Inc %	30/06/2020	Inc %	Var. %
Revenues	273.911	100,0%	162.521	100,0%	68,54%
Change in inventory of finished goods and WIP	12.745	4,7%	11.417	7,0%	11,64%
Other revenues and income	2.162	0,8%	1.971	1,2%	9,73%
Value of production	288.819	105,4%	175.909	108,2%	64,19%
Purchase of raw materials	184.890	67,5%	107.324	66,0%	72,27%
Change in inventory of raw material	(16.934)	-6,2%	(4.579)	-2,8%	269,82%
Other direct services	20.948	7,6%	13.287	8,2%	57,65%
Gross margin	99.915	36,5%	59.877	36,8%	66,87%
Other operating services and charges	20.763	7,6%	16.058	9,9%	29,30%
Added value	79.153	28,9%	43.820	27,0%	80,63%
Staff cost	40.015	14,6%	29.334	18,0%	36,41%
EBITDA	39.138	14,3%	14.485	8,9%	170,19%
Depreciation, amortization and other accruals	8.280	3,0%	5.197	3,2%	59,33%
EBIT	30.857	11,3%	9.288	5,7%	232,22%
Net financial income (charges)	1.088	0,4%	(219)	-0,1%	
Share of profit of associated companies	(111)	0,0%	(126)	-0,1%	-12,13%
Income (loss) before taxes	31.835	11,6%	8.943	5,5%	256,00%
Income taxes	6.928	2,5%	2.139	1,3%	223,93%
Income (loss) for the financial period	24.907	9,1%	6.804	4,2%	266,07%
Net profit (loss) of minority interest	2.457	0,9%	403	0,2%	509,75%
Net income (loss)	22.451	8,2%	6.401	3,9%	250,74%

Tab. 2 – EI.En. Group balance sheet as of June 30th , 2021

Statement of financial position	30/06/2021	31/12/2020	Variation
Intangible assets	4.867	4.488	380
Tangible assets	92.377	85.576	6.800
Equity investments	1.876	1.991	-115
Deferred tax assets	11.044	9.297	1.747
Other non-current assets	15.495	15.486	9
Total non current assets	125.659	116.838	8.821
Inventories	143.030	111.594	31.437
Accounts receivable	132.557	94.009	38.549
Tax receivables	10.433	11.032	-599
Other receivables	13.530	13.157	374
Financial instruments	2.015	0	2.015
Cash and cash equivalents	137.224	123.744	13.480
Total current assets	438.790	353.535	85.255
Total Assets	564.449	470.373	94.076
Share capital	2.591	2.550	41
Additional paid in capital	46.552	42.556	3.996
Other reserves	86.431	93.668	-7.236
Retained earnings / (accumulated deficit)	86.511	66.391	20.120
Net income / (loss)	22.451	20.255	2.196
Group shareholders' equity	244.536	225.420	19.116
Minority interest	16.479	15.245	1.234
Total shareholders' equity	261.014	240.665	20.350
Severance indemnity	4.831	5.147	-316
Deferred tax liabilities	2.218	2.210	8
Reserve for risks and charges	8.142	5.717	2.425
Financial debts and liabilities	30.632	30.763	-132
Other non current liabilities	5.775	5.000	775
Total non current liabilities	51.598	48.838	2.760
Financial liabilities	23.977	23.827	150
Accounts payable	140.489	94.923	45.566
Income tax payables	7.185	2.945	4.241
Other current payables	80.185	59.175	21.010
Total current liabilities	251.836	180.871	70.966
Total Liabilities and Shareholders' equity	564.449	470.373	94.076



Tab. 3 – El.En. Group cash flow statement as of June 30th , 2021

Cash flow statement	30/06/21	30/06/20
Cash flow generated by operating activity	29.982	(9.457)
Cash flow generated by investment activity	(8.170)	(2.001)
Cash flow generated by financing activity	(8.861)	(2.081)
Change in cumulative translation adjustment reserve and other changes	529	(26)
Increase/(decrease) in cash and cash equivalents	13.480	(13.565)
Cash and cash equivalents at the beginning of the financial period	123.744	97.031
Cash and cash equivalents at the end of the financial period	137.224	83.466

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:

- **EBIT** accounts for the difference between revenues, other income, cost of goods sold, other operation expense and depreciation amortization and other accruals;
- **EBITDA**, is also a measure of operating performance and is calculated by adding to 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.0481-97

Numero di Pagine: 12