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releases the interim financial report as of
30 September 2023

Testo del comunicato

Vedi allegato.

3.1 REGEM

Press release

The Board of Directors of El.En. Spa releases the interim financial report as of 30 September 2023

Significant return of the Group to cash generation:

+22 million of euro in the quarter

Revenues for the 9 months: 493,0 million of euro

EBITDA: 61,9 million of euro, 12,6% impact on revenues

EBIT: 51,8 million of euro, 10,5% impact on revenues

Pre-tax income: 50,9 million of euro

Main consolidated data as of 30 September 2023

- Consolidated turnover: 493,0 million of euro vs. 484,3 million of euro in 2022 (+1,8%)
- EBITDA: 61,9 million of euro (-8,41%) vs. 67,6 million in 2022
- EBIT: 51,8 million of euro (-10,6%) vs. 57,9 million of euro in 2022
- Pre-tax result: 50,9 million of euro (-12,2%) vs. 57,9 million of euro in 2022
- Net Financial Position: positive equal to 32,1 million of euro vs. 10,2 million as of 30.6.2023

Main consolidated data for the third quarter

- Consolidated turnover: 147,4 million of euro vs. 157,4 million of euro in Q3, 2022, (-6,3%)
- EBITDA: 16,2 million of euro (11% of turnover) vs. 20,3 million of euro in Q3 2022, (-20,2%)
- EBIT: 12,9 million (8,8% of turnover) vs. 16,5 million of euro in Q3 2022, (-21,9%)
- Profit before tax: 13,0 million of euro (8,8% of sales) 16,3 million of euro in Q3 2022, (-19,9%)

Florence, 14 November 2023 – 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, approved today the financial report as of 30 September 2023 which recorded **consolidated revenues of 493,0 million of euros** with an increase of approximately 2% compared to the 484,3 million of euro of the same period of 2022, and an **EBIT of 51,8 million of euro**, down by approximately 10,6% compared to the 57,9 million of euro of the same period in 2022.

In the third quarter the group achieved a significant return to cash generation, with an improvement of approximately 22 million of euro in the net financial position which at the end of the period reported a net balance of approximately 32 million of euro, compared to 10.2 million of euros as of 30 June 2023. The trend is in line with expectations of improvement in this financial economic metric for the second half of 2023.

Quarterly turnover was **147.4 million of euro** down by 6.3% compared to the 157.4 million of euro of the corresponding quarter of 2022, while **EBIT of the quarter** was equal to **12.9 million of euro** with an 8.8% margin on sales compared to the 16.5 million of euro of the same period in 2022 with a decrease of approximately 21.9%.

Gabriele Clementi, President of EL.EN. Spa said: *"The third quarter of 2023 established a significant return of the group to cash generation, with the increase of approximately 22 million of euro in the net financial position in line with expected improvement expectations. With reference to the guidance released by the Group for the financial year 2023, the results align with the revenues growth forecasts, and highlight a slight delay in containing the reduction in the 2023 operating result compared to the record result of the previous financial year"*.

The performance of the third quarter confirmed positive aspects and some difficulties that had already emerged in the first six months of the year. As in the first half of the year, excellent results were achieved in numerous sectors and business segments, while the laser cutting activities in China continued to experience operational difficulties and economic losses. In the third quarter, the general economic dynamics did not contribute to improving the specific conditions of the group's end markets, in which the normalization phase continued following the post-pandemic euphoria.

In the medical sector, revenues in the nine months recorded a growth of 6.4%, an important figure considering the changed economic conditions and the challenging benchmark of the extraordinary results of the previous year. Despite the slowdown in growth that occurred in the third quarter, the medical sector showed an increasing in EBIT as well.

In the cutting sector, Cutlite Penta achieved excellent results over the nine months, and was able to expand the business volume both in Italy and abroad and improve profitability. The expiration of the benefits of the so-called Industry 4.0 is casting its effects on the Italian market, causing a slowdown which for Cutlite Penta in the third quarter was only partially balanced by the increase in sales on international markets. Results continue to be monitored for operations in China where the group's companies are facing challenging market conditions. The expected recovery of the Chinese economy is not materializing and a complex environment for the growth of economic activities remains, as evidenced by the crisis of the real estate giants and by the monetary and currency stimuli that the central government is resorting to boost the economy.

The medium-term indications on the growth of our reference markets remain positive, and the group continues to count on their development. An essential element for the growth of the reference markets is technological innovation, the launch of innovative solutions aimed to satisfy customers' needs more and more effectively and stimulate new ones by opening new scenarios. The group's R&D sector is always strongly engaged in innovation and development activities with the placing on the market of new products for new applications or for the better execution of applications already available on the market.

During the year, the activities carried out in the field of sustainability by the Group continued and were also included among the performance indicators for management compensation. The new five-year plan 2023-2027 identifies specific and measurable sustainability activities and objectives, on sensitive topics such as the fight against climate change, the circular economy, the promotion of a responsible supply chain, the valorization of people and the contribution to the community. The Group's continuous commitment to sustainable development in which environmental and social responsibility are increasingly an integral part of the business model is confirmed.

As regards the **medical sector**, which closed with revenues of **287,9 million of euro** vs. 270,5 million of euro for the same period of 2022 (+6,4%), growth remained sustained in almost all application segments, with the exception of systems for aesthetic applications, which marked a marginal decline. The excellent trend in sales of systems for **surgical applications** continued, maintaining growth close to **30%**, and a turnover of approximately **56,0 million of euro** compared to 43,8 million of euro in the same period of 2022, in line with forecasts and with the progressive recovery after the Covid period slowdown, which was more marked than in the other segments. The

therapy segment, also, continued to grow, recording a turnover of **11,9 million of euro** compared to 11,6 million of euro in 3Q 2022. The growth of the residual **Others** sector was notable in percentage **+157,0%** and in value +1,4 million of euro recording a turnover of **2,3 million** of euro, reflecting the excellent success achieved on certain markets by the group's dental systems, thanks to the innovative review of specific application techniques. Revenues for **after-sales services and consumables** recorded a higher growth in the nine months than the revenues for systems, thanks to the increase in the installed base which physiologically entails a greater volume of technical assistance and use of consumables, especially in urology where every surgery requires a sterile optical fibre, almost always for single use. Revenues for surgical optical fibers represents a significant portion of the turnover for medical services. The **Aesthetics segment** essentially maintained the sales levels of the previous year, with different results depending on the type of system and application. The weakness of some important accounts caused the reduction in business volume in hair removal, while sales for anti-aging applications continued to record rapid growth, both those with CO2 ablative technology (also in hybrid form combined with non-ablative lasers) or Erbium, and those for toning practiced with picosecond laser technology, especially in the Far East. In surgical applications, urology systems constitute the most significant share of turnover and also the fastest growing one: in particular, the sales trend of Quanta Fiber Dust systems for the treatment of stones was very satisfactory during the year. The growth in sales of CO2 systems for ENT and gynecology also continued, in percentage terms higher than the sector average.

The **industrial applications sector** recorded a decline of approximately 4,1% in the first 9 months of 2023, due to the negative conditions of the Chinese market which represents the main market for the Group in the sector. Revenues amounted to approximately **205,0 million of euro** compared to the 213,8 million of euro of the 2022 financial year. The **laser cutting segment** recorded a turnover of **166,2 million of euro** compared to the 180,5 million of the first 9 months of 2022, with a decline of 7,9%. After years of progressive and rapid growth which led it to constitute approximately 81% of sales in the industrial sector, the cutting segment recorded a decline in revenues over the nine months compared to the previous year. The turnover of Chinese activities registered in fact a decline of approximately 23,5% (also penalized by an exchange rate effect of 6,6% due to the weakening of the Chinese Renminbi compared to the Euro). The growth in Cutlite Penta sales in the first nine months (+14,4%), despite the decline recorded in the third quarter (-5,8%), was not sufficient to keep the segment's turnover growing.

The Marking segment, especially thanks to Lasit 's activities, accelerated in the quarter and recorded a revenue growth of approximately **18,0%**; followed by the **laser sources** sector which grew by 9,6%.

The **conservation of artistic heritage** represents one of the Group's most significant commitments in activities with a social impact, in which our skills and technologies are made available for the conservation of artistic artefacts. These are often masterpieces of global relevance and fame and El.En., which belongs to a city with an extraordinary artistic heritage, includes this mission among the essential ones also in relation to the needs of its territory.

Last week, the restoration work on the Scurolo of San Carlo, the small octagonal crypt which houses the remains of San Carlo Borromeo under the Milan Cathedral, was presented in Milan. Also with the contribution of our technologies, patinas and oxidations were removed from the rich silver decorations, restoring all the decorative surfaces of the masterpiece to new splendor.



At a **geographical level**, the greatest growth was recorded in **Italy** with an increase of more than **10%** entirely due to the industrial sector and a turnover of **106,4 million of euro** compared to 96,4 million of euro in the same period of 2022, followed by **Europe** which highlighted an increase of **6,6%** and a turnover of **110,4 million of euro** vs. 103,6 million in 3Q 2022 thanks to growth in both sectors. The rest of the world decreased by 2,8% and highlighted revenues of **276,3 million of euro** compared to the 284,3 million recorded as of 30 September 2022, the net result of good growth in the medical sector and a decline in the industrial sector on the Chinese territory.

Gross margin for the nine months stood at **187,2 million of euro**, an increase of approximately 4,3% compared to the 179,5 million of euro as of 30 September 2022. The increase was higher than in sales thanks to the **recovery in sales margins**, from 37,1% to 38,0%.

In the nine months, sales margins recorded an improvement in the medical sector, above all due to the better mix of products sold, but also thanks to the price increases which made mitigated the higher costs for materials; however, it suffered a decline in the industrial sector, above all due to the difficulties on the Chinese market made increasingly competitive by the unfavorable local economy.

The **EBITDA** for the first nine months was positive at **61,9 million of euro**, down by approximately 8,4% compared to the 67,6 million of euro of 30 September 2022. The impact on turnover decreases marginally (13,9% in 2022 and 12,6% in 2023). EBITDA is net of non-monetary costs deriving from assignments of stock options or shares to collaborators and employees, equal to 2,823 thousand euros in the first nine months of 2023 compared to 848 thousand euros in the first nine months of 2022.

The **EBIT** at the end of the 9 months of 2023 showed a positive balance of **51,8 million of euro** compared to the 57,9 million of euro at 30 September 2022, with EBIT margin on sales decreasing from 12,0% of the previous year to 10,5% in the period under review. As regards the third quarter, the impact on turnover was 8,8%.

Income before taxes for the 9 months was positive for approximately **50,9 million of euro**, compared to 57,9 million of euro as of 30 September 2022, with an impact on sales equal to 10,3% compared to 12% of the same period of 2022 and a change of -12,2%.

The Group's **Net financial position** as of 30 September 2022 was positive by approximately **32,1 million** of euro. In third quarter the NFP increased by approximately 22 million of euro from the 10,2 million of euro at 30 June 2023. We also remind that non-current financial assets on our books include mid-term liquidity investments for a total of 23,6 million of euro.

During the third quarter of 2023, the group returned to generating cash from its operating activities, recording an improvement in the net financial position of over twenty million of euro in the period. The income flows from operating activities contributed to this result first and foremost, but also the contraction of net working capital and a limited volume of investments, lower than what was recorded in the recent past. This trend is in line with the indications recently provided regarding the generation of cash and the evolution of working capital used for operating activities, which foresee a reversal of the trend in the second half of 2023 compared to what occurred in the first six months.

Potential developments of the “Laser Cutting” business unit

The results achieved so far in the 2023 financial year on Chinese territory are lower than expectations and, despite the excellent results recorded in Italy and on Western markets, the business unit overall presents results that are not suitable for the filing of a satisfactory IPO with reference to the annual results. The listing project is therefore suspended while waiting for the countermeasures adopted in China to outline new growth and profitability prospects capable of supporting and justifying it. The results of the third quarter of 2023 make the possibility of restarting the listing process in the short term less concrete, and increase the possibility that the private equity funds that had invested in Penta Zhejiang with a view to the IPO may avail themselves of the right to exercise the withdrawal option provided in the event of failure to achieve the objective.

Predictable evolution of the activity for the current financial year

At the end of the third quarter of 2023, the normalization of the group's performance is confirmed, with the medical sector capable to maintain growth in revenues and EBIT, and the industrial sector in slight decline due to the results from China. The current macro-economic context is affected by the increase in interest rates, inflation and international instability aggravated by war conflicts. The group confirms its good competitive positioning and the concrete ability and possibility to seize the opportunities that its markets will continue to offer in the coming years. As for the closing of the financial year, the objective is to maintain a slight growth in turnover compared to the previous financial year, containing the delay in EBIT compared to 2022 in the proportion recorded in the first 9 months.

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The *manager in charge* of preparing the company's accounting documents, Dr. Enrico Romagnoli declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary findings, books and accounting records.



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In compliance with the provisions of the Consob Issuers' Regulation, we inform you that the interim management report as of 30 September 2023 will be made available to the public at the registered office in Calenzano, at the Borsa Italiana SpA and will be available for consultation on the company's website (www.elengroup.com section " *Investor Relations / Reports and Financial Statements/2023* ") and on the authorized storage mechanism www.emarketstorage.com starting November 14, 2023.

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CONFERENCE CALL

Tuesday 15 November 2023 at 3.00 pm CET (2.00 pm GMT) (9.00 am EST), El.En. SpA will hold the Web conference call with the financial community, during which the economic and financial results of the Group will be discussed. You can connect via the following link:

<https://polytemshir-it.zoom.us/j/84896624076?pwd=SXRUQ2xLM3l1Sk1HRmwrWtCVWs0UT09>

Meeting ID: 848 9662 4076
Access code: 786907

+ 390200667245 - 84896624076# - *786907# Italy
+3902124128823 - 84896624076# - *786907# Italy

Find your local number: <https://polytemshir-it.zoom.us/j/84896624076?pwd=SXRUQ2xLM3l1Sk1HRmwrWtCVWs0UT09>

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Before the telephone conference it is possible to download the presentation slides from the Investor Relations page of the EL.EN. website: <http://www.elengroup.com/it/investor-relations/presentations>

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This press release may contain forward-looking elements regarding future events and results of the EL.EN Group. which are based on current expectations, estimates and projections about the sector in which the Group operates and on the current opinions of management. These elements by their nature have a component of risk and uncertainty as they depend on the occurrence of future events. It should be noted that the actual results could differ significantly from those announced in relation to a variety of factors outside the control of the Group including: global economic conditions, impact of competition, political and regulatory developments in Italy and abroad. 'abroad

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El.En. is the leader of a high-tech Industrial Group, operating in the opto-electronic sector, which produces laser sources (gas, semiconductor, solid and liquid state) and innovative laser systems for medical and medical applications with its own technology and multidisciplinary know-how. industrial. The El.En. Group, leader in Italy in the laser market and among the top operators in Europe, designs, produces and markets worldwide:

- *Medical laser equipment used in dermatology, surgery, aesthetics, physiotherapy, dentistry, gynecology.*
- *Industrial laser systems for applications ranging from cutting, marking and welding of metals, wood, plastic, glass to the decoration of leather and fabrics up to the conservative restoration of works of art;*
- *Systems for scientific/research applications.*

ISIN code: IT0005453250

Acronym: ELN

Traded on Euronext STAR Milan ("STAR")

Mkt cap.: 0,8 B euros

code : ELN.MI

Bloomberg code: ELN IM

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Tab. 1 – Three months ending September 30, 2023 (unaudited)

Income statement - quarterly	30/09/2023	Inc %	30/09/2022	Inc %	Var. %
Revenues	147.386	100,0%	157.374	100,0%	-6,35%
Change in inventory of finished goods and WIP	12.555	8,5%	9.303	5,9%	34,96%
Other revenues and income	1.107	0,8%	1.585	1,0%	-30,14%
Value of production	161.048	109,3%	168.261	106,9%	-4,29%
Purchase of raw materials	94.119	63,9%	103.061	65,5%	-8,68%
Change in inventory of raw material	(2.197)	-1,5%	(6.038)	-3,8%	-63,61%
Other direct services	13.388	9,1%	13.597	8,6%	-1,54%
Gross margin	55.738	37,8%	57.641	36,6%	-3,30%
Other operating services and charges	13.772	9,3%	13.864	8,8%	-0,67%
Added value	41.967	28,5%	43.776	27,8%	-4,13%
Staff cost	25.741	17,5%	23.439	14,9%	9,82%
EBITDA	16.226	11,0%	20.337	12,9%	-20,22%
Depreciation, amortization and other accruals	3.322	2,3%	3.804	2,4%	-12,66%
EBIT	12.903	8,8%	16.533	10,5%	-21,95%
Net financial income (charges)	162	0,1%	(261)	-0,2%	
Share of profit of associated companies	(38)	0,0%	(4)	0,0%	754,92%
Income (loss) before taxes	13.028	8,8%	16.267	10,3%	-19,91%

Tab. 2 – Nine months ending September 30, 2023 (unaudited)

Income Statement	30/09/2023	Inc %	30/09/2022	Inc %	Var. %
Revenues	493.011	100,0%	484.348	100,0%	1,79%
Change in inventory of finished goods and WIP	28.495	5,8%	19.036	3,9%	49,69%
Other revenues and income	4.732	1,0%	4.566	0,9%	3,63%
Value of production	526.239	106,7%	507.951	104,9%	3,60%
Purchase of raw materials	305.774	62,0%	321.381	66,4%	-4,86%
Change in inventory of raw material	(12.633)	-2,6%	(35.487)	-7,3%	-64,40%
Other direct services	45.887	9,3%	42.561	8,8%	7,81%
Gross margin	187.211	38,0%	179.496	37,1%	4,30%
Other operating services and charges	44.393	9,0%	41.511	8,6%	6,94%
Added value	142.818	29,0%	137.985	28,5%	3,50%
Staff cost	80.938	16,4%	70.421	14,5%	14,93%
EBITDA	61.880	12,6%	67.564	13,9%	-8,41%
Depreciation, amortization and other accruals	10.102	2,0%	9.640	2,0%	4,79%
EBIT	51.778	10,5%	57.924	12,0%	-10,61%
Net financial income (charges)	(866)	-0,2%	(7)	0,0%	13075,78%
Share of profit of associated companies	(42)	0,0%	3	0,0%	
Income (loss) before taxes	50.870	10,3%	57.920	12,0%	-12,17%

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 – other long term payables

Fine Comunicato n.0481-90

Numero di Pagine: 12