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Oggetto : The El.En. Spa BoD released the quarterly
financial report as of September 30, 2021

Testo del comunicato

Vedi allegato.



3.1 REGEM

Press release

The El.En. Spa BoD released the Quarterly financial report as of September 30, 2021

Excellent financial results

Revenues: 405.3 million of euro

EBITDA: 55.7 million of euro, 13.7% margin on revenues

EBIT: 44.6 million of euro, 11.0% margin on revenues

Pre-tax Income: 45.6 million of euro

The 2021 Guidance is confirmed

Main financial figures as of September 30, 2021

- Consolidated revenues: 405.3 million of euro vs. 268.2 million of euro in 2020 (up 51,1%)
- EBITDA: 55.7 million of euro (+116%) vs. 25.8 million in 2020
- EBIT: 44.6 million of euro (+145.8%) vs. 18.1 million di euro in 2020
- Pre-tax Income: 45.6 million of euro (+170%) vs. 16.9 million of euro in 2020
- Net Financial position: positive for 74.7 million of euro vs. 64.2 million as of December 31, 2020

Main financial figures for the third Quarter:

- Consolidated revenues: 131.4 million of euro vs. 105.6 million of euro in Q3, 2020, (+24.4%)
- EBITDA: 16.5 million of euro (12.6% on sales) vs. 11.3 million of euro in Q3 2020, (+46.4%)
- EBIT: 13.7 million (10.4% on sales) vs. 8.8 million of euro in Q3 2020, (+55.1%)
- Pre-tax Income: 13.7 million of euro (10.4% on sales) 7.9 million of euro in Q3 2020, (+73.1%)

Florence, November 12th, 2021 – The Board of Directors of El.En. SpA, leader in the laser market, listed on the Euronext STAR Milan ("STAR") market of the Italian Stock Exchange, released today the financial report as of September 30, 2021 which recorded **consolidated revenues** of **405 million** euros up approximately 51.1% compared to the 268.2 million euros of the same period of 2020, and **an EBIT of 44.6 million** euros, up by approximately 146% compared to the 18.1 million euros of the same period of 2020.

In the third quarter of 2021 the group recorded brilliant results despite the less favorable seasonality. **Quarterly revenues** were was **131.4 million euros**, up by 24.4% compared to 105.6 million euros in the corresponding quarter of 2020, while **EBIT** for the quarter was **13.7 million** euros with a 10.4% EBIT margin compared to the 8.8 million euros of the same period of 2020 with a positive change of 55.1%.

Gabriele Clementi, President of EL.EN. Spa, said: *"The results of the first nine months testify the value of our business model and the ability of the Group to pursue with constancy and determination important medium-long term objectives. We are showing extraordinary results, higher than the pre-pandemic 2019 forecasts, but at the same time hoped for by the group's ambition to grow rapidly, playing an increasingly important role in the application segments in which*

it competes, thanks to the tools that the group's ,investments in recent years have made available to support growth: from the increase in production capacity thanks to new and expanded operational structures, to investments in the organization and in our highly qualified staff and above all in the skills necessary to maintain the high pace of innovation of our products, the distinctive sign of our leadership”.

The general conditions of the economy during the quarter remained positive. Demand was solid, allowing double-digit growth results substantially in all application segments and in all geographic areas, also with reference to the average annual growth from 2019. The trend of the last quarter, both in sales and in the acquisition of orders, showed less uniform conditions in the markets on which the Group operates. In the medical sector, particularly in aesthetics, demand, which was already strong, further strengthened, pushing the backlog to an all-time high. The same happened in the industrial sector of laser cutting in the Italian and European market. The vigorous acceleration recorded in China in the laser cutting systems sector in the first half of the year was affected by the cooling of the Chinese economy at the turn of the summer, slowing down the growth in turnover in the quarter. The peculiar characteristics of the application sector and the development activities, capable of releasing significant innovations also in this period, leave the confidence in the development of the business trend unchanged, both in China and in the rest of the world. The manufacturing organization created in Italy for the sector has in fact increased its capacity and will be able in the coming months to meet the growing demand even more effectively than in the first nine months of the year.

The firm commitment to continuously improve the competitive positioning of the Group continued over the period and the attention to the needs of the markets led to research, development and engineering of numerous new products that will form the backbone of the further future developments of the group. The prolificacy in this field is the result of the progressive stratification of qualified skills in all the corporate functions of the group, which over time has accumulated skills and knowledge that make the innovation processes more effective.

During the nine months, we intensified the activities undertaken in the area of sustainability. In addition to the monitoring of existing projects and the achievement of objectives, the multi-year Sustainability Plan provides for additional areas and projects for improvement. The ongoing commitment is also reflected in the improvement of our ESG ratings obtained by the main sustainability rating agencies.

The group's activities in recent months have had to face the problems of the global supply chain crisis, with cost inflation and a real shortage of certain materials, in particular in the sector of electronic, plastic and metal components, and a strong extension of delivery lead times. The group, with the commitment of all the technical structures in charge, has managed this circumstance which still presents a high degree of complexity and criticality.

Growth was significant in all segments in which the Group operates and "double-digit" results were recorded, both in the medical and in the industrial applications sector, also referring to the average growth from 2019, or for quarter compared to the third quarter of 2019.

As for the **medical sector**, which closed with a result of 220.5 million euros vs. 159.7 million euros in the same period of 2020 (up 38.0%) in **surgery**, recovery began more slowly than in the other segments - recording 32.4 million euros (up 14.30%) compared to the same period in 2020. To the objective difficulties linked to the focus of hospital activities on Covid, we reacted with the launch of the Fiber Dust system, based on active fiber optic technology, aimed at supporting a new market trend, pending the introduction of new systems developed with other innovative technology through our subsidiary Quanta System.

As it concerns to after-sales **service** sales (up 14.1%), growth in the sales of consumables was noted with satisfaction, in particular related to the surgery sector with optical fibers for urology and disposable blades for morcellators.

The result in **aesthetics**, the most relevant segment was very positive (+51.3%), recording 140.5 million euros in sales vs. 92.9 million euros as of September 30, 2020. The hair removal business in the United States is accelerating, while sales in the "body contouring" sector are growing, and we are gaining recognition as a significant player in the non-invasive treatments segment, to which the Group returned since 2018 with the *Onda Coolwaves* system, followed by the release of other systems with different technologies to complete the range with solutions that allow effective slimming, muscle toning, cellulite removal and firming treatments to be performed. The systems for **hair removal** applications - Again and Motus by Deka, Mediostar by Asclepion and Esthelogue, Thunder MT by Quanta System - found great success thanks to their technical characteristics that make them very effective, and to the ease of use, combined with the overall economy in the use of the system. The Group is taking advantage of the positive and favorable market phase to strengthen and expand the important competitive position it has held for some time in this application niche.

The excellent recovery in **physiotherapy** continues (up 80.0%), Asa Laser is back on the path of growth that characterized it over the years, and it's going to close the year 2021 with record results.

The **industrial applications** sector recorded, in the first 9 months of 2021, a growth of approximately 70.5% with revenues at approximately 184.8 million euros compared to 108.4 million euros in 2020, led by the **laser cutting** sector which recorded a turnover of 156 million euros compared to 87.4 million in the first 9 months of 2020.

In the laser cutting sector, growth remained very strong in the nine months, thanks to the excellent performance in Italy, Europe and China. The competitive position of the Group on the Chinese domestic market is based on its ten-year presence in the territory, with the production plants in Wuhan, Wenzhou and Lin YI where we manufacture the laser systems that benefit from some key technologies of Italian and European origin, elements that constitute an essential differentiation on a very competitive market like the Chinese one. In the course of 2021 the systems with source from 30kW entered the current production, while recently the first system with source of 40kW has been characterized, (with a further significant increase in power) promising to open up new application opportunities and further increases in productivity. The Chinese market is currently experiencing a phase of growth deceleration, a phase that the Group counts to overcome thanks to the potential offered by the production platform and product innovations.

Growth in the **Laser Sources** sector was very interesting as well (+203.1%), benefiting from effective development work both on the technical performance of the laser sources and on the new applications developed in various fields. Recovery is also accelerating in the **Marking sector** (up approximately up 18.5%), with the identification and total traceability applications of Lasit in Torre Annunziata, which benefits from the functionality of the new plant. The laser marking applications for decoration of the Ot-las business are going through a phase of positive relaunch, too.

For the **artistic heritage conservation** segment, the flagship of our group for the absolute quality of the world masterpieces of which we guarantee the perfect conservation and enjoyment. Among the dozens of works we have been collaborating on in recent months, we mention the restoration of the Carolingian frescoes in the Abbey Church of the Monastery of San Giovanni in Val Muestair in Switzerland, a masterpiece from the year 830.



At a **geographical** level, the greatest growth is recorded in Europe with of 70.1% increase and a revenue of 81.4 million euros compared to 47.8 million euros in the same period of 2020, followed by Italy which shows an increase of 57.8% and a revenue of 71.4 million euros vs. 45.3 of 3Q 2020. The rest of the world grew by 44.2% and showed revenues for 252.5 million euros compared to 175.1 million at September 30, 2020.

Gross margin for the nine months was 150.2 million euros, an increase of approximately 59.0% compared to the 94.4 million euros of September 30, 2020, due to the significant increase in turnover. Gross margin % on sales was in marked recovery thanks to the improvement in margins in both main sectors.

EBITDA for the first nine months was positive for 55.7 million euros, an increase of approximately 116% compared to the 25.8 million euros of September 30, 2020 as an effect of the increase in revenue and gross margin turnover and the better absorption of fixed costs.

EBIT at the end of the 9 months 2021 showed a positive balance of 44.6 million euros compared to 18.1 million euros as of September 30, 2020, with an 11% EBIT margin on revenues compared to 6.8% for the previous year. As for the third quarter, EBIT margin was 10.4%.

Pre-tax Income was positive for 45.6 million euros on the nine months, compared to 16.9 million euros as of September 30, 2020, with an 11.2% margin on revenues compared to 6.3% in the same 170% increase.



Cash generation in the nine months was excellent, with the Net financial position increasing by around 10.6 million euros. The net financial position of the Group at September 30, 2021 was positive for approximately 74.8 million euros. In the quarter, the NFP decreased by 4.1 million euros compared to 78.8 million euros at June 30, 2021 while it increased by approximately 10.6 million euros compared to 64.2 million euros at December 31, 2020.

Current Outlook

The performance of the third quarter and the order backlog allow the group to confirm the forecasts for a year end with strong growth in revenues and profitability. With the caution required by the persistence of the effects of Covid and the problems in the supply chain, the forecast for the closure of the financial year is confirmed with turnover exceeding 550 million euros and EBIT exceeding in the second half the result of the first half of 2021.

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

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The Board of Directors adopted the policy for managing dialogue with the generality of shareholders and investors. By November 15th, 2021 the policy will be available on the website www.Elengroup.com, section Investor Relations/ Governance/Dialogue with shareholders

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As required by Consob, the Half yearly report as of September 30 , 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 November 15th , 2021 and on authorized storage website www.emarketstorage.com.

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CONFERENCE CALL

On November 15th, 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/89278701061?pwd=ekVZQjMvZlFpVnhIZEFzeTV0RWN0dz09>

Meeting ID: 892 7870 1061
Passcode: 9Ct-Ttv0uT

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+1 312 626 6799 US (toll) (Chicago)
+1 346 248 7799 US (toll) (Houston)
+1 669 900 6833 US (toll) (San Jose)

Meeting ID: 892 7870 1061
Passcode: 4207704565

Find your local number: <https://polytemshir-it.zoom.us/j/89278701061?pwd=ekVZQjMvZlFpVnhIZEFzeTV0RWN0dz09>

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>

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This press release may contain forecast elements on future events and results of the EL.EN. group which are based on current expectations, estimates and projections regarding the sector in which the Group operates and on the current opinions of management. By their nature, these elements have a risk and uncertainty component as they depend on the occurrence of future events. It should be noted that the actual results could differ even significantly from those announced as an effect of a multiplicity of factors beyond the control of the Group including: global economic conditions, impact of competition, political and regulatory developments in Italy and abroad.

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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 EURONEXT STAR MILAN (MTA) of Borsa Italiana. Its market capitalization amounts to Euro 1.4 billion of euro.

Cod. ISIN: IT0005453250

Code: ELN

Listed on Euronext STAR Milan ("STAR")

Mkt cap.: 1.4 billion of euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ending September 30, 2021 (unaudited)

Income statement - quarterly	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Revenues	131.388	100,0%	105.646	100,0%	24,37%
Change in inventory of finished goods and WIP	9.888	7,5%	8.649	8,2%	14,32%
Other revenues and income	1.683	1,3%	1.506	1,4%	11,72%
Value of production	142.959	108,8%	115.802	109,6%	23,45%
Purchase of raw materials	86.398	65,8%	70.379	66,6%	22,76%
Change in inventory of raw material	(3.716)	-2,8%	1.929	1,8%	
Other direct services	9.989	7,6%	8.963	8,5%	11,45%
Gross margin	50.287	38,3%	34.530	32,7%	45,63%
Other operating services and charges	13.221	10,1%	7.920	7,5%	66,92%
Added value	37.066	28,2%	26.610	25,2%	39,30%
Staff cost	20.541	15,6%	15.325	14,5%	34,04%
EBITDA	16.525	12,6%	11.285	10,7%	46,44%
Depreciation, amortization and other accruals	2.805	2,1%	2.438	2,3%	15,06%
EBIT	13.720	10,4%	8.847	8,4%	55,09%
Net financial income (charges)	68	0,1%	(761)	-0,7%	
Share of profit of associated companies	(60)	0,0%	(153)	-0,1%	-60,72%
Income (loss) before taxes	13.727	10,4%	7.932	7,5%	73,06%

Tab. 2 – Nine months ending September 30, 2021 (unaudited)

Income Statement	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Revenues	405.300	100,0%	268.168	100,0%	51,14%
Change in inventory of finished goods and WIP	22.633	5,6%	20.066	7,5%	12,79%
Other revenues and income	3.845	0,9%	3.477	1,3%	10,59%
Value of production	431.778	106,5%	291.710	108,8%	48,02%
Purchase of raw materials	271.289	66,9%	177.703	66,3%	52,66%
Change in inventory of raw material	(20.650)	-5,1%	(2.650)	-1,0%	679,33%
Other direct services	30.937	7,6%	22.250	8,3%	39,04%
Gross margin	150.203	37,1%	94.407	35,2%	59,10%
Other operating services and charges	33.984	8,4%	23.978	8,9%	41,73%
Added value	116.219	28,7%	70.429	26,3%	65,02%
Staff cost	60.556	14,9%	44.659	16,7%	35,60%
EBITDA	55.663	13,7%	25.770	9,6%	116,00%
Depreciation, amortization and other accruals	11.086	2,7%	7.635	2,8%	45,19%
EBIT	44.577	11,0%	18.135	6,8%	145,81%
Net financial income (charges)	1.156	0,3%	(981)	-0,4%	
Share of profit of associated companies	(171)	0,0%	(279)	-0,1%	-38,76%
Income (loss) before taxes	45.562	11,2%	16.875	6,3%	170,00%

NOTE:

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

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

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

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

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

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

Fine Comunicato n.0481-115

Numero di Pagine: 12