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THE FUTURE IN A BEAM

Annual Financial Report as of December 31, 2023

EL.EN. S.p.A.

ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2023

El.En. S.p.A.
Headquarters in Calenzano (FI) – Via Baldanzese 17
Share Capital underwritten and deposited € 2,600,200.59(*)
Registered with the Florence Business Register no. 03137680488
(*) As of the approval date of this document

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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.
The financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

CORPORATE BOARDS OF THE PARENT COMPANY

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

Carlo Carrera

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 Auditor

EY S.p.A.

MANAGEMENT REPORT 2023

INTRODUCTION

Dear Shareholders,

After the record results recorded in the financial year 2022, in a 2023 characterised by general and market conditions that were certainly less favourable than the previous year, the group achieved an interesting growth in turnover and confirmed the solidity of its organisation and strategic approach. In line with forecasts, consolidated turnover exceeded 690 million euros (+2.8% over 2022) and the EBIT remained at an absolutely excellent level at around 73 million euros, or 10.5% of turnover, down 10.2% over 2022. The net result was 48.2 million euros.
Clearly recovering thanks to the excellent cash generation in the second half of the year, the net financial position at the end of 2023 was 54.6 million euros, down from the beginning of the year but up by 44.4 million euros in the second half. The performance of the last few months confirms the great solidity, also financial, of your industrial group and also the ability to generate substantial cash flows from its operations.

REGULATORY FRAMEWORK

In compliance with European Regulation No. 1606 of 19 July 2002, the El.En. Group prepared its consolidated financial statement as at 31 December 2023 in accordance with the International Financial Reporting Standards endorsed by the European Commission.
Pursuant to Italian Legislative Decree 38/2005, as from the financial year 2006 also the annual financial statements of the parent company El.En. S.p.A. (financial statement) were prepared in accordance with the International Financial Reporting Standards (IFRS); reference will be made to these when presenting the figures for the parent company.

SIGNIFICANT EVENTS WHICH OCCURRED DURING THE FINANCIAL YEAR 2023

On 15 March 2023 the Board of directors of El.En. spa, at the proposal of the Remuneration Committee, resolved on the implementation of the stock option plan for the period 2026-2031 ("2026-2031 *Stock Option* Plan" or "Plan"), following the mandate given to it by the shareholders' meeting of 15 December 2022: the beneficiaries of the plan, the quantities of options granted, the exercise windows, and the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to Euro 45,955.00 through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. S.p.A. and companies controlled by it, who are assignees of the options under the aforementioned Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
The Plan provides for the assignees of the option rights to include the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangioli and Barbara Bazzocchi, the General Manager of El.En. s.p.a. Paolo Salvadeo, the executives of El.En. s.p.a. that hold the position of administrators in the subsidiaries, other executives of El.En. s.p.a. that hold significant roles, administrators of subsidiaries that are considered of strategic importance for the development of the group, certain individuals belonging to the categories of white collar workers and middle managers and collaborators, who due to their professional and personal characteristics and loyalty cover an important role also in a future perspective.
The Plan can be defined as being of particular relevance within the meaning of Art. *114-bis*, paragraph 3 of Consolidated Law on Finance and *84-bis*, paragraph 2, Consob Issuers' Regulations insofar as some of the persons contemplated therein have been identified as recipients. For the exact identification of names and quantities assigned, please refer to the relevant table contained in the information document prepared pursuant to Art. 84-*bis* of the Consob Issuers' Regulation 11971/1999, filed within the terms of Art. *84-bis* paragraph 5 Issuers' Regulation cited above. The price, inclusive of surcharge, to be paid by those exercising the 2026-2031 *Stock Option* Plan options was determined by the Board at Euro 13.91. The calculation was performed by the Board of Directors on the basis of the arithmetic

average of the official prices recorded by the shares on the market in the six months preceding the date of the resolution. The criterion for determining the issue price of the shares to service the Plan was the subject of a favourable opinion, pursuant to Articles 2441, paragraph VI of the Italian Civil Code, and 158, paragraph II of the Consolidated Law on Finance, issued by the Independent Auditor EY s.p.a. This opinion, already published prior to the Shareholders' Meeting and within the terms of the law, is attached to the notary's report, filed with the Companies' Register of Florence and available for consultation at the Company's headquarters, on the website www.elengroup.com in the Investor Relations / Governance / Shareholders' Meeting Documents / 2022 section, as well as on the authorised storage site www.emarketstorage.com.
The Board also amended art. 6 of the Articles of Association concerning the share capital in accordance with the above-mentioned resolutions.

On 1 April 2023, the subsidiary Lasit spa participated in the establishment of the company Lasit Laser Deutschland GmbH based in Immendingen, Germany. Lasit spa holds a 70% controlling interest.

On 27 April, the Ordinary Shareholders' Meeting of the parent company approved the financial statements for the year 2022, which showed a net income of Euro 31,472,330.00, and also resolved:
- to distribute to the shares outstanding on the ex-dividend of coupon no. 2 on 29 May 2023 – in compliance with that set forth by art. *2357-ter*, second paragraph, of the Italian Civil Code, a dividend, equal to €0.22 gross per outstanding share for a total amount as of the date of the resolution of €17,573,197.84, it being understood that said amount could be increased by any new amounts required for the distribution of the dividend to the shares outstanding as of the ex-dividend date resulting from the exercise of the 2016-2025 stock option plan in the period between the date of the resolution and the *record date* of 30 May 2023;
- to allocate the residual amount equal, as of the date of the resolution, to €13,899,132.16 to the extraordinary reserve, it being understood that this amount could be decreased by any new amounts required for the distribution of the dividend from the shares outstanding as of the ex-dividend date resulting from the exercise of the 2016-2025 *stock option* plan in the period between the date of the resolution and the record date of 30 May 2023;
- to pay the above dividend from 31 May 2023.
The Ordinary Shareholders' Meeting also approved:
- the Remuneration Report and the compensation paid, in accordance with Art. *123-ter* Consolidated Law on Finance paragraph *3-bis* and Art. *123-ter* Consolidated Law on Finance paragraph 6;
- to authorise the board of directors:
* to purchase, in one or more tranches, in compliance with EU Regulation 596/2014 and delegated regulations, Art. 132, of Italian Legislative Decree of 24 February 1998, no. 58 and in the competing and/or alternative ways set out in Art. 144-bis, paragraph 1, letters a), b) d-ter) and Art. 144-bis, paragraph 1-bis of the Consob Issuers' Regulation 11971/1999, within eighteen months from the date of the resolution, treasury stock representing a number of ordinary shares that in any case, taking into account the shares held in the portfolio, does not exceed one fifth of the share capital, in compliance with the law and regulations, at a unit price at the minimum lower than the closing price that the share will have recorded in the stock exchange session on the day prior to the completion of each individual transaction, less 10%, and at the maximum not more than 10% higher than the official trading price recorded on the day prior to the purchase;
* to return in circulation, assign or transfer the shares within 10 years from the date of purchase in one or more tranches, at a price, or counter-value, not less than 95% of the average of the official trading prices recorded in the five days preceding the alienation, all for the purposes, with the terms, conditions and modalities that the board of directors will determine at the time of the alienation, assignment or transfer and in full compliance with the regulations in force;
entrusting the Board of Directors, and on its behalf the Chairman and the managing directors severally, and with the power to delegate to third parties to execute said resolution with all the necessary powers and authority, in compliance with the provisions of EU Regulation 596/2017 and Art. 132, of Italian Legislative Decree 58/98 in such a way as to ensure, in all cases, equal treatment of shareholders, in compliance with the requirements laid down by Consob.

Finally, the Extraordinary Shareholders' Meeting resolved to introduce and regulate the new figure of the honorary chairman by amending Art. 20 of the Articles of Association.

On 11 May 2023, Penta Laser Zhejiang participated in the establishment of Zhejiang Monochr, a company set up under the aegis of the Zhejiang regional government to develop and manage wide-ranging research projects in the area of industrial applications of laser systems. The company is 35% owned.

On 5 June 2023, HL srl was incorporated by its wholly-owned subsidiary Cutlite Penta srl. The newly formed company is based in Calenzano (FI).

On 29 December 2023, the subsidiary Ot-las srl completed a purchase transaction from minority shareholders of no. 104,500 shares in the subsidiary Penta Laser Zejhiang for a counter-value of Euro 194,370, bringing its shareholding to 76%.

During the fourth quarter of 2023, the subsidiary Lasit spa participated in the establishment of the company Lasit Laser UK based in Solihull, England. Lasit spa holds a 70% controlling interest.

Restatement of prior period balances in accordance with IAS8 paragraphs 41-42

During the preparation of the condensed interim consolidated financial statement for the six months ended 30 June 2023, the Group revised the determination made as at 31 December 2022 relating to the representation, under international financial reporting standards, of the capital increase of Penta Laser Zhejiang subscribed between October and December 2022 by four Chinese private equity funds. Please refer to the appropriate section in the Notes to the Consolidated Financial Statements.

Potential developments of the *business unit* "Laser Cut"

Since 2022, the group has undertaken preparatory activities for the possible filing of an IPO application on a regulated market in China, which is functional to its ambitious growth targets in the sector.
The results accrued in 2023 in China are below expectations and, despite the excellent results in Italy and Western markets, the business unit exhibits overall inadequate results for a successful IPO. In the course of 2023, the listing project was therefore put on hold until the countermeasures taken in China again outlined growth and profitability prospects capable of supporting the listing aspirations.
In the first few weeks of 2024, having found it impossible to proceed with an IPO application with reference to the 2023 results, the private equity funds that had invested in Penta Laser Zhejiang during 2022 submitted the contractually stipulated withdrawal request in their favour. Meetings are underway in which the funds are considering extending their membership, subject to commitments and guarantees being negotiated. The confirmation of the exit of the funds would result in the discontinuation of the IPO process and the need to identify alternative solutions for the *business unit*.

War in Ukraine

The war that has been waged in Ukraine for the past two years keeps international relations between all parties directly and indirectly involved in the conflict very uncertain and critical. The state of war on Ukrainian territory and the strict trade sanctions imposed on Russia have limited or precluded the continuation of existing trade relations in these areas. The group has historically had fruitful business relations with Ukraine and Russia, particularly in the field of aesthetic medical applications.

Palestinian-Israeli Conflict

The Gaza conflict has no direct impact on the Group, except for the slowdown in sales to Palestine and Israel, which do not represent a significant percentage of Group sales.

Flooding in Campi Bisenzio (Florence)

The flood that hit the territories of the provinces of Florence and Prato on the night of 3 November 2023 caused substantial damage inside the factory of our subsidiary Ot-las located in Campi Bisenzio. The water level exceeded 70 cm, causing damage to inventories, work in progress and all office and production equipment. The factory was quickly cleaned up thanks to the commitment and determination of the employees, whom we would like to thank here, and was quickly back in operation. Substantial damage was suffered by an important supplier of Cutlite Penta, also located in the municipality of Campi Bisenzio, which housed goods owned by Cutlite Penta in its plant for processing. Damage suffered by inventories, systems under assembly and plant equipment, furniture and furnishings were quantified at 517 thousand euros for Ot-las and 1.16 million euros for Cutlite Penta, respectively, and their amount was fully expensed in the fourth quarter of 2023. Procedures for other income due to Insurance refunds and applications for state-provided relief through Simest were started. Any income we manage to obtain in this respect will be accounted for at the time of actual recognition or disbursement, hopefully in early 2024.
In addition to affecting our companies, the flood severely affected the homes of many of our employees living in the Campi Bisenzio area, who suffered extensive damage to their personal property.

DESCRIPTION OF THE ACTIVITIES OF THE GROUP

Founded in 1981 on an idea by a University professor and one of his students, El.En. has developed over the years into a structured and dynamic industrial group specialised in the production, research and development, distribution and sales of laser systems.

The laser, acronym of "**Light Amplification by Stimulated Emission of Radiation**", a fascinating technology invented in 1960, is the technological core of the group. This light emission with such particular characteristics (mono-chromaticity, coherence, brightness) has an ever growing number of applications which have given rise to actual industrial sectors and have radically changed the way other sectors operate. Telecommunications, sensors, printers, lithography, a variety of processes in industrial manufacturing, as well as medical and aesthetic applications have benefited from the innovations made possible by the versatility, precision and reliability of laser systems. And again, as Prof. Gérard Mourou – awarded the Nobel prize in physics 2018 for the invention of the *chirped pulse amplification*, or CPA, later used to create ultrashort, very high-intensity laser pulses (terawatt) – reminded us in January 2019 during his visit to the headquarters of our Quanta System Spa in Samarate (VA), that "*The best is yet to come*!". Scientific research and applied industrial research will still find innovative applications for laser technology, which we will take advantage of both directly and indirectly.

Among the variety of types of laser sources and applications developed to date, the group is specialised in producing systems for two sectors: laser systems for medicine and beauty, which we call the Medical sector, and laser systems for manufacturing processes, which we call Industrial sector. Each of the two sectors includes a variety of differentiated segments for the specific application of the laser system, and therefore for the specific underlying technologies and for the type of user. As a result, the group's business, generically defined as production of laser sources and systems, includes a considerable variety of products catering for many types of customers, also by virtue of the global presence of the group that leads it to adapt to the peculiarities of every region of the world in using our technologies.

Over time, the group has taken on the current structure by setting up new companies and taking over others. The activities are conducted by this structured group of companies that operates in the production, research and development, distribution and sales of laser systems. Each is entrusted with a specific business, sometimes targeting a single geographical market, sometimes a particular market sector, sometimes more extensive activities across technologies, applications and geographical markets. The activity of all of the companies is coordinated by the parent company as the available resources make it possible to better serve the target markets, taking advantage of the dynamism and flexibility of the individual business units without losing the advantages of coordinated management of certain resources.
Within our sectors, the comprehensive offer and the ability to segment certain markets in order to maximise the total share held by the group, together with the opportunity of involving managerial skills in their capacity as minority shareholders, underlies the corporate structure of the group. The number of member companies must always be related to the linear division of the business, which we identify, for reporting but above all for strategical purposes, as follows:

MEDICAL SECTOR	INDUSTRIAL SECTOR
Aesthetic	Cutting
Surgical	Marking
Physiotherapy	Laser sources
Medical Service	Restoration
	Industrial Service

The sale of systems is associated to the after-sales service, essential support to installation, maintenance and correct use of our laser systems and significant source of revenue for spare parts, consumables and technical assistance services.

The structure of the group into numerous companies also reflects the strategy of product distribution and of organisation of research and development and marketing activities. El.En. is one of the most successful aggregators on our market, thanks to a series of acquisitions made over the years, in particular in the medical sector (DEKA, Asclepion, Quanta System and Asa). Following a distinctive and original approach for our sector, each company that joined the group retained its own specific character by product type and segment, with independent trademarks and distribution networks from other companies of the group, thus forming an actual *business unit*. Furthermore, each company has been able to take advantage of the *cross fertilisation* offered by each research hub, making their elective technologies available also to the other companies in the group. This strategy, though a bit complex to manage, allowed the group to grow, making it one of the most important concerns on the market as a whole. While being aware of the significance that the multi-brand and multi-R&D approach had for the growth of the group, we also feel the need to make the activities of the *business units* of the medical sector ever more closely coordinated, with an ever stronger emphasis on joint activities such as Italian distribution, which collects the pre-existing Deka and Quanta System networks into a single organisation under the new “Renaissance” brand. In 2020, the integration between group networks continued: Asclepion laser systems for aesthetic applications are distributed in Italy through the Renaissance network, further strengthening its leadership in the territory, while the Asclepion distribution network in Germany added the Deka systems to its portfolio to mirror this expansion.
Besides, the best integration of medical *business units* is one of the goals of the General Manager of El.En. Spa, who took on the new role for the company, as of the first of January 2017.

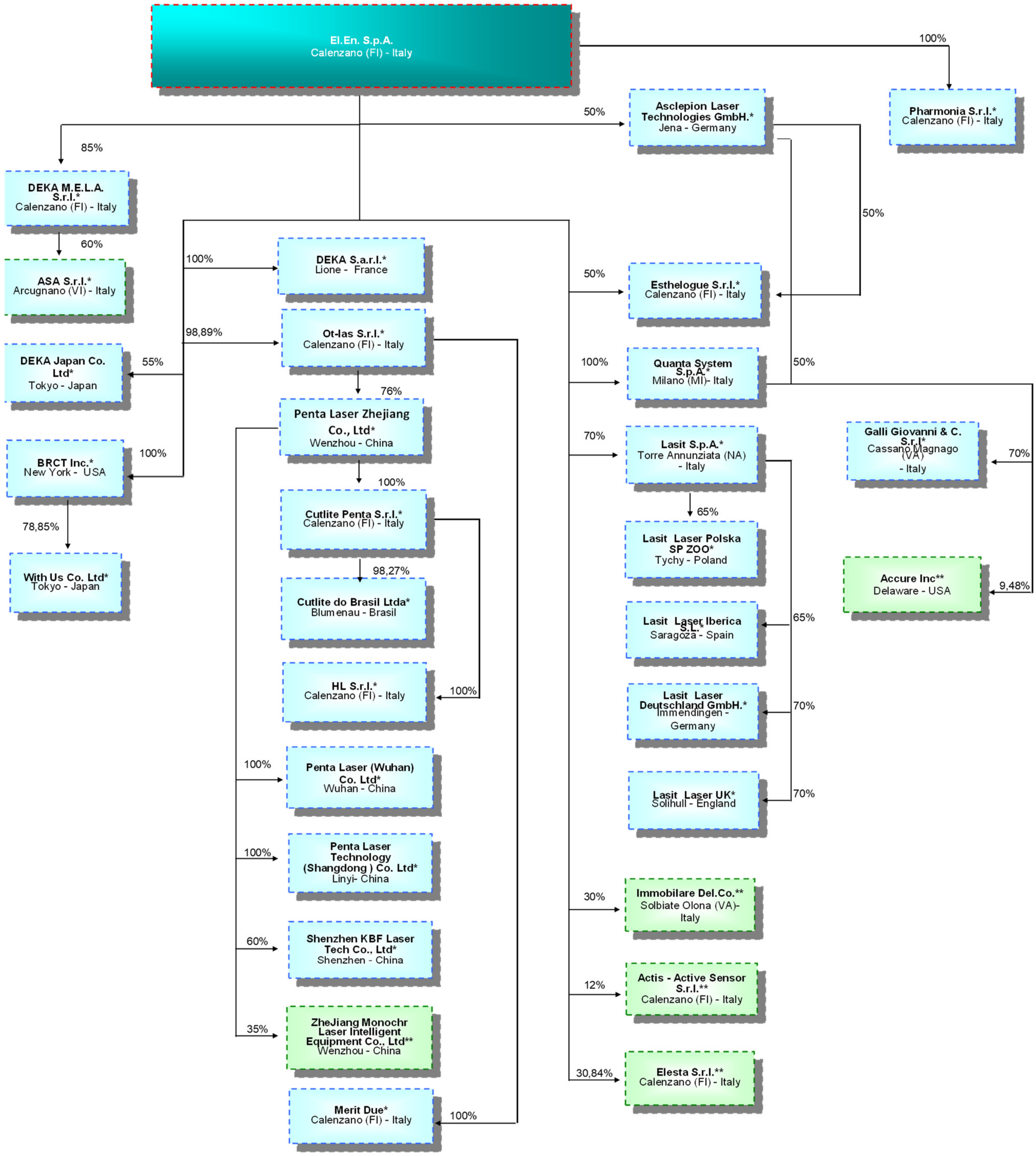
Although laser technology is a common factor, as several strategical components and some R&D and production activities are shared, the two Medical and Industrial sectors target very different markets. The activities that they perform are organised so as to meet the profoundly different customer requirements of the two sectors. Furthermore, each market features specific dynamics of the demand and growth expectation linked to different key factors.
The medium-term growth forecasts are positive for both sectors. The demand for aesthetic and medical treatments by a population that is ageing on average and seeking to limit the effects of ageing ever more is in constant growth in the medical sector. The demand is also growing for technologies that can minimise operating and hospitalisation time frames in some surgical procedures or that can enhance their effectiveness, reducing their impact on the patient (minimal invasiveness) and overall costs. For the industrial sector, laser systems are an ever more essential tool for manufacturing, making flexible and innovative technologies available for companies competing on international markets and who want to raise their quality standards and increase productivity. Therefore, while part of the traditional manufacturing market, laser systems make up a high-tech component which, thanks to constant innovation of the laser product and of the processes which lasers allow to develop, features extremely interesting growth prospects.

Growth in the industrial sector is attained through increased productivity and product quality, together with great flexibility, which laser processes bring to many production processes. While targeting the traditional manufacturing system, our cutting technologies, which transform the product, as well as marking technologies, which identify and decorate it, meet specific needs which are ever more in demand in manufacturing production. Innovative technologies contribute to increasing the demand making the available products ever more easy to use, productive and versatile, widening the pool of potential customers.

Finally, considering the excellent growth outlook of the target markets on the medium and long-term, the group is able to acquire market shares and to create new application niches thanks to innovation. The breadth of the range of products offered, the ability to continuously innovate it to adapt it to market requirements and still better to create new ones, are our critical factors for success. The El.En. Group was and still is able to excel in this business. The section dedicated to research and development documents and bears witness to its importance in the group’s activities and to the great attention paid in allocating appropriate resources needed to guarantee the prosperity of the group in years to come.

DESCRIPTION OF THE GROUP

As at 31/12/2023, the structure of the Group is as follows:



* *Controllate*
** *Collegate*

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 **value of production** is determined by the sum of revenue, the change in inventory of finished goods and WIP and the other revenue and income;
- 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 **value added** is determined by adding to the EBITDA the “cost for personnel”;
- 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 **earnings before interest and income taxes,** or “EBIT”, represents the difference between revenue and other operating income and production costs, operating service and charges, depreciations, amortizations, accruals and devaluations;
- 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 (displayed in compliance with the ESMA Orientations which, starting on May 5th 2021 modified the references contained in the preceding CONSOB communications, including the references present in Communication n. DEM/6064293 of July 28th 2006 related to the net financial position).

PERFORMANCE INDICATORS

The following performance indicators were identified to provide additional information on the group's capital, financial and income structure:

	31/12/23	31/12/22 Restated
Profitability Ratios:		
ROE (Net Income / Own Shareholders' Equity)	16,2%	21,4%
ROI (EBIT / Total Asset)	10,1%	11.0%
ROS (EBIT / Sales)	10,5%	12.0%
Capital structural ratios:		
Investments Flexibility ratio (Current Asset / Total Asset)	0,77	0,77
Leverage ((Net Equity+ Loans) / Net Equity)	1,20	1,24
Current Ratio (Current Asset / Current Lability)	1,94	1,73
Current liability coverage ((Current receivables + Cash & cash equivalent + Investments) / Current liabilities)	1,20	1,11
Quick ratio ((Cash & cash equivalent + Investments) / Current liabilities)	0,47	0,50

For a clearer view of the table above and in the light of the provisions on alternative non-GAAP measures, we consider it appropriate to give the following definition referring to the financial statements:

- Own Shareholders' Equity = Group's shareholders' equity – Net income (loss)

GROUP FINANCIAL HIGHLIGHTS

The year 2023 closes for the group with a consolidated turnover of around 692 million euros, up 2.8% compared to 2022, with EBIT of around 73 million euros or 10.5% of turnover, down from 81 million euros in 2022. Record fourth-quarter 2023 turnover were close to the 200 million euros mark (199.3 million euros), up 5.3% from the fourth quarter of 2022, with EBIT of 21 million euros, which did not improve on the fourth-quarter 2022 result only due to extraordinary expenses and provisions due to a legal dispute and the damage caused by the flooding that affected some of our operations in November.

With reference to the group's *guidance* for the financial year 2023, which was updated during the year, the results are in line with the forecasts, both in the slight growth in turnover and in the drop in EBIT in 2023 compared to the record result of the previous year.

Significant in the second half of the year was the return to cash generation, after the group had had to resort to an abrupt expansion of inventories and very fast payment times to suppliers during the rapid growth phase of 2022 in order to ensure the timely supply of production lines, which had been put under pressure by exuberant demand and the crisis in supply chains. The net financial position at the end of 2023 was 54.6 million euros, with about 45 million euros recovered in the second half of the year. It should also be noted that non-current financial assets include medium-term liquidity investments totalling 23.8 million euros.

The excellent performance in the fourth quarter basically confirmed what had been outlined during the year, i.e. a positive or very positive trend in most markets and an operational difficulty of the industrial sector's activities in China. Although the international markets lost the euphoria that characterised 2022, they remained receptive and lively. The Chinese market alone showed a contraction during the year: the expected revival of the Chinese economy, plagued until the end of 2022 by the prolonged restrictive Covid administration, did not occur. The growth of the Chinese economy remained below expectations, hampered by the crisis in the real estate sector and difficult international relations, which led to a marked reduction in investment, particularly in the manufacturing sector. The short-term outlook for the Chinese market remains uncertain; we have reacted by, among other things, reducing the fixed costs of our facilities in the territory. By contrast, the outlook on other markets remains moderately optimistic, in the hope that there will be no deterioration in international relations as a result of escalating conflicts.

The annual growth of the medical sector was 2.7%, broadly in line with the group's overall growth. The performance of the sector as a whole showed a tendency to progressively slow down during the year, as the residual impetus from the large order intake of 2022 was exhausted and market conditions became less favourable due to the uncertainty induced by the war in Ukraine and then also the war in Palestine, and the high level of interest rates, which discouraged investment in capital goods. That said, the sales result achieved is actually higher than the expectations implicit in the consolidated *guidance* and testifies to the group's ability to overcome the difficulties that existed and in part remain in certain application and geographic markets. The group's activities in the sector, from research and development activities that have led to the launch of innovative products on the market, to marketing activities with the participation in grand style at the most important international congresses, such as the World Congress of Dermatology held in Singapore, have aimed at consolidating our positions, in order to be in a position to realise the growth that is expected in our target markets in the coming years.

EBIT declined for the year, attributable entirely to the industrial sector and in particular to the Chinese activities, where the critical mass necessary for the economic balance of our production and sales organisation was not achieved. More generally, there has been an increase in the sales and marketing expenses required to sell our products, with the associated impact on operating costs: travel, trade fair and conference events have now returned to the intensity of the pre-Covid period.

Research and development activities continue to underpin the group's innovative capacity and thus its ability to compete in its markets. The group carries out intensive basic and applied research aimed at the conception and realisation of new products and application methods. The processes that lead to the development of the innovative new products benefit from the group's technical capabilities that have been consolidated over time in the disciplines required for the realisation of a complex system such as a laser system. Experience in analysing the interaction between laser beams and the human body or other materials to be processed is also crucial in this respect. The El.En. group is characterised by a deep layering of skills that enables it to maintain a very high productivity of its research activities, in terms of new systems released for sale each year. The large section of this report that is devoted to this activity details the progress of the project *pipeline* and innovations in the underlying technologies.

Numerous new products were launched in 2023. Among others, the first systems of the Pro series, Again, Red Touch and Onda, for hair removal, non-ablative anti-ageing treatments and body treatments, were launched by Deka in July. The first launch of the Pro line was then completed in January 2024, with Motus, Tetra and Smartxide redefining the profile of the offer in hair removal and ablative anti-ageing treatments. Asclepion worked on the launch of Alex Star Red Edition which materialised in January 2024. In the industrial sector, Cutlite Penta's new range of compact XME systems, designed with rack handling and available with power ratings up to 20kW, is of importance.

As always, a rich *pipeline* of innovations is being prepared for launch in 2024. Indeed, it must be considered that 2023, even with the new products mentioned above and other significant ones that are not mentioned in this report, was a less prolific year than average due to the extraordinary commitments to which our operational research, engineering and development functions were subjected during 2022. The preparation of systems for the new MDR, European regulations on medical devices, absorbed design staff and clinical and technical documentation; the need to make up for the shortage of numerous components absorbed the designers in continuous and complex modifications to enable production to process the large volume of orders received without excessive delays.

The medium-term outlook on the development of our target markets remains positive, and allow us to continue investing aimed at creating the conditions to benefit from the expected growth. An essential element for the development of our markets is technological innovation. Demand in the markets grows in the presence of innovative solutions that meet customers' needs more effectively and stimulate new ones by opening up new scenarios. Through innovation and development activities, by bringing new products to the market for new applications or for the better execution of applications already on the market, we are thus ourselves the architects of the development of our markets.

During the year, the Group continued its sustainability activities, which are also included in the performance indicators for Management compensation. The new 2023-2027 Five-year plan identifies specific and measurable sustainability activities and objectives, on sensitive topics such as combating climate change, the circular economy, promoting a responsible supply chain, valuing people and contributing to the community. This confirms the Group's ongoing commitment to sustainable development in which environmental and social responsibility are increasingly an integral part of the business model. The ongoing commitment is also reflected in the improved ESG ratings obtained from leading sustainability rating agencies.

As of 1 January 2024, the El.En. Group will be required to report in accordance with the requirements of the new European CSRD Directive No. 2022/2464 (Corporate Sustainability Reporting Directive) concerning corporate sustainability reporting and in accordance with EU Taxonomy Regulation 2020/852. Projects have been started that will enable the alignment of any existing gaps with the CSRD requirements by the end of 2024. We have proceeded to identify, within the 2023 Consolidated Non-Financial Statement, the Group's activities considered eligible with respect to the six environmental objectives of the Taxonomy Regulation: during 2024, we will continue projects that will allow us to define these activities also aligned with the requirements of the Taxonomy Regulation.

The following table shows the breakdown of turnover as at 31 December 2023 among the group's business sectors, compared with the similar breakdown for the financial year 2022.

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Medical	392.434	56,69%	382.063	56,72%	2,71%
Industrial	299.856	43,31%	291.518	43,28%	2,86%
Total revenue	**692.290**	**100.00%**	**673.581**	**100.00%**	**2,78%**

At the end of the financial year, the growth of the two sectors aligned at about 2.8%, leaving the share of medical and industrial sales in the group turnover unchanged.
During the financial year, exchange rate movements penalised the size of consolidated turnover, as a result of the fall in the US dollar and Chinese renminbi exchange rates compared to 2022, with the effect being more pronounced on the industrial sector. The overall effect of exchange rates on turnover was 1.9% on consolidated turnover, 0.9% on the medical sector and 3.1% on the industrial sector. At constant exchange rates, the consolidated turnover would have exceeded 705 million euros.

From the perspective of the geographical distribution of turnover, the performance of the period is illustrated in the following table:

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Italy	151.755	21,92%	149.928	22,26%	1,22%
Europe	157.014	22,68%	144.699	21,48%	8,51%
ROW	383.521	55,40%	378.954	56,26%	1,20%
Total revenue	**692.290**	**100.00%**	**673.581**	**100.00%**	**2,78%**

Medical sector

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Italy	37.528	9,56%	38.370	10,04%	-2,20%
Europe	117.686	29,99%	113.171	29,62%	3,99%
ROW	237.220	60,45%	230.522	60,34%	2,91%
Total revenue	**392.434**	**100.00%**	**382.063**	**100.00%**	**2,71%**

Industrial sector

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Italy	114.228	38,09%	111.557	38,27%	2,39%
Europe	39.328	13,12%	31.528	10,82%	24,74%
ROW	146.300	48,79%	148.433	50,92%	-1,44%
Total revenue	**299.856**	**100.00%**	**291.518**	**100.00%**	**2,86%**

The sales trend by macro-geographical area for the two sectors confirms for the medical sector the best performance in foreign markets, while in the industrial sector, the excellent sales performance in Europe contrasts with the slowdown in the rest of the world (ROW) caused by the lower sales recorded in the cutting sector by the Chinese companies (about 8%), a slowdown contained thanks to the rapid development of sales by the other group companies involved in the industrial sector, especially Cutlite Penta. At constant currency exchange rates with the financial year 2022, the revenues of the industrial sector in the rest of the world (ROW) would have amounted to about 155.8 million euros, an increase of about 5% compared to 2022.

Within the Medical and Aesthetic Systems segment, which also accounted for about 57% of the group's turnover in the year 2023, the sales trend in the various segments is illustrated by the following table:

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Aesthetic	225.961	57,58%	238.774	62,50%	-5,37%
Surgical	77.235	19,68%	61.928	16,21%	24,72%
Physiotherapy	15.894	4,05%	15.745	4,12%	0,95%
Others	3.250	0,83%	1.674	0,44%	94,14%
Total medical systems	**322.340**	**82,14%**	**318.121**	**83,26%**	**1,33%**
Medical service	70.093	17,86%	63.942	16,74%	9,62%
Total medical revenue	**392.434**	**100.00%**	**382.063**	**100.00%**	**2,71%**

The growth in the medical sector stemmed from the excellent performance of sales of systems for surgical applications and after-sales services and consumables, which more than offset the decline in the aesthetics segment.

Sales of systems for surgical applications performed excellently in 2023, with growth of around 25%, continuing the recovery after the slowdown in the Covid period. The therapy segment also continued to grow slightly. In the residual segment "Others", the excellent success achieved in certain markets by our systems for dentistry is highlighted above all, thanks to the innovative reinterpretation of the application techniques offered by our systems.

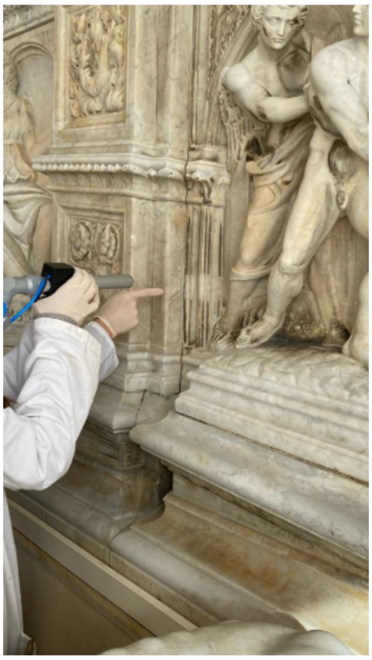
Turnover for after-sales services and consumables is approaching 10% growth, due to the increase in the installed base, which physiologically entails a higher volume of technical support on systems and use of consumables. The sale of consumables characterises the surgical segment of urology, where every operation requires the use of an optical fibre that we supply to distributors and customers. Turnover for surgical fibre optics represents a significant share of turnover for medical services.

In the aesthetics segment, which accounts for about 60% of the turnover in the medical sector, turnover was affected by the weakness of some major accounts in hair removal. On the other hand, the trend in anti-ageing applications was very good, both those with ablative CO_2 or Erbium technology, sometimes combined in hybrid systems also equipped with non-ablative laser sources, and those for toning with picosecond laser technology, especially in the Far East.
For the sector of industrial applications, the following table details the turnover according to the market segments the group works in.

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Cutting	243.923	81,35%	243.811	83,64%	0,05%
Marking	29.838	9,95%	25.432	8,72%	17,32%
Laser sources	5.168	1,72%	3.882	1,33%	33,11%
Conservation	512	0,17%	675	0.23%	-24,16%
Total industrial systems	**279.441**	**93,19%**	**273.801**	**93,92%**	**2,06%**
Industrial service	20.414	6,81%	17.717	6,08%	15,22%
Total industrial revenue	**299.856**	**100.00%**	**291.518**	**100.00%**	**2,86%**

Thanks to an excellent fourth quarter (+22% over the 2022 fourth quarter), turnover in the industrial sector increased year-on-year by about 2.9%.
The sales result in the fourth quarter was particularly positive in China (+58% in the quarter), an exploit that is a sign of a revival at the end of a difficult year, without being able to alter the substantially negative trend. In fact, the turnover of the Chinese operations declined by 8.3% year-on-year, despite the acquisition of KBF at the end of 2022, which brought inorganic growth of about 15 million euros, or 11.8% with respect to 2023. On the other hand, the cutting business in Italy, Europe and western markets, where we operate with Cutlite Penta (+9.3% turnover in 2023) and Cutlite do Brasil (+2.8%), continues to grow rapidly. In commenting on Cutlite Penta's results, it should be noted that the Italian market, on which the company achieved 72% of its revenues in 2022, went through a contraction phase in 2023, which was expected as a consequence of the exhaustion of the tax incentives for technological investments known as "Industry 4.0". Growth was therefore entirely achieved through expansion into international markets, particularly those outside Europe.

Within the industrial sector, in 2023 it was the business of Lasit and its subsidiaries, in the marking application segment, that recorded the best growth in turnover (+27%) and profitability (+123% in EBIT). The unit controlled by Lasit of Torre Annunziata, which has distribution branches in Poland, Spain, Germany and the UK, exceeded a turnover of 26 million euros in 2023. Drawing on an integrated operational structure, from its own machine shop to its application research laboratories to its extensive distribution network, Lasit is able to provide effective, often customised solutions for the identification needs of its customers in the manufacturing sector.
Sales of laser sources, an activity carried out by the industrial division of El.En. Spa, also performed well, often in association with the sale of marking systems made for specific applications within numerous manufacturing sectors.
In the restoration sector, the trend in revenues for systems declined, while revenues for services (system hire, consultancy) contributed to the rapid development of turnover for after-sales services in the industrial sector, which grew by around 15%.
The restoration sector, apart from the volume of business, is the flagship of the group, which in this field makes its technological excellence available to the conservation of artistic heritage around the world.
Among the numerous restoration works undertaken during the period, we would like to mention the cleaning of the Gaia fountain, the fountain built in the 14th century in Piazza del Campo in Siena, rich in bas-reliefs, including sculptural masterpieces by Jacopo della Quercia.



CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2023

We present below the consolidated income statement for the year ended 31 December 2023, compared to that of the year 2022.

Income Statement	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Revenues	692.290	100,0%	673.581	100,0%	2,78%
Change in inventory of finished goods and WIP	(72)	0,0%	15.658	2,3%	
Other revenues and income	7.358	1,1%	6.225	0,9%	18,20%
Value of production	**699.576**	**101,1%**	**695.464**	**103,2%**	**0,59%**
Purchase of raw materials	387.621	56,0%	412.370	61,2%	-6,00%
Change in inventory of raw material	(10.858)	-1,6%	(27.727)	-4,1%	-60,84%
Other direct services	61.382	8,9%	61.126	9,1%	0,42%
Gross margin	**261.430**	**37,8%**	**249.695**	**37,1%**	**4,70%**
Other operating services and charges	59.436	8,6%	56.250	8,4%	5,66%
Added value	**201.994**	**29,2%**	**193.445**	**28,7%**	**4,42%**
Staff cost	111.129	16,1%	98.194	14,6%	13,17%
EBITDA	**90.866**	**13,1%**	**95.251**	**14,1%**	**-4,60%**
Depreciation, amortization and other accruals	18.130	2,6%	14.250	2,1%	27,23%
EBIT	**72.736**	**10,5%**	**81.001**	**12,0%**	**-10,20%**
Net financial income (charges)	(1.533)	-0,2%	(1.934)	-0,3%	-20,74%
Share of profit of associated companies	(69)	0,0%	(79)	0,0%	-12,92%
Income (loss) before taxes	**71.134**	**10,3%**	**78.988**	**11,7%**	**-9,94%**
Income taxes	21.068	3,0%	19.953	3,0%	5,59%
Income (loss) for the financial period	**50.067**	**7,2%**	**59.036**	**8,8%**	**-15,19%**
Net profit (loss) of minority interest	1.827	0,3%	3.925	0,6%	-53,44%
Net income (loss)	**48.239**	**7,0%**	**55.111**	**8,2%**	**-12,47%**

The gross margin was 261,430 thousand euros, up 4.7% from 249,695 thousand euros at 31 December 2022. The increase is higher than that of turnover due to the recovery in the sales margin, from 37.1% to 37.8%. The improved margins were mainly due to the sales mix in the medical sector, where the revenue trend in the various application segments rewarded product lines with higher margins. On the other hand, the marginality of sales in the industrial sector declined slightly, while the mix effect between the medical and industrial sectors was negligible during the year, with substantially the same growth.

Other operating services and charges amounted to 59,436 thousand euros, up from 56,250 thousand euros as of 31 December 2022, with an incidence on turnover increasing from 8.4% to 8.6%. Increasing its share of turnover are essentially commercial expenses, in particular those for the intensive participation in trade fairs and congresses, which affected our companies in both the medical and industrial sectors during the period. Contributing to the increase in these costs are the notional costs for *stock option* plans for administrators and collaborators, which amounted to approximately 411 thousand euros as of 31 December 2023 and were not present in 2022.

At 111,129 thousand euros, staff expenses were up from 98,194 thousand euros as at 31 December 2022, with the ratio to turnover increasing from 14.6% in 2022 to 16.1% in 2023.
Within staff expenses, the marked increase in notional costs recognised in the financial statements for *share-based payments* or *stock options* to employees should be noted, which rose from 1,553 thousand euros in 2022 to 3,485 thousand euros in 2023, an amount representing approximately 0.5% of turnover.

As at 31 December 2023, the group had 2,082 employees, down from 2,105 as at 31 December 2022. The decrease affects Chinese companies, with the exception of the newly acquired KBF in Shenzhen, whose numbers were not included in the 2022 totals. As a result of the adjustment of the workforce to the current different market requirements, the number of staff employed in China, without taking KBF into account, fell from 894 at the end of 2022 to 663 at the end of 2023. New hires mainly involved Asclepion in Germany and Quanta System in Samarate.
A considerable amount of staff expenses is absorbed by research and development, for which the Group also receives grants and reimbursements of expenses in view of specific contracts signed with the appropriate bodies.

On 3 November 2023, the companies Cutlite Penta and Ot-las suffered extensive damage from the flooding in Tuscany, which affected, among others, the municipality of Campi Bisenzio. Damage to goods in warehouses, work-in-progress systems, and equipment forced us to account for costs of approximately 1.7 million euros in the companies' 2023 budgets. Other income due to Insurance refunds and any state reimbursements, if obtained, will be accounted for at the time of actual recognition and disbursement.

EBITDA amounted to 90,866 thousand euros, down 4.6% from 95,251 thousand euros as of 31 December 2022. The ratio to turnover decreases (14.1% in 2022, 13.1% in 2023).

The costs for amortizations, depreciations and accruals increased, going from 14,250 thousand euros on 31 December 2022 to 18,130 thousand euros on 31 December 2023, and their effect on turnover rose from 2.1% to 2.6%. A legal dispute over an important supply in China led to a provision for risks of 1.5 million euros, which, combined with a write-down of 1.7 million euros of the systems involved in the supply and still included in our inventories, brings the total costs allocated to the dispute in the 2023 fourth quarter to 3.2 million euros.

As a result, the EBIT amounted to 72,736 thousand euros, down from 81,001 thousand euros as of 31 December 2022, with incidence on turnover decreasing from 12% to 10.5% of the previous year. The impact of non-cash costs from *share-based payments* or *stock options* amounted to 3.9 million euros in 2023 compared to 1.6 million euros in 2022, with a penalty of 2.3 million euros on the 2023 result, plus 1.7 million euros in flood expenses and 3.2 million euros in provisions for the lawsuit in China.

Financial charges amounted to 1,533 thousand euros compared to 1,934 thousand euros posted in the same period last year due to foreign exchange losses caused by the weakening of the US currency during the period and the interest accrued on the virtual liabilities introduced in Penta Laser Zhejiang as of 31 December 2022.

The cost for current and deferred taxes for the year amounted to 21,068 thousand euros: the overall tax rate was 29.6%, up from last year when it was 25.3%. For details on taxes and the tax rate, we refer you to the corresponding table in the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND NET FINANCIAL POSITION AS OF 31 DECEMBER 2023

The reclassified statement of financial position below shows a comparative assessment with that of the previous financial year.

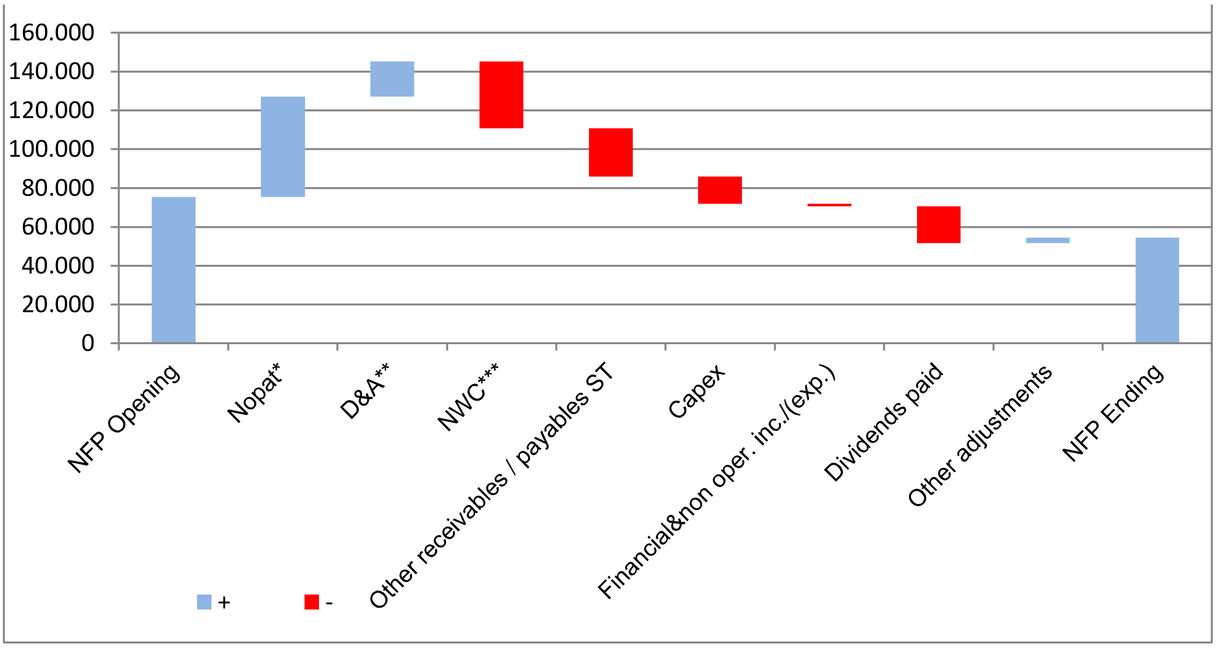
Statement of financial position	**31/12/2023**	**31/12/2022 restated**	**Variation**
Intangible assets	12.616	13.898	-1.282
Tangible assets	112.218	113.086	-868
Equity investments	2.926	2.082	844
Deferred tax assets	14.347	12.421	1.926
Other non-current assets	24.092	24.299	-207
Total non current assets	**166.200**	**165.786**	**414**
Inventories	210.297	202.900	7.397
Accounts receivable	173.383	168.499	4.883
Tax receivables	17.554	16.334	1.220
Other receivables	16.420	17.245	-826
Financial instruments	4.315	2.311	2.004
Cash and cash equivalents	131.041	162.814	-31.774
Total current assets	**553.009**	**570.105**	**-17.096**
Total Assets	**719.209**	**735.891**	**-16.681**
Share capital	2.599	2.595	4
Additional paid in capital	47.329	46.928	401
Treasury stock	-380	-469	88
Other reserves	108.565	95.304	13.261
Retained earnings / (accumulated deficit)	139.679	113.717	25.962
Net income / (loss)	48.239	55.111	-6.872
Group shareholders' equity	**346.030**	**313.186**	**32.845**
Minority interest	29.427	30.269	-842
Total shareholders' equity	**375.458**	**343.455**	**32.003**
Severance indemnity	4.758	4.099	659
Deferred tax liabilities	3.524	3.242	282
Reserve for risks and charges	13.252	10.736	2.516
Financial debts and liabilities	28.979	37.862	-8.883
Other non current liabilities	7.633	6.884	748
Total non current liabilities	**58.145**	**62.824**	**-4.679**
Financial liabilities	44.687	45.056	-369
Accounts payable	153.231	170.863	-17.633
Income tax payables	4.344	8.151	-3.807
Other current payables	83.345	105.543	-22.198
Total current liabilities	**285.607**	**329.612**	**-44.006**
Total Liabilities and Shareholders' equity	**719.209**	**735.891**	**-16.681**

In accordance with the requirements of the Consob communication of 28 July 2006 and in compliance with the CESR Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Information Prospectuses", as updated by the Guidelines on Disclosure Requirements under the Prospectus Regulation 1 (ESMA/ 31-62-1426), we set forth below the details of the El.En. Group's net financial position as of 31 December 2023:

	Net financial position	**31/12/2023**	**31/12/2022 Restated**
A	Cash and cash equivalents	131.041	162.814
B	Cash equivalents	-	-
C	Other current financial assets	4.844	2.351
D	**Liquidity (A + B + C)**	**135.885**	**165.165**
E	Current financial debt	(28.442)	(41.050)
F	Current portion of non-current financial debt	(16.245)	(4.005)
G	**Current financial indebtedness (E + F)**	**(44.687)**	**(45.056)**
H	**Net current financial position (D + G)**	**91.198**	**120.110**
I	Non-current financial debt	(18.654)	(27.632)
J	Debt instruments	(10.325)	(10.230)
K	Non-current trade and other payables	(7.633)	(6.884)
L	**Non-current financial indebtedness (I + J + K)**	**(36.612)**	**(44.747)**
M	**Net Financial Position (H + L)**	**54.586**	**75.363**

In the second half of 2023, the group returned to generating cash from its operating activities, recording an improvement in the net financial position of around 45 million euros during the period, after the first half of the year had shown a cash absorption of almost 65 million euros. The second half of 2022 and the first half of 2023 saw the group increase the volume of purchases of components for production even more than the very rapid growth, while at the same time reducing payment times to suppliers, an operational necessity that is indispensable to supply our production lines with sufficient continuity in the presence of great difficulty in obtaining timely or even just on-time supplies. The normalisation of demand, and also of the supply of components, made it possible in the second half of the year to restore the normal financial cycles of our business with obvious benefit to cash situations. Investment activities resulted in cash outflows of about 13 million euros, a significant amount but well below the average of previous years, when substantial investments were required to increase production capacity.

The graph below shows the components of the cash flows that determined the variation in the net financial position in 2023:



* Nopat =Ebit-Income tax
**D&A= Depreciation, Accruals and Devaluation
***NWC= Net Working Capital

We highlight the liquidity generated by operating activities (Nopat+AMAC) and its absorption determined by four main activities: the increase in net working capital (around 30 million euros in 2023), the increase in the balance between other receivables and short-term payables, in which the decrease in down payments received from customers plays a significant role, investments (13 million euros) and dividends paid to shareholders (18.9 million euros).
It should be noted that the balance of bank and postal current accounts of the Chinese companies includes approximately 8 million euros of fixed term deposits until the expiration date of some payments to suppliers against the issue of bank receivables.

We also point out that for a total of about 22 million euros, the liquidity was invested over the years in insurance-type financial instruments which by their nature need to be entered under non-current financial assets. This type of liquidity investment is held by El.En. Spa for 11.5 million euros, Quanta System for 2.5 million euros and Deka Mela for 8.0 million euros. Being medium-term liquidity investments, these amounts do not form part of the net financial position. At the end of the period, the total *fair value* of investments is equal to 23.8 million euros.

RECONCILIATION CHART COMPARING THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

	31/12/2023 Capital and reserves	31/12/2023 Income statement	31/12/2022 Capital and reserves Restated	31/12/2022 Income statement
Balance per parent company statement	**186.966**	**28.122**	**173.858**	**31.472**
Elimination of investments in subsidiary companies:				
- share of profit (loss) of subsidiary companies		33.161		39.003
- share of profit (loss) of associated companies		64		(79)
- elimination of value rectification on equity investments		1		0
- elimination of dividends		(13.435)		(12.130)
- other (charges) income		235		(2.277)
Total contribution of subsidiary companies	163.625	20.027	143.980	24.517
Differences on consolidation				
Elimination of intercompany profits on inventory	(4.416)	77	(4.495)	(867)
Elimination of intercompany profits from sales of fixed assets	(144)	13	(157)	(11)
Balance as per consolidated statement – Group quota	**346.030**	**48.239**	**313.186**	**55.111**
Balance as per consolidated statement – Third party quota	**29.427**	**1.827**	**30.269**	**3.925**
Balance as per consolidated statement	**375.458**	**50.067**	**343.455**	**59.036**

RESULTS OF THE PARENT COMPANY EL.EN. S.p.A.

Financial highlights

The parent company El.En. S.p.A. develops, designs, manufactures and sells laser sources and systems for sale and use in two main markets: the medical/aesthetic market and the industrial market; it also provides a range of after-sales services, supplying customers with technical assistance, spare parts and consultancy.
El.En. S.p.A. has pursued an expansion strategy over the years by establishing or acquiring numerous companies that have become its business partners in specific product or geographic markets. The activities of the group companies are coordinated through the definition of supply relationships, the selection and control of management, partnerships in research and development, and the financing of both capital and onerous loans or through the extension of supply credit. Coordination activities assume a very significant weight, also by virtue of the fact that the majority of El.En.'s turnover is aimed at serving its subsidiaries and involves the commitment of significant managerial and financial resources, since a considerable portion of the company's resources are invested in the group companies to support the development of their activities and El.En. spa itself.
The activities of El.En. S.p.A., as in previous years, were carried out at the Calenzano (FI) headquarters and the local unit in Castellammare di Stabia (NA).

The following table shows the sales performance of the company's operating sectors described, presented in comparative form with the previous year.

	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Medical	121.575	88,28%	139.249	89,69%	-12,69%
Industrial	16.134	11,72%	16.001	10,31%	0,83%
Total revenue	**137.709**	**100.00%**	**155.250**	**100.00%**	**-11,30%**

The company recorded a turnover of almost 138 million euros, a decrease of 11.3% compared to 2022.

After the historical record in turnover and operating profits in 2022, the company was affected by the normalisation of demand in the medical sector during the year under review. In fact, in 2022, the intensity of demand had strained the company's operational structures called upon to respond to peaks in demand in the face of great difficulty in timely procurement of the components needed for production. In 2023, demand remained solid but with less pressure from certain markets such as the US and the Middle East, which are served indirectly via the subsidiary DEKA M.E.L.A., resulting in a reduction in turnover. The development of some solutions for laser applications in the manufacturing sector allowed the company to register a small growth in a year that was not easy for the sector.
The outlook for 2024 is moderately positive to date, with order intake showing a gradual improvement after a less bright start in previous years.

Income statement as at 31 December 2023

Income Statement	31/12/2023	Inc %	31/12/2022	Inc %	Var. %
Revenues	137.709	100,0%	155.250	100,0%	-11,30%
Change in inventory of finished goods and WIP	(1.375)	-1,0%	6.892	4,4%	
Other revenues and income	2.114	1,5%	1.519	1,0%	39,13%
Value of production	**138.448**	**100.5%**	**163.662**	**105,4%**	**-15,41%**
Purchase of raw materials	56.753	41,2%	85.977	55,4%	-33,99%
Change in inventory of raw material	3.968	2,9%	(8.378)	-5,4%	
Other direct services	20.508	14,9%	24.896	16,0%	-17,63%
Gross margin	**57.220**	**41,6%**	**61.167**	**39,4%**	**-6,45%**
Other operating services and charges	10.112	7,3%	9.057	5,8%	11,65%
Added value	**47.109**	**34,2%**	**52.110**	**33,6%**	**-9,60%**
Staff cost	24.368	17,7%	22.431	14,4%	8,64%
EBITDA	**22.741**	**16,5%**	**29.680**	**19,1%**	**-23,38%**
Depreciation, amortization and other accruals	2.547	1,8%	2.076	1,3%	22,72%
EBIT	**20.193**	**14,7%**	**27.604**	**17,8%**	**-26,85%**
Net financial income (charges)	13.612	9,9%	9.447	6,1%	44,08%
Other net income and charges	0	0,0%	1.251	0.8%	
Income (loss) before taxes	**33.805**	**24,5%**	**38.303**	**24,7%**	**-11,74%**
Income taxes	5.683	4,1%	6.830	4,4%	-16,79%
Net income (loss)	**28.122**	**20,4%**	**31.472**	**20,3%**	**-10,65%**

The gross margin was 57,220 thousand euros, down from 61,167 thousand euros last year due to the decrease in revenues. On the other hand, the margin as a percentage of turnover improved markedly from 39.4% in 2022 to 41.6% in 2023, due to a more favourable mix of sales in particular in the medical sector.

Other operating services and charges amounted to 10,112 thousand euros, up from 9,057 thousand euros in the previous year, and with the incidence on turnover rising from 5.8% in 31 December 2022 to 7.3% in 2023. In this regard, we note notional costs for *stock options* granted during the year to administrators with proxies and collaborators in the amount of 402 thousand euros (no cost in 2022), higher costs for maintenance of the Calenzano plants and for staff travel, while energy costs decreased from the maximum in 2022.

Staff costs amounted to 24,368 thousand euros up 8.6% from 22,431 thousand euros in the previous year, and with an incidence on turnover rising from 14.4% in 2022 to 17.7% in 2023.
The increase is due to the increase in the number of employees from 324 as at 31 December 2022 to 329 as at 31 December 2023, and the salary adjustment under the national metalworkers' contract.
During the year, notional costs of 668 thousand euros were also recognised for the granting of *stock options* to employees.

A portion of staff expenses flows into research and development, for which El.En. S.p.A. generally receives contributions and expense reimbursements under specific contracts signed with the relevant bodies. During the year, grants received amounted to 562 thousand euros entirely received and accounted for in the fourth quarter of the year.

As a result of the foregoing, EBITDA amounted to 22,741 thousand euros, down from 29,680 thousand euros in the previous year, with an incidence on turnover dropping from 19.1% as of 31 December 2022 to 16.5% in the current year.
Depreciation, amortisation and other accruals amounted to 2,547 thousand euros, up from 2,076 thousand euros as at 31 December 2022, mainly due to an increase in provisions for receivables.

EBIT thus decreased from 27,604 thousand euros at 31 December 2022 to 20,193 thousand euros in the current year.

The financial income amounted to 13,612 thousand euros, up from 9,447 thousand euros for the year ended 31 December 2022, mainly due to the higher amount of dividends received from investee companies, but also to a substantial contribution from interest income on current accounts and a significantly improved balance of the result from exchange rate differences compared to the year 2022.

It should be noted that at 31 December 2022, the amount of other net income referred to the reversal of the provision for losses of subsidiaries Deka Sarl and Cutlite do Brasil and the capital gain realised on the sale of Cutlite do Brasil.

The income before taxes was 33,805 thousand euros, compared to 38,303 thousand euros in the previous year. The net income was 28,122 thousand euros.

Statement of financial position and net financial position as at 31 December 2023

Statement of financial position	31/12/2023	31/12/2022	Variation
Intangible assets	408	465	-58
Tangible assets	19.945	19.799	146
Equity investments	23.060	22.087	973
Deferred tax assets	2.274	2.214	59
Other non-current assets	36.082	31.897	4.185
Total non current assets	**81.769**	**76.463**	**5.306**
Inventories	46.337	51.897	-5.560
Accounts receivable	46.255	52.871	-6.616
Tax receivables	5.694	4.834	860
Other receivables	6.357	5.597	760
Financial instruments	0	0	0
Cash and cash equivalents	32.970	28.472	4.498
Total current assets	**137.614**	**143.671**	**-6.058**
Total Assets	**219.382**	**220.134**	**-752**
Share capital	2.599	2.595	4
Additional paid in capital	47.329	46.928	401
Treasury stock	-380	-469	88
Other reserves	110.232	94.329	15.903
Retained earnings / (accumulated deficit)	-936	-998	62
Net income / (loss)	28.122	31.472	-3.350
Total shareholders' equity	**186.966**	**173.858**	**13.108**
Severance indemnity	634	547	87
Deferred tax liabilities	534	405	129
Reserve for risks and charges	851	937	-87
Financial debts and liabilities	190	187	3
Other non current liabilities	730	1.249	-519
Total non current liabilities	**2.939**	**3.326**	**-386**
Financial liabilities	146	178	-32
Accounts payable	15.589	27.311	-11.721
Income tax payables	0	3.816	-3.816
Other current payables	13.742	11.647	2.095
Total current liabilities	**29.477**	**42.951**	**-13.474**
Total Liabilities and Shareholders' equity	**219.382**	**220.134**	**-752**

	Net financial position	31/12/2023	31/12/2022
A	Cash and cash equivalents	32.970	28.472
B	Cash equivalents	-	-
C	Other current financial assets	270	29
D	**Liquidity (A + B + C)**	**33.241**	**28.501**
E	Current financial debt	(3)	(3)
F	Current portion of non-current financial debt	(143)	(175)
G	**Current financial indebtedness (E + F)**	**(146)**	**(178)**
H	**Net current financial position (D + G)**	**33.095**	**28.323**
I	Non-current financial debt	-	-
J	Debt instruments	(190)	(187)
K	Non-current trade and other payables	(730)	(1.249)
L	**Non-current financial indebtedness (I + J + K)**	**(920)**	**(1.436)**
M	**Net Financial Position (H + L)**	**32.175**	**26.888**

For an analysis of the net financial position, see the Notes to the Financial Statement of El.En. S.p.A.; however, it should be noted that financial receivables from subsidiaries and associated companies in the amount of 28,070 thousand euros are excluded from the elements considered for the calculation, as they are related to financial support policies of group companies: in continuity with what was done in the past, it was therefore deemed appropriate not to include these loans in the net financial position shown above.

SUBSIDIARY RESULTS

El.En. S.p.A. controls a group of companies operating in the same laser macro sector, each of which has its own application niche and a particular function in the market.

The following table summarises the performance of El.En. S.p.A. subsidiaries. Brief explanatory notes on the activities of the individual companies and a comment on the results for the financial year 2023 follow.

	Revenues 31/12/2023	Revenues 31/12/2022	Variation	EBIT 31/12/2023	EBIT 31/12/2022	Income (loss) for the financial period 31/12/2023	Income (loss) for the financial period 31/12/2022
Ot-Las S.r.l.	5.032	5.466	-7,94%	(538)	506	(802)	240
Deka Mela S.r.l.	76.553	81.468	-6,03%	6.773	8.904	5.792	6.939
Esthelogue S.r.l.	14.509	16.582	-12,50%	116	990	11	729
Deka Sarl	5.742	5.813	-1,22%	493	564	493	563
Lasit S.p.A.	25.540	20.701	23,38%	2.726	1.691	1.427	1.742
Quanta System S.p.A.	144.228	120.195	20,00%	30.506	23.774	22.161	18.177
Asclepion GmbH	78.101	67.077	16,43%	8.722	6.871	5.747	4.527
ASA S.r.l.	15.993	15.692	1,92%	2.140	3.714	1.484	2.644
BRCT Inc.	-	-	0.00%	(7)	(7)	(22)	(23)
With Us Co., Ltd	12.732	19.872	-35,93%	502	(1.879)	215	(1.332)
Cutlite do Brasil Ltda	10.793	10.498	2,81%	1.562	1.665	1.336	2.155
Pharmonia S.r.l.	-	-	0,00%	3	(5)	3	(4)
Deka Japan Co., Ltd	1.552	3.208	-51,62%	119	387	80	212
Penta Laser Zhejiang Co., Ltd(*)	116.472	127.039	-8,32%	(8.617)	1.414	(8.363)	1.588
Merit Due S.r.l.	80	76	5,26%	37	34	28	24
Cutlite Penta S.r.l	138.464	126.700	9,28%	7.661	7.264	4.842	5.117
Galli Giovanni & C. S.r.l.	1.029	1.142	-9,89%	92	122	57	78
Lasit Laser Polska	2.849	2.065	37,97%	156	(375)	168	(418)
Lasit Laser Iberica, S.L.	1.506	31	4758,06%	70	(48)	62	(48)
Lasit Laser Deutschland GmbH	534	-	0,00%	(6)	-	(8)	-
HL S.r.l.	125	-	0,00%	(50)	-	(41)	-
Lasit Laser Uk Ltd	-	-	0,00%	(116)	-	(117)	-

(*) data of the China which includes the results of Penta Laser Zhejiang Co., Ltd, Penta Laser (Wuhan) Co., Ltd, Penta Laser Technology (Shangdong) Co., Ltd. and Shenzhen KBF Laser Tech Co., Ltd.

Deka M.E.L.A. S.r.l.

Deka M.E.L.A. was the first company set up by El.En. to market systems for medical applications in Italy and abroad. Since the 1990s, Deka has been the natural commercial outlet for the systems developed and produced by El.En. in Calenzano and is now its main distribution channel. DEKA is the most prestigious and widespread brand in the Italian market of laser applications for medicine and aesthetics, a leadership that has been reinforced with the launch of the Renaissance brand under which the group has also brought together the distribution in Italy of the medical systems produced in the group by Quanta System and Asclepion. Internationally, the Deka brand is credited with a significant role among the leading market players.

Deka operates in the fields of dermatology, aesthetics and surgery, using a consolidated network of direct distribution agents in Italy and highly qualified distributors selected and renewed over time for international exports.

Deka's organisation, both in Italy and in the international network, is a visible and recognised presence, synonymous with product innovativeness, professionalism in the offer and excellent performance of laser systems. A solid competitive position on which the Group is counting to build its further growth, thanks to its ability to convey new products through its well-established and effective distribution network.

After the records set in 2022, 2023 proved to be a solid year. After a growing start, sales volumes gradually decreased during the year compared to 2022 due to a less exuberant demand in some geographical areas and application segments, without this implying a loss of market share or a weakening of our competitive position, which we instead believe we have consolidated thanks to intense marketing activities and the launch of new innovative products. The slight decrease in profitability did not prevent Deka from registering an excellent earnings result, with the net profit exceeding 5.7 million euros, ending the year with a largely satisfactory result and with a solid operating structure capable of continuing to operate well in 2024 in its target markets.

Ot-Las S.r.l.

Ot-Las specialises in the design and manufacture of CO_2 laser marking systems for the decoration of large surfaces. The majority of its systems are supplied by the parent company El.En. with galvanometric scanning systems and medium-power CO_2 laser sources.

The less favourable conditions for the sale of innovative capital goods in the Italian manufacturing market made sales more difficult and prevented last year's result from improving. The last quarter was also severely affected by the effects of the flood, with the flooding of our headquarters, the stoppage of operations for several days, and the extensive damage to equipment, systems inventories being assembled. Pending the settlement of other income due to Insurance refunds and possible public reimbursements, the 2023 financial year shows losses for damages in the amount of about 520 thousand euros, bringing the balance of the EBIT to a negative 538 thousand euros.

Ot-las is also the controlling holding company of the group's sheet metal laser cutting companies. It owns 76% of Penta Laser Zhejiang, which in turn controls 100% of the Chinese Penta Laser Wuhan, Penta Laser Shandong, the Italian Cutlite Penta, 98.27% of Cutlite do Brasil and 60% of Shenzhen-based KBF, which specialises in the manufacture of battery lines for electric vehicles. This important shareholding and the related investment characterise the financial structure of Ot-las, which partly financed the acquisition with medium-term debt, which, due to rising interest rates, weighs heavily on the income statement in terms of interest expenses.

Cutlite Penta S.r.l.

Cutlite is dedicated to the laser cutting systems segment, with a structure that carries out the activities of development, design, production and sales. Established to operate as an integrator of the power laser sources produced by the parent company El.En. S.p.A. on systems for plastic and die-cutting applications, today Cutlite has shifted the centre of gravity of its activity to the manufacture of laser cutting systems for sheet metal, for which it uses laser sources of so-called fibre technology, made available on the market by high quality manufacturers who have in fact made the fibre laser source product a *commodity*.

Thanks in part to close collaboration with its Chinese subsidiaries that had adopted them before, Cutlite was quick to integrate the advantages of the new technology into its systems, and subsequently to adapt the performance of its systems to the evolving technologies available and the needs of the market. It has achieved great success thanks to its range of systems with an excellent price/performance ratio, benefiting from a positioning advantage as an innovator. The results have transformed the company from a turnover of 33 million euros in 2018 to 138 million euros in 2023. The rapid growth was supported by major investments to increase production capacity and by a consolidation of the workforce, particularly for the essential operational functions of testing, installation and after-sales service called upon to manage an increasing number of installed systems.

Operations are now mainly carried out in the building complex in Prato, where the company moved in 2019 and where a second warehouse adjacent to the headquarters was purchased and started production in 2021.

Despite the reflective phase in the Italian market, orphaned by the ex-Industry 4.0 subsidies, Cutlite recorded improved results, thanks mainly to its policy of expanding sales in international markets, particularly in Europe and the US.

EBIT is therefore up compared to 2022, despite the costs incurred due to the damage caused by the flood of 3 November, which destroyed some systems on contract at an external assembler in the Campi Bisenzio area. The amount of damages recognised in the income statement in 2023 is 1.2 million euros, other income due to Insurance refunds and any governmental relief will be recognised when they are actually determined and achieved. The use of short-term debt to finance working capital increases financial charges and reduces the company's net profitability.

The prospects for 2024 are still good, with the possibility of further growth through international expansion and recovery in the Italian market.

Penta Laser Zhejiang Co., Ltd Penta Laser (Wuhan) Co., Ltd, Penta Laser Technology (Shandong) Co., Ltd and Shenzhen KBF Laser Tech Co. Ltd

The group started its presence in China in 2007 with the first joint venture set up in Wuhan with the aim of serving the Chinese sheet metal laser cutting market with a local production, strongly characterised by European technology. Subsequently, 4 new production sites were set up, 2 in Wenzhou and 2 in Lin Yi, which constituted one of the main realities of the sector and allowed the business to develop rapidly thanks to an effective organisation of production, a widespread presence in the territory for technical service and an equally widespread direct sales network in China. The company also offers its products on international markets, particularly those in the *Far East* bordering China.

At the end of 2022, Shenzen-based KBF, specialising in laser systems for the production of batteries for electric vehicles, joined the group. An investment aimed at diversifying into a segment with high growth potential.

After years of rapid growth in turnover and earnings, since the second half of 2022, market conditions in China have turned back and made it impossible to continue on the growth path we had set ourselves. The growth rates of the Chinese economy have clearly slowed down, the effect initially of Covid but also of tensions in relations with international economic partners, which have severely reduced investment, including foreign investment, in the manufacturing sector in China. Our reference market, the flat sheet laser cutting systems sector, did not show the growth expected in 2023, but rather showed a sharp increase in competitiveness and a consequent reduction in margins. The result for 2023 was disappointing in terms of turnover and even more so in terms of EBIT and net profit, having recorded a loss.

KBF is also struggling to emerge in the current market conditions. In 2023, it recorded revenues of approximately 15 million euros and a balanced budget, keeping within the most conservative scenarios envisaged at the time of acquisition.

In the last months of 2023, the workforce was downsized and operating costs were reduced, so that economic equilibrium could be achieved even with lower turnover. The measures taken, together with the improved sales result, allowed an operating profit to be recorded in the fourth quarter (before the provision for risks described in the section “Subsequent events” of this report).

The business plan for 2024 foresees a return to growth and operating profit, which can be achieved by cutting costs and increasing export sales, but only in correspondence with a more positive trend in the Chinese economy and market.

Quanta System S.p.A.

Founded as a *spin-off* of scientific research laboratories for photonics applications and part of the group since the early 1990s (controlled since 2004), it has exploited its high technical-scientific skills in the realisation of sophisticated laser systems for aesthetic medicine and surgery, becoming one of the most dynamic and relevant companies in the sector. In particular, in the urology segment, it holds important market shares worldwide.

In 2023 Quanta System achieved record results, surpassing the already brilliant 2022. Turnover was 144 million euros (+20%); net profit increased by a similar extent (+22%) to over 22 million euros. A further slight increase is expected in 2024.

Lasit S.p.A.

Specialising in the design, manufacture and sale of marking systems for small surfaces, it carries out the production and development of its products at its Torre Annunziata (NA) headquarters.

The systems produced by Lasit are used in manufacturing companies for the identification of products, parts and assemblies, an increasingly common need in today's manufacturing world grappling with ever more stringent product and component traceability requirements. Laser marking systems, with their operational flexibility and low environmental impact, are able to meet this need with maximum effectiveness.

Lasit's machine shop, which includes numerous state-of-the-art numerical control systems as well as laser cutting systems for sheet metal, is also a qualified in-house supplier for the rest of the group.

Lasit's activities are going through a phase of rapid growth, with the reorganisation of production and research activities in the new, large premises adjacent to the historic Torre Annunziata headquarters, but also for internationalisation through foreign sales branches that have accelerated growth in international markets thanks to greater proximity and thus better customer service.

Lasit achieved a turnover of 25.5 million euros (+23%) in 2023, improving its operating profitability with an EBIT of 2.7 million euros and an EBIT margin of 10.7%, benefiting from sales to its distribution subsidiaries, which we describe below.

Since 2021, the subsidiary **Lasit Laser Polska** has been operational in Poland, established to benefit from the opportunities offered by the rapid development of manufacturing in certain parts of the country. Since the fourth quarter of 2022, **Lasit Laser Iberica SL** has been operational in Zaragoza, also launched with the aim of facilitating better market penetration through local presence. Also in 2023, the realisation of a distribution system and direct local presence continued with the establishment of **Lasit Laser Deutschland GmbH** in Tuettlingen (Germany) **and Lasit Laser UK in Birmingham (UK)**. The opening of the new branches is entailing an economic commitment, which in the start-up phase affects costs before the expected benefits in terms of business volume development in the territory can be perceived. The results of Lasit Poland and, to some extent, Lasit Iberica, have already been able to contribute positively to the development of turnover and profitability in 2023, outlining a growth path that we expect to repeat in Germany and England. The results of *captive* marketing benefit the parent company, which can expand production volumes thanks to the demand generated by the subsidiaries: turnover and profit increased in 2023 compared to the financial year 2022, and the outlook for 2024 is for further growth.

Asclepion Laser Technologies GmbH
Founded as Asclepion-Meditec and later becoming the aesthetic division of Carl Zeiss Meditec, Asclepion has been part of the El.En. group since 2003 when it was taken over by Zeiss. From its forty employees at the time, the company has developed and gradually gained a significant position in the market for laser systems for medical and aesthetic applications, and is today one of the group's three business units active in the sector. Asclepion employs more than 200 employees and operates in its own modern plant with ample space for customer and staff training.
Being based in Jena, the cradle of photonics worldwide and a vibrant cluster of companies and start-ups active in the world of electro-optics, is a major advantage for Asclepion, both in terms of its high-tech image and the actual ease of access to very proactive environments in the basic and complementary technologies required to realise our systems.
Asclepion is today an authoritative market reference, especially for the two laser technologies in which it excels: diode (semiconductor) laser system technology for hair removal and erbium laser technology for dermatology.
More recent involvement in the surgical sector has seen Asclepion develop high quality products for urology applications with Holmium and Tullium technology, achieving excellent results in terms of technical performance of equipment in this branch as well. Laser systems are marketed under the Jenasurgical brand name.
The performance in 2023 was largely positive with a turnover growth of about 16% and a solid operating profit, which also grew strongly compared to 2022. Plans for 2024 foresee further growth in turnover and a focus on consolidating the staff structure and related costs, which are necessary to maintain a high level of expertise for the company, which operates in a geographically peripheral but technologically very advanced area and is therefore very competitive in procuring the best skills.

With Us Co Ltd
With Us Co. is the distributor of El.En. and Deka products in the aesthetics sector in the Japanese market, where it has gained an important foothold particularly in the hair removal segment. In recent years, competition in the local market has not left much room for products of European origin, and With Us has concentrated on the sale of services and consumables to its large installed base, and on the distribution of locally manufactured accessories and small equipment for beauty salons. The contraction in turnover therefore continued. Thanks to good cost control, the bottom line was balanced in 2023, and the company returned to a small profit. The prospects for 2024 are to replicate the 2023 result.

ASA S.r.l.
ASA Vicenza celebrates its 40th anniversary in 2023. It operates in the field of physiotherapy by developing and manufacturing a line of low- and medium-power semiconductor lasers. Thanks to the range of products offered and the ability to provide customers with training services that enable them to reap the benefits of the technologies in their elective applications, ASA has seen its size grow steadily over the years, always maintaining excellent profitability.
With its own research and development function dedicated to the realisation of semiconductor systems and an advanced laboratory for research and clinical trials (ASA Campus), ASA also makes use of Nd:YAG technology systems manufactured by its parent company El.En. S.p.A. and distributes them worldwide, as well as contributing to the definition of product specifications and new application protocols.
The results for 2023 show a slight growth in turnover and a reduction in operating profitability, the effect of the deliberate decision to invest in the structure, to consolidate it both in staff and in marketing and research and development activities, and to guarantee the solidity necessary to sustain the expected medium-term growth. Expected results for 2024 include an improvement over 2023.

Other companies, medical sector
Deka Sarl distributes Deka and Quanta brand medical systems in France. Its presence ensures direct and valuable brand positioning in the French market and in French-speaking North African countries. The excellent results recently recorded by the branch continued in 2023, as a result of the more streamlined and effective management of sales activities in the territory and the range of products made available for sale by the Deka and El.En. research and development structures. In 2023, the company essentially confirmed the turnover of 2022, around 5.7 million euros, with a largely positive net result and good prospects for 2024, in which the company will continue to invest in the consolidation of its operational structure in order to give continuity to the good results of recent years.

Deka Japan operates in the Japanese market as a distributor of Deka-branded medical systems, using local partners. The performance in the financial year 2023 was not positive in terms of turnover, which decreased markedly. Due to the very lean cost structure, as the company uses sub-distributors for marketing activities, the net result remained positive despite the reduction in revenues.

Esthelogue S.r.l. distributes the group's technologies for the professional beauty sector in Italy. In this vibrant market, Esthelogue is a recognised brand that has taken a leading role in laser hair removal and non-invasive *body contouring* technologies. In hair removal, the Mediostar systems produced by Asclepion, represent the distinctive character of the Esthelogue offer, capable of satisfying every customer need, with a range characterised, among other things, by the extremely powerful Monolith handpieces. In non-invasive *body contouring* applications, Esthelogue offers a complete range that includes the Icoone system in its latest release, the Thermactive system and the B-strong Plus system using innovative technologies and methods. The financial year 2023 was affected by the weakening of the overall economic situation and the increase in interest rates, which made the purchase of capital goods more expensive, and recorded a reduction in turnover. Despite the increase in financial charges, the net result remained positive and the outlook for 2024 is to replicate the 2023 result.

The company **Pharmonia S.r.l.** carries out sporadic marketing activities.

Galli Giovanni & C. Srl is a workshop specialising in high-precision machining, supplier to Quanta System, which joined the group in June 2019. Thanks to the specifications of the CNC machinery and the high professionalism and specialisation of staff, it contributes to maintaining high quality standards and flexibility in the production of mechanical parts. By joining the group, Galli is enhancing its operations, thanks to new, more adequate headquarters and new machinery. The performance in 2023 was positive, although there was a slight decline in turnover and profits compared to the previous year.

BRCT Inc. acts as a financial sub-holding company.

Other companies, industrial sector

Cutlite do Brasil Ltda with a plant in Blumenau in the state of Santa Catarina, established in 2007 to manufacture laser systems in Brazil, today handles the distribution of laser systems manufactured in Italy by Cutlite Penta, with a logistics structure capable of providing effective technical support to the hundreds of laser systems installed in the territory. In recent years, Cutlite has also benefited from the rapid development of the flat sheet laser cutting market, achieving a significant turnover volume that has allowed it to maintain excellent profitability. Since 2022, Cutlite Penta has taken over the controlling stake in Cutlite do Brasil from El.En. spa, which is thus part of the group's laser cutting division. The performance in 2023 mirrored the excellent performance in 2022 with a turnover of more than 10 million euros and an operating profitability of 14.5% on turnover. The outlook for 2024 is still positive.

RESEARCH AND DEVELOPMENT ACTIVITIES

Intense Research and Development activity was also carried out during 2023 according to the strategy of pursuing continual innovation, aimed at opening new laser applications or of other energy sources, both in the medical and industrial sector (also including applications for the preservation of cultural heritage) and to place innovative products on the market from the point of view of applications, performance of the devices and technologies used.
The El.En. Group is currently among the few in the world who develop, manufacture and market products based on the widest spectrum of available technologies, including: solid-state laser, semi conductor laser, active fibre laser, dye laser, CO_2 laser, in addition to frequency conversion systems, including OPO and Raman, capable of providing solutions from infrared to ultraviolet with different levels of power and emission duration, to fulfil a wide range of applications. In addition to laser technology, El.En. is active in other technologies, always in the field of electromagnetic energy forms, including, in particular, radiofrequency, microwaves, and high-intensity electromagnetic fields. Therefore, Research and Development is addressed to numerous and different systems, subsystems and accessories.
There has been intense activity in obtaining patents to protect the intellectual property of the inventions made. A total of 6 new patent applications were filed in 2023, 4 of which protected inventions within the medical division and 2 related to inventions within the industrial division.
In this document we will mention some projects and activities for each of the sectors involved by research in the parent company and in some subsidiaries or investee companies, without going into great detail.

Laser systems and applications for aesthetic medicine and surgery

The year 2023 was characterised by intensive research and development activities aimed at the release by **DEKA** of a whole new range of products at the IMCAS 2024 (World Congress on Dermatology and Aesthetic and Plastic Surgery), which was held in Paris from 1 to 3 February 2024.
The new platforms of the PRO line, Motus PRO, Tetra PRO, SmartXide PRO and TORO (which complement the Again PRO, RedTouch PRO and Onda PRO range launched at the previous Singapore Congress in July 2023) represent a significant breakthrough in the field of high-end Energy Based Devices in the segments of hair removal, facial rejuvenation and treatment of benign pigmented lesions and tattoo removal, respectively. The new products offer many recognisable new elements, both in terms of a renewed aesthetic design of the equipment and graphic interfaces, which are absolutely innovative and user friendly, and in terms of increased performance, which confirm a continuous and constant focus on the needs of doctors and the benefits of operators and patients.
The result of painstaking research into the highest standards of performance and versatility in photo-epilation (even on dark skin), Motus PRO overturns the technological foundations of its predecessors in the “Motus” family, offering in particular peak pulse power values of up to 20 kW, which allow a considerable improvement in the treatment of the finest and lightest hairs. Motus PRO, a combination of Nd:YAG laser and Alexandrite, is available in versions with and without the MOVEO handpiece, an accessory that has revolutionised the paradigms of photo-epilation due to its high efficacy and very high comfort for the patient, and now offers, after its great success in the USA, the possibility of performing, in a single session, a complete facial treatment effective on benign pigmented lesions, vascular lesions and photo-ageing.
The new product Tetra PRO 40W is the natural evolution of its predecessor SmartXide Tetra 30W in the segment of CO_2 laser systems for dermatological treatments. The new product is improved both in performance, with an increase in average power from 30 to 40W, and in design through a renewal of the product's interface and aesthetics, with new shapes and colours that echo the family feeling of the PRO family. Tetra PRO is relaunching the proposal that saw the birth and success of the “coolPeel” minimally invasive photo-rejuvenation treatment in the USA with its predecessor SmartXide Tetra 30W.
Another important innovation is SmartXide PRO, which builds on the success of its predecessor Smartxide DOT by introducing all the aesthetic improvements of the PRO series, as well as a new articulated arm and the family of scanners available for Tetra PRO.
In addition to the activities related to the development of the new “PRO” product range, other significant activities during the period related to the wide range of applications and products of El.En.'s medical division.
The most important novelty is the development of the new TORO product, a laser platform based on Nd:YAG lasers operating in Q-switching regime dedicated to a wide range of dermatological treatments, including the treatment of benign pigmented lesions, tattoo removal, skin toning and photo-rejuvenation, including the “DEKA Peel”, a treatment dedicated to the treatment of enlarged pores aimed at a general improvement of skin texture. The product combines traditional nanosecond emissions, in the infrared at 1064nm and visible at 532nm, with an innovative handpiece capable of frequency conversion with time compression of the pulses to generate picosecond pulses at a wavelength of 785nm. This emission regimen is mainly dedicated to the treatment of benign pigmented lesions of Asian phototypes, which can thus be treated effectively while ensuring maximum treatment safety with respect to possible side effects. The new TORO product has been designed with great attention to minimising the overall dimensions of the machine and with great care for the aesthetic appearance of both the product and the graphic interface, in line with the family feeling of the new PRO series.

For the product Red Touch, planned activities continued as part of the clinical study in the USA aimed at obtaining the FDA clearance necessary to market the product in the US market.
The new system for dermatology called “Helix”, which is realised by combining the ablative effect of the traditional CO_2 laser with a non-ablative effect realised by means of a 1570 nm emission source, obtained FDA clearance in the first half of the year.
In the area of Body Shaping products, research and development activities continue on systems for muscle stimulation and the reduction of localised adiposity based on electrical excitation combined with laser light emission. During the second half of 2023, FDA certification was obtained for the new PhysiQ 360° product, dedicated to fat treatment and intended for the US market. The new system adopts an extremely innovative laser technology never before used in the field of body shaping treatments, introducing a specific fat treatment claim that was not foreseen for the precursor PhysiQ, which was equipped with an LED and not a laser radiation source.
Also in the Body Shaping segment, innovative Artificial Intelligence algorithms have been implemented on the “LIPO AI” system, which allow significant advantages and improved user-friendliness, ensuring the highest levels of safety and effectiveness of the now classic laser-lipolysis procedure, also thanks to the direct measurement of tissue temperature during treatment, which provides the operator with further direct control over the achievement of the end point.
Research and development have continued in the field of CO_2 laser technology for surgical applications. New accessories and systems have been developed, including the “Multipulse Pro Duo” marketed by the subsidiary Asclepion. The system allows a wide range of surgical procedures to be performed thanks to the double arm-fibre feature.
In addition to the traditional CO_2 laser-based products, a project to develop a new product for surgery applications based on lasers with emission in the blue at 445nm was initiated in 2023. The product is intended both for outpatient use for minor surgery and in the operating theatre to perform ENT procedures using a fibroscope.

During 2023, new product development activities continued in **Quanta System** in both the surgical and dermatology and medical aesthetics divisions, with the launch of several new systems.
In the surgical application sector, the company developed and placed on the market laser systems based on the new Thulium Fiber laser - Fiber Dust and Fiber Dust PRO technology, which completed the company's product portfolio on the market for the treatment of urinary tract stones and benign prostatic hyperplasia. In parallel, custom versions of the same product were created for some major OEM customers. The company is currently engaged in the power development of this product range, to complement its offerings with ever-increasing technical specifications to meet the growing demand for innovative technologies in this sector.
Also in the field of urological applications, the company has continued research in the Holmium laser segment with the aim of developing new, increasingly efficient and high-performance devices, particularly for the treatment of lithotripsy and benign prostatic hyperplasia. In the second half of the year, characterisation and feasibility studies were completed on some new configurations of current laser devices based on low peak power Holmium sources. This research activity will result in a new product for urology applications to be launched in the first half of 2024.
Development and transfer into production were completed of the new laser platform called "Suprema" for aesthetic applications, a system capable of generating even simultaneous emission from different laser sources, with significantly increased energies in green (532nm) for vascular applications, alexandrite (755nm) and Nd:YAG (1064nm), for photo-epilation and photo-rejuvenation applications, and the YouLaser Prime laser system, a device based on the combination of two laser sources with ablative (CO_2) and non-ablative (1540nm) effects, for skin resurfacing applications and scar tissue regeneration, able to offer a wide range of dermatological treatments with modulable invasiveness and therefore with the possibility of managing downtime according to the needs of the individual patient.
The development, certification and transfer into production of a new diode system with combined 808 nm wavelengths with an innovative laser radiation delivery system and interchangeable, high-performance handpieces (2500W) ideal for applications in hair removal, dermatology and vascular treatments is nearing completion.
The development, certification and pre-series start-up of a device with a new feature capable of delivering variable-length pulses based on Nd:YAG technology in the picosecond range to make tattoo removal treatments more flexible and optimised was also completed. This new device will be launched on the market at the beginning of 2024 under the name "VarioPulse TM" and will complete the range of configurations of the Discovery Pico family, which has already been a market leader worldwide for several years.
Parallel to the R&D activities, the regulatory activities aimed at obtaining certifications for all new technologies in the various markets worldwide continue uninterruptedly.

At **ASA**, research and development continues during 2023 to be at the highest level in the study of the specific mechanisms of action of lasers, both in human and veterinary physiology, and will apply this knowledge in clinical trials on a variety of “target” diseases, in order to release effective and safe devices. All in perfect compliance with the new MDR regulation in force in the industry, which was achieved well in advance of the legal deadline. At the MEDICA exhibition in November, thanks to its scientific and clinical achievements, ASA was able to present a technological evolution of its proprietary MLS patent, which took the form of the new laser device called M-Hi. The

latter can be considered as the "state of the art" in the field, which will certainly open further doors for the exploration of different and innovative research and application segments in the field of laser therapy.
Development work continued at **Asclepion** within a strategy to update all the catalogue systems, which envisages a new user interface philosophy, new electronics and new design. Automatic vessel recognition has been developed for vascular treatments using a camera and is being tested technically and clinically, significantly improving the performance of the system already on the market. Work continued on perfecting a surgical system already marketed for urological applications characterised by the presence of a morcellator integrated in the system. The development phases of two further systems for urological applications are also being finalised. The range of laser handpieces accompanying the Monolith hair removal system was completed by adding a new handpiece capable of generating a powerful 760 nm and 1060 nm emission.
All the companies of the group active in the medical sector have been subject to complex and burdensome work for adapting their clinical-technical documentation to support the medical laser system quality certifications ("CE Marking"). In fact, in the framework of the regulatory amendments with the new "MDR" directive, the documentary requirements and experimental evidence needed to prove the safety and efficacy of medical devices, already quite extensive, have become even stricter.

Laser systems and applications for industry and restoration

The re-engineering of products in the light of the increasingly demanding applications to which they are addressed continues steadily at **El.En.**. Refinement of the "Self-Refilling" range of medium-power CO_2 sealed sources continued, in particular of the 1.5kW source, consolidating its use in the die-cutting sector in cooperation with Cutlite Penta.
We continued research and development on "Sealed-Off" CO_2 laser sources of higher power and different wavelengths to broaden their range of use.
Continues the important development on sealed sources and scanning systems for stripping applications, for e-vehicles, requiring higher power and low cost to reaffirm our integrator partner's presence in the industry, as opposed to mechanical solutions.
In the area of galvanometric scanning systems, work continues on production processes and long-term dynamic performance, also thanks to the development of a new control system for marking.
Work is underway to design new scanning units that are modular according to marking requirements, with flat-field lenses or dynamic focusing systems.
Research and development activities continue on a daily basis to provide customers with complete solutions adapted to the specific needs of the market. These solutions include customisations on both laser sources and marking systems and allow for customised vertical solutions.
In the field of laser devices for the conservation of works of art and more generally for cleaning, the R&S team has finalised the application of new sources that are better performing and more adaptable to site requirements. Particular attention is paid to the potential of pulse length modulations. This is a feature that can be directly related to broadening the fields of use in the industrial sector as well.

In the metal cutting machine segment at **Cutlite Penta**, new optical, mechanical, fluid-dynamic and sensor developments of the EVO3 cutting heads are continuing, which have enabled the company to be recognised by the market as a reference company for laser cutting systems with high and ultra-high power sources. The year saw further development of the cutting heads, introducing a proprietary process gas mixing system, which opens up new perspectives in carbon steel cutting and, together with process research and the development of cyanide cutting systems, increased laser penetration in a market traditionally dominated by plasma cutting systems. This is an important achievement due to the lower energy and environmental impact of Cutlite Penta systems compared to traditional plasma cutting systems or old CO_2 laser systems. The design and improvement of innovative systems for sheet metal cutting, tube cutting, combined tube/plane machines, five-axis systems and automatic tube and sheet metal loading/unloading systems also continued. The expansion of the range of American die-cutting machines also continues, an area in which Cutlite Penta is increasingly strengthening its position as a world leader.

On **Ot-las** marking systems, the possibility of installing high-power laser sources, such as El.En.'s RF1555 CO_2 sources, has been extended, also thanks to new scanning optics specially developed to handle high average and peak power, coupled with increasing demands for dynamic performance. The evolution of specific servo systems, aimed at increasing the efficiency of the complete system, continues.
In the footwear sector, software functions have been extended and positioning devices for digging insoles have been developed which improve the use of systems so that they are increasingly responsible to market needs.
The study and development of machining on large dimensions (2×3 metres) with high laser power (1,500W) continues, both for machining on large sheets and for the leather and textile sector, aimed at meeting increasingly specific market requirements.

Customised solutions to be integrated into complete production processes requiring surface treatments of various materials, as well as those to be integrated into production lines using universal robotic systems, are also increasingly in demand and executed.
The development for **Lasit** involved, among other things, improving the confinement systems of the laser irradiation zone in terms of greater integrability and ergonomics of the opening and closing devices.
Work was carried out to simplify, reduce the size and standardise the electrical panels and other components, in order to optimise the engineering of the systems, making them also more integrable and compact.
Work is in progress to develop vision systems capable of accessing the field of view directly through the focusing optics in order to minimise parallax errors, bulk and camera vulnerability.
At the same time, the company is working to expand its area of interest towards laser cleaning and welding systems through research and development activities that began in 2023, which have already led to market sales and are continuing during 2024. Lasit wants to establish itself as an all-round technological excellence, combining the skills acquired in thirty years of integration and automation with new industrial processes, at the service of both historical and new customers.

The following table lists the expenses attributable to Research and Development in the period:

Thousands of Euros	**31/12/2023**	**31/12/2022**
Staff costs and general expenses	15.851	13.392
Equipment	430	339
Costs for testing and prototypes	3.732	5.470
Consultancy fees	516	461
Other services	55	284
Total	**20.584**	**19.946**

As per consolidated company practice, the expenses listed in the table have for the most part been recorded under operating costs in the absence of a reasonable return of investment estimate.
In 2023, Penta Laser Zhejiang acquired the shareholding in Zhejiang Monochr, an investment of an accounting nature but in fact in research and development due to the expected spin-off from Monochr's activities on our technical and application expertise in the laser processing sector.

The amount of the expenses incurred corresponds to approximately 3% of the consolidated turnover of the group. The expenses incurred by El.En. S.p.A. amount to about 4% of its turnover.

RISK FACTORS AND PROCEDURES FOR THE MANAGEMENT OF FINANCIAL RISKS

The main risk elements to which the Parent Company and its subsidiaries (the Group) are exposed are described below, identifiable by type: operational and financial.

Risk associated with the improper use of machinery
Fully aware of the potential risk arising from the particular nature of the group's products, it works from the research and design stage in pursuit of the safety and quality of the product placed on the market. Marginal risks remain for losses from misuse of the product by the end user and/or from prejudicial events not covered by the insurance policies taken out by group companies.

Risks related to possible supply difficulties and rising raw material prices
The Group purchases components of its products from third-party suppliers. Product assembly operations may be interrupted or otherwise affected by delays in the supply of such parts and components by suppliers. They may also be interrupted if certain parts or components go out of *stock*, become unavailable or become unavailable at unreasonable conditions. In such a case, however, the Group could be forced to incur an increase in costs and/or a delay in production.
These factors could have a negative impact on the Company's business, prospects, and financial results.
Moreover, production costs are exposed to the risk of fluctuating raw material prices. Should the Group not be able to pass on any increase in sales prices, its economic and financial situation would suffer.

Risks associated with the operation of industrial plants
The Group's industrial plants are subject to operational risks, including, but not limited to, plant breakdowns, failure to comply with applicable regulations, revocation of permits and licences, labour shortages, natural disasters, sabotage, attacks or significant interruptions in the supply of raw materials or components. Any interruption of production activities could have a negative impact on the Group's business and economic, equity and financial position.
Insurable operational risks related to industrial plants are managed through specific policies divided among the various plants according to their relative importance.

Risks related to international operations
As the Group operates internationally, it is exposed to the risks associated with a high degree of internationalisation, such as exposure to local economic and political conditions, compliance with different tax regimes, the creation of customs barriers or, more generally, the introduction of laws or regulations that are more restrictive than the current ones. All these factors can have a negative influence on the Group's economic, financial and equity situation.

Risk of loss of key resources and know-how
The risk is related to the significant dependence that the Group may have on certain managerial figures who, to date, are evaluated as strategic resources, as they are considered not easily and promptly replaceable, either internally or externally. Failure to contribute these resources could result in loss of business opportunities, lower revenues, higher costs or damage to image. The risk of dependence on key resources is also related to the potential loss of "technical know-how", referring to the possibility of reducing and losing, over time, the skills and expertise needed for operational management.

IT security, data management and dissemination risks
Information Technology (IT) is today one of the main enablers for achieving corporate business objectives. The IT risk is therefore related to the significant degree of dependence of Group companies, and their related operational processes, on the IT component. Specifically, this means the risk of suffering economic, reputational and market share loss resulting from the possibility that a given threat, whether accidental or intentional in nature, exploits a vulnerability both implicit in the technology itself and arising from the automation of corporate business processes, causing an event capable of compromising the security of corporate information assets in terms of confidentiality, integrity and availability. The Group has developed operational policies and technical security measures to ensure adequate protection of corporate data and information.

Market and regulatory risk
We expect that any competitive advantage we might enjoy from our current and future innovations may diminish over time as companies successfully respond to ours or create their own innovations. Consequently, our success depends on developing new and innovative applications of lasers and other technologies and identifying new markets and applications of existing products to new customers and technologies. This requires us to design, develop, produce, test, market and support new products or product improvements and also requires continuous and substantial investment in

research and development. We may not be able to respond effectively to emerging technological changes and industry standards, or to successfully identify, develop or support new technologies or improvements to existing products in a timely and cost-effective manner. During the research and development process, we may encounter obstacles that may delay development and consequently increase our expenses, which may eventually force us to abandon a potential product in which we have already invested considerable time and resources. Technologies under development may turn out to be more complex than initially anticipated or not scientifically or commercially viable. For systems in the medical sector, even if we develop new products and technologies before our competitors, we may not be able to obtain the necessary marketing authorisations for such products, even from public bodies such as the US Food and Drug Administration, other regulatory agencies and foreign notified bodies, in a timely and cost-effective manner or at all. In addition, our competitors may obtain sales authorisations for further indications for the use of their products that our products do not have or that we may not be able to obtain.

Environmental risks and sustainability

The main risks that may arise from climate change and the transition to a low-carbon energy model are related to improper management of energy and emission sources, risks related to regulatory/regulatory changes associated with combating climate change, and physical risks. Among the main risk factors to which the Group may be exposed are increasing reporting requirements on emissions produced, expectations regarding the use of low-impact energy sources and uncertain market signals with potential unforeseen changes in energy prices. Lastly, the risks arising from progressive changes in climatic conditions and extreme weather events that expose the Group to damage to infrastructure such as industrial buildings or plants and machinery, as well as potential disruptions to essential supplies and potential reduction in production capacity. To partially mitigate this risk, the Parent Company and its Italian subsidiaries have taken out an insurance policy that covers direct damages from atmospheric events such as hurricanes, storms, wind, hail, floods and earthquakes. Transition risks associated with moving to a low-carbon economy also include reputational risks: not undertaking a gradual process of decarbonisation could have negative impacts on the company's reputation and consequently on its economic and financial performance.

Financial risk management procedures

The Group's main financial instruments include current accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has trade receivables and accounts payable arising from its operations.
The main financial risks the Group is exposed to concern exchange rate, credit, liquidity and interest rate.

Exchange rate risk

The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.
Since the Parent Company prepares its consolidated financial statements in euros, fluctuations in the exchange rates used to convert the financial statement data of subsidiaries originally expressed in foreign currencies could adversely affect the Group's results, consolidated financial position and consolidated shareholders' equity as expressed in euros in the Group's consolidated financial statements.

Credit risk

As far as business transactions are concerned, the Group deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to turnover and do not require to be appropriately hedged and/or covered by insurances (no staff cost). There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents almost 6% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the relevant note in the Consolidated Financial Statement.

Concerning guarantees given to third parties:
In December 2019, upon the completion of the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. provided a guarantee in favour of the selling shareholder for the possible payment under the *earn-out* clause of 40 Million Renminbi (approximately 5 million euros) if an IPO of Penta Laser Zhejiang is carried out within 5 years from the date of purchase. This debt is recorded under non-current liabilities.
El.En. spa issued in July 2021 a surety in favour of Cutlite Penta Srl on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las S.r.l. issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta S.r.l. for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a final judgment sentencing it to pay damages with reference to the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-

HHD-CV17-6084684-S. In addition, the parent company El.En. spa also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las is found to be in default. There are no updates to date on the status of the dispute.

In July 2020, Esthelogue Srl obtained a guarantee from Mediocredito Centrale on the 1.5 million euro loan provided by Intesa San Paolo. The guaranteed amount amounts to 1.35 million euros.

In July 2020, Cutlite Penta Srl obtained a guarantee from Mediocredito Centrale on the 5 million euro loan provided by Intesa San Paolo. The guaranteed amount amounts to 4.5 million euros.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25 million, of which RMB 10 million was drawn by 31 December 2023. It also granted guarantees to its subsidiary Penta Laser Technology (Shangdong) to obtain a credit line of up to RMB 15 million, of which RMB 5 million was drawn by 31 December 2023.

The Chinese subsidiary Penta Laser (Wuhan) took out mortgages to obtain a credit line of up to RMB 10 million, fully drawn by 31 December 2023. It also granted guarantees to the parent company Penta Laser Zhejiang for RMB 36 million against promissory notes issued by the latter for payment of supplies to third parties.

The Chinese subsidiary Penta Laser Technology (Shangdong) took out mortgages to obtain credit lines of up to RMB 28 million, which had not yet been utilised as at 31 December 2023.

The Chinese subsidiary Shenzhen KBF Laser obtained a guarantee from the General Manager against a credit line of up to RMB 10 million, fully drawn by 31 December 2023.

The subsidiary ASA S.r.l. signed a loan agreement to finance the construction of the new plant by taking out a mortgage for a total value of 4.8 million euros. In June 2020, the company obtained a guarantee from Mediocredito Centrale on the 3 million euro loan obtained from Intesa San Paolo. The guaranteed amount amounts to 2.7 million euros.

The German subsidiary Asclepion signed a loan agreement during 2018 to finance the construction of the new factory, taking out a mortgage for a total value of 4 million euros.

The German subsidiary Lasit Laser Deutschland signed a bank guarantee for 25 thousand euros in favour of a customer for a down payment received on a sale.

The Spanish subsidiary Lasit Iberica also signed two bank guarantees for 45 thousand euros due on 29 February 2024 and 20 thousand euros due on 31 December 2023 in favour of customers for down payments received on two sales.

Liquidity and interest rate risk
With regard to the Group's exposure to liquidity and interest rate risk, it should be noted that the Group's liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

The subsidiary Cutlite Penta Srl entered into a forward contract during the year to partially hedge the interest rate risk on a loan.

Operation	Notional value	*Fair value*
Interest rate swap	€3.749.999	-€ 31.457
Total	**€3.749.999**	**-€ 31.457**

Capital management
The objective of the Group's capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

STOCK OPTIONS OFFERED TO ADMINISTRATORS, COLLABORATORS AND EMPLOYEES

The Shareholders' Meeting of the Parent Company El.En. spa held on 12 May 2016 resolved, in the ordinary session, to approve a share incentive plan (so-called *stock option*) 2016-2025 reserved for Administrators, collaborators and employees of the company and its subsidiaries and in the extraordinary session to delegate to the Board of Directors *pursuant to* Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to a maximum nominal amount of Euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.
The Board of Directors of El.En. spa held on 13 September 2016, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan for the period 2016-2025 ("2016-2025 *Stock Option* Plan), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows and the subscription price were identified.
The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital of Euro 104,000.00 through the issue of 800,000 ordinary shares (3,200,000 ordinary shares post *stock split*) that can be subscribed by administrators, collaborators and employees of El.En. S.p.A. and companies controlled by it, who are assignees of the options under the aforementioned Plan.
The options are exercisable, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.
The Plan will end on 31 December 2025, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
The Plan provides for the assignees of the option rights to include the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangioli and Barbara Bazzocchi, the general manager, an executive considered, at the time of the assignment, to have strategic responsibilities, the managers of El.En. S.p.A. who serve as executive administrators in subsidiaries, other executives of El.En. S.p.A. who hold significant roles, executive administrators of subsidiaries that are considered of strategic importance for the group's development, certain individuals belonging to the white collar workers and middle managers categories, who due to their professional and personal characteristics and loyalty play an important role even in a future perspective.
The Plan can be defined as being of particular relevance within the meaning of Art. 114-*bis*paragraph 3 of Consolidated Law on Finance and 84-*bis*, paragraph 2, Consob Issuers' Regulations insofar as some of the persons contemplated therein have been identified as recipients. For the exact identification of names and quantities assigned, please refer to the relevant table contained in the information document prepared pursuant to Art. 84-*bis* of Consob Issuers' Regulation 11971/1999, filed at the company's headquarters and published on the website www.elengroup.com in the section "Investor Relations/Governance/Corporate Documents/Stock Option Plan 2016-2025" as well as on the authorised storage site www.emarketstorage.com. The price, including share premium to be paid by those exercising options under the 2016-2025 Stock Option Plan, was determined by the Board at the time to be Euro 12.72.
The calculation was performed by the Board of Directors on the basis of the arithmetic average of the official prices recorded by the shares on the market in the six months prior to 13 September 2016. The criterion for the determination of the issue price of the shares at the service of the Plan was the subject of a favourable opinion, pursuant to and for the purposes of Article 2441, paragraph VI of the Italian Civil Code, and Article 158, paragraph II of the Consolidated Law on Finance, issued by the independent auditor Deloitte & Touche spa. This opinion, already published prior to the Shareholders' Meeting and within the terms of the law, is attached to the notary's minutes, filed with the Florence Companies' Register and available at the company's headquarters, on the website www.elengroup.com in the section "Investor Relations/Governance/Meeting Documents/2016", as well as on the authorised storage site www.emarketstorage.com.
Following the shareholders' resolution passed on 20 July 2021 to split the company's ordinary shares in the ratio of 1:4 (*stock split*), the Beneficiaries holding options exercising after the commencement of trading of the new shares resulting from the stock split have the right to subscribe for each option allocated to them no. 4 ordinary shares of the company with regular enjoyment by paying the subscription price determined by the Board of Directors at the time of the assignment. It follows that the subscription price of each individual share will be Euro 3.18 each.
On 14 September 2019, the exercise period for the first tranche of options under this plan opened, and on 14 September 2020, the exercise period for the second tranche opened. As of 31 December 2023, a total of 693,851 option rights had been exercised out of the 800,000 exercisable.

The Shareholders' Meeting of the parent company held on 15 December 2022 resolved, in the ordinary session, to approve a share incentive plan (so-called *stock option*) 2026-2031 reserved for Administrators, collaborators and employees of the company and its subsidiaries and in the extraordinary session to delegate to the Board of Directors

pursuant to Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to a maximum nominal amount of Euro 65,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023 the Board of directors of El.En. spa, at the proposal of the Remuneration Committee, resolved on the implementation of the stock option plan for the period 2026-2031 ("2026-2031 *Stock Option* Plan" or "Plan"), following the mandate given to it by the shareholders' meeting of 15 December 2022 mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, and the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to Euro 45,955.00 through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. S.p.A. and companies controlled by it, who are assignees of the options under the aforementioned Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
The Plan provides for the assignees of the option rights to include the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangioli and Barbara Bazzocchi, the General Manager of El.En. s.p.a. Paolo Salvadeo, the executives of El.En. s.p.a. that hold the position of administrators in the subsidiaries, other executives of El.En. s.p.a. that hold significant roles, administrators of subsidiaries that are considered of strategic importance for the development of the group, certain individuals belonging to the categories of white collar workers and middle managers and collaborators, who due to their professional and personal characteristics and loyalty cover an important role also in a future perspective.
The Plan can be defined as being of particular relevance within the meaning of Art. 114-*bis*, paragraph 3 of Consolidated Law on Finance and 84-*bis*, paragraph 2, Consob Issuers' Regulations insofar as some of the persons contemplated therein have been identified as recipients. For the exact identification of names and quantities assigned, please refer to the relevant table contained in the information document prepared pursuant to Art. 84-*bis* of the Consob Issuers' Regulation 11971/1999, filed within the terms of Art. *84-bis* paragraph 5 Issuers' Regulation cited above. The price, inclusive of surcharge, to be paid by those will exercise the 2026-2031 *Stock Option* Plan options was determined by the Board at Euro 13.91. The calculation was performed by the Board of Directors on the basis of the arithmetic average of the official prices recorded by the shares on the market in the six months preceding the date of the resolution. The criterion for determining the issue price of the shares to service the Plan was the subject of a favourable opinion, pursuant to Articles 2441, paragraph VI of the Italian Civil Code, and 158, paragraph II of the Consolidated Law on Finance, issued by the Independent Auditor EY s.p.a. This opinion, already published prior to the Shareholders' Meeting and within the terms of the law, is attached to the notary's report, filed with the Companies' Register of Florence and available for consultation at the Company's headquarters, on the website www.elengroup.com in the Investor Relations / Governance / Shareholders' Meeting Documents / 2022 section, as well as on the authorised storage site www.emarketstorage.com.
The Board also amended art. 6 of the Articles of Association concerning the share capital in accordance with the above-mentioned resolutions.

As at 31 December 2023, the underwritten and deposited share capital amounted to Euro 2,598,871.99 and was divided into 79,965,292 ordinary shares (post *stock split*) with no expressed par value.

Finally, it should be noted that the market capitalisation of the Company is currently higher than the values implied in the consolidated shareholders' equity as of 31 December 2023.

TREASURY STOCK

On 27 April 2021, the Shareholders' Meeting of El.En. spa had authorised the Board of Directors, within 18 months from the date of the resolution, to purchase treasury stock, of which no. 39,120 remain on 1 January 2023.

On 27 April 2023, the Shareholders' Meeting of El.En. S.p.A. authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already extensively described in the significant events which occurred during the financial year.
During the year, the company purchased no. 15,000 treasury stock for a total counter-value of approximately 129 thousand euros; furthermore, on 31 July 2023, the company announced that it had assigned to the general manager 18,150 of the shares held in its portfolio as an in-kind portion of the 2022 annual fee. Therefore, as of 31 December 2023, the treasury stock held by the company amounted to no. 35.970.

STAFF

As mentioned above, the group's employees increased from 2,105 as at 31 December 2022 to 2,082 as at 31 December 2023. The breakdown by Group Company is as follows:

Company	2023 average	31-Dec-23	31-Dec-22	Var.	Var. %
El.En. S.p.A.	326,50	329	324	5	1,54%
Ot-las Srl	12,50	12	13	-1	-7,69%
Cutlite Penta Srl	154,00	164	144	20	13,89%
Deka M.E.L.A. Srl	35,50	37	34	3	8,82%
Esthelogue Srl	25,00	25	25	0	0,00%
Deka Sarl	10,00	9	11	-2	-18,18%
Lasit SpA	103,50	112	96	16	16,67%
Quanta System SpA	257,50	266	249	17	6,83%
Galli Giovanni & C. Srl	7,00	7	7	0	0,00%
Asclepion Laser T. GmbH	189,50	210	168	42	25,00%
Asa Srl	62,50	69	56	13	23,21%
BRCT Inc.	0,00	0	0	0	0,00%
With Us Co Ltd	50,50	46	55	-9	-16,36%
Penta-Laser (Wuhan) Co., Ltd	176,00	154	198	-44	-22,22%
Cutlite do Brasil Ltda	21,00	23	19	4	21,05%
Pharmonia S.r.l.	0,00	0	0	0	0,00%
Deka Japan Ltd	0,00	0	0	0	0,00%
Penta Laser Zhejiang Co., Ltd	423,00	379	467	-88	-18,84%
Penta Laser Technology (Shangdong) Co., Ltd.	179,50	130	229	-99	-43,23%
Merit Due S.r.l.	0,00	0	0	0	0,00%
Lasit Laser Polska	7,00	7	7	0	0,00%
Lasit laser Iberica	3,00	3	3	0	0,00%
Lasit laser Deutschland GmbH	2,00	4	0	4	0,00%
Lasit laser UK	1,50	3	0	3	0,00%
Shenzhen KBF Laser Tech Co., Ltd	46,50	93	0	93	0,00%
HL Srl	0,00	0	0	0	0,00%
Total	**2.043,50**	**2.082,00**	**2.105,00**	**-123,00**	**-1,09%**

CORPORATE GOVERNANCE AND OWNERSHIP IN APPLICATION OF D.LGS. 231/2001

In fulfilment of legal and regulatory obligations, El.En. S.p.A. drew up the "*Report on corporate governance and ownership structure*", which is filed and published as a separate report within the terms of the law.
This report is also available on the website www.elengroup.com - "Investor relations/governance/corporate documents" section.

El.En. S.p.A. adopted, as of 31 March 2008, an organisation, management and control model, pursuant to Italian Legislative Decree no. 231/2001.

REMUNERATION REPORT ex art. 123-*ter* TUF e 84-*quater* Reg. CONSOB 11971/1999

In fulfilment of legal and regulatory obligations, El.En. S.p.A. drew up the "*Report on remuneration and remuneration paid*", which is filed and published as a separate report within the terms of the law.
This report is also available on the website www.elengroup.com - "Investor relations/governance/corporate documents" section.

CONSOLIDATED NON-FINANCIAL STATEMENT

In fulfilment of legal and regulatory obligations, El.En. S.p.A. has prepared the "*Consolidated non-financial statement"* referring to the financial year 2023, which is filed and published as a separate report pursuant to Art. 5, paragraph 1, letter b) of Italian Legislative Decree 30 December 2016, no. 254.
The Consolidated non-financial statement for the 2023 financial year is also available at www.elengroup.com - "sustainability/documents" section.

INFORMATION RELATED TO THE EU REGULATIONS 679/2016 ON THE PROTECTION OF PERSONAL DATA

The Company, which had already been equipped with its own internal system for the processing and protection of personal data since the entry into force of the Italian Privacy Code (Italian Legislative Decree 196/2003), has adhered to the indications of EU Regulation 679/2016 by appointing an external person as Data Protection Officer pursuant to Articles 37-39 EU Reg. 679/2016 cited, and proceeding with the further adjustments required by said regulation.

INTERGROUP RELATIONS AND WITH RELATED PARTIES

On the basis of the provisions of Consob Regulation of 12 March 2010, no. 17221 and subsequent amendments, the parent company El.En. spa approved the "Regulation for the regulation of related party transactions" ("El.En. RPT Regulation"), which is available, in its updated version, on the company's website www.elengroup.com in the "Investor Relations/Governance/Corporate Documents" section. This regulation, following the amendments that followed and are described below, constitutes an update of the one approved in 2007 by the company in implementation of Art. *2391-bis* of the Italian Civil Code and the recommendations of the then-current Article 9 (and in particular Application Criterion 9.C.1) of the Corporate Governance Code for Listed Companies (March 2006 edition), in light of the above-mentioned "Regulation on Related Party Transactions" no. 17221 as amended and Consob Communication DEM/110078683 of 24 September 2010 and that approved on 14 March 2019.
The RPT Regulation of El.En. spa were first updated and amended by the Board of Directors at the meeting of 30 June 2021, effective 1 July 2021, following Consob's adoption on 10 December 2020 of Resolution no. 21624 issued in implementation of the regulatory delegation contained in Art. *2391-bis* of the Italian Civil Code, as expanded by Italian Legislative Decree 49/2019 for the purpose of transposing Directive (EU) 2017/828 – so called *Shareholder Rights Directive 2* ("SHRD 2") – amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. The Board proceeded to approve certain additions to El.En.'s RPT Regulations in order to bring them in line with the new regulatory framework, taking into account that the Italian regulatory framework was already ripe with reference to the transposition of the European regulations and that it was therefore a fine-tuning intervention on internal procedures that El.En. had already adopted at the end of 2010. The changes were explained in the annual financial report to the financial statements for the year ending December 2021.

Subsequently, at the end of an evaluation process, El.En. spa's RPT Regulations were lastly updated and amended by the Board of Directors at the meeting held on 20 July 2023 in consideration of the fact that the "smaller companies" parameters set forth in Art. 3, paragraph 1, letter f) of Consob Regulation 17221/2010.
The changes made relate to:
a) provision that in the case of transactions of greater significance, the Related Party Transactions Committee shall be constituted and deliberate with the presence of three Independent and unrelated Board members;
b) provision of reinforced equivalent safeguards in the case of transactions of greater significance, with the competence to issue the opinion in the last resort of the entire board of statutory auditors instead of only the chairman of the supervisory body;
c) reorganisation of the content with the separation into two separate articles of the procedure for the issue and value of the prior opinion of the RPT Committee and its effects.

During the financial year 2019, in connection with the acquisition transaction, already described in the annual financial report as at 31 December 2019, by the subsidiary Ot-las s.r.l. of the minority interest in the Chinese companies Penta-Laser Equipment Wenzhou Co, Ltd - now Penta Laser (Zhejiang) Co., Ltd - and Penta-Chutian Laser Wuhan Co., Ltd - now Penta Laser (Wuhan) Co., Ltd - a disclosure document was published on a voluntary basis pursuant to Article 5 of Consob Related Parties Regulation 17221/2010 and Art. 1.2. of the Related party regulation adopted by the Company. The document is available on the Company's website www.elengroup.com sect. Investor Relations.
Other transactions with related parties, including intercompany transactions, are neither atypical nor unusual. These transactions are settled at ordinary market conditions.
Concerning transactions with related parties, see the relevant explanatory notes included in the consolidated financial statement of the El.En. Group.

OPT-OUT REGIME

Please note that on October 3, 2012 the El.En. spa Board of Directors decided to join to the *opt-out* regime envisaged respectively by art. 70, paragraph 8 and 71, paragraph 1-*bis* Consob Issuers' Regulation 11971/99, availing itself of the right to derogate from the obligations to publish the required information documents in the event of significant extraordinary transactions involving mergers, demergers, capital increases through contributions in kind, acquisitions and divestments.

OTHER INFORMATION

Atypical and unusual transactions

Pursuant to Consob Communication of 28 July 2006 no. DEM/6064293, it should be noted that the El.En. Group did not engage in any atypical and/or unusual transactions, as defined in the Communication itself, during the year and in the previous year.

Management and coordinating activities

El.En. spa is the parent company and is therefore not subject to any management and coordination activities pursuant to Art. 2497 et seq. of the Italian Civil Code.

Fulfilments pursuant to Art. 15 et seq. of the Consob Market Regulations

(adopted by resolution no. 20249 of 28 December 2017 as amended)

Pursuant to art. 15 Market Regulations adopted by resolution no. 20249 of 28 December 2017 as amended (referred to in Art. 36 Market Regulations adopted by resolution no. 16191 of 2007), in relation to the regulatory requirements concerning the conditions for the listing of parent companies of companies incorporated or regulated under the laws of non-EU countries and of significant relevance for the purposes of the consolidated financial statement, it is noted that:
- as at 31 December 2023 among the subsidiaries of El.En. spa the following fall under the regulatory provision: With Us Co. Ltd, Penta Laser (Wuhan) Co. Ltd, Penta-Laser Equipment (Wenzhou) Co. Ltd. (ora Penta Laser (Zhejiang) Co., Ltd) Penta Laser Technology (Shangdong) Co. Ltd. and Shenzhen KBF Laser Tech Co. Ltd.
- adequate procedures have been adopted to ensure full compliance with regulations.

Fiscal consolidation

We remind you that El.En. spa and its subsidiaries Esthelogue srl (since 2011) Ot-las srl (since 2012) and DEKA M.E.L.A. srl (since 2019) have adhered to the IRES taxation regime of the national consolidation pursuant to Articles 117 et seq. of the Income Tax Consolidation Act (TUIR) and the implementing Italian Ministerial Decree of 1 March 2018.
Relations between the parties, within the provisions of the law, are regulated by an appropriate “consolidation agreement”.

SUBSEQUENT EVENTS

In February 2024, a customer of Penta Laser Zhejiang initiated litigation by asserting claims for reimbursement and damages, for which it obtained the seizure of certain current accounts of Penta Laser Zhejiang. In light of the initial status of the litigation and the uncertainties as to the likelihood of losing the case, the company, with the support of its legal advisors, decided to conservatively set aside a total amount of Rmb 25 million (approximately 3.2 million euros), which was recognised in the balance sheet in the fourth quarter of 2023.

Since 2022, the group has undertaken preparatory activities for the possible filing of an IPO application on a regulated market in China, which is functional to its ambitious growth targets in the sector.
The results accrued in 2023 in China are below expectations and, despite the excellent results in Italy and Western markets, the business unit exhibits overall inadequate results for a successful IPO. In the course of 2023, the listing project was therefore put on hold until the countermeasures taken in China again outlined growth and profitability prospects capable of supporting the listing aspirations.
In the first weeks of 2024, having found it impossible to proceed with an IPO application with reference to the 2023 results, the private equity funds that had invested in Penta Laser Zhejiang during 2022 submitted the contractually stipulated withdrawal request in their favour. Meetings are underway in which the funds are considering extending their membership, subject to commitments and guarantees being negotiated. The confirmation of the exit of the funds would result in the discontinuation of the IPO process and the need to identify alternative solutions for the *business unit*.

CURRENT OUTLOOK

In the course of 2023, demand pressure normalised and the Group returned to operating according to the standards that have characterised its business historically. The sales and order collection results for the first two months of 2024 outline a slowing start to the year, with a gradual acceleration in the months and quarters to follow, such that EL.EN. is able to indicate a growth forecast for turnover and EBIT for the entire year. Achieving these results also depends on whether the plans defined for the industrial sector in China, which has shown high instability and unpredictability in the recent past, can be met.

DESTINATION OF THE NET INCOME

Dear Shareholders,
In submitting the financial statement of El.En. spa as of 31 December 2023 for your approval, we propose to allocate the net income for the year of Euro 28,122,000.00 as follows:
- to distribute to the shares outstanding on the ex-dividend of coupon no. 3 on 20 May 2024 - in compliance with that set forth by art. *2357-ter*, second paragraph of the Italian Civil Code, a dividend equal to Euro 0.20 (zero point twenty) gross per outstanding share, for a total amount as of today's date of Euro 15,994,040.40, it being understood that this amount, if necessary, may be increased by any additional amounts that may be necessary to distribute the dividend to the shares outstanding as of the ex-dividend date resulting from the exercise of *stock options* in the period between today's date and the *record date* (21 May 2024);
- to allocate the remaining amount, as of today equal to Euro 12,127,959.60 to the extraordinary reserve.

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

CONSOLIDATED FINANCIAL STATEMENT OF THE EL.EN. GROUP AS AT 31 DECEMBER 2023

FINANCIAL CHARTS AND NOTES

Consolidated statement of financial position

Assets	Notes		31/12/2023		31/12/2022
Intangible assets	1		12.616.127		13.897.740
Tangible assets	2		112.218.401		113.086.321
Equity investments	3				
- in associated companies		1.864.054		1.019.897	
- other		1.061.819		1.061.819	
Total Equity investments			2.925.873		2.081.716
Deferred tax assets	4		14.347.340		12.420.903
Other non-current assets	4				
- third parties		24.092.438		23.979.254	
- associated companies		-		320.000	
Total Other non-current assets			24.092.438		24.299.254
Total non current assets			**166.200.179**		**165.785.934**
Inventories	5		210.297.128		202.900.202
Accounts receivable	6				
- third parties		173.034.161		168.017.892	
- associated companies		348.576		481.598	
Total Accounts receivable			173.382.737		168.499.490
Tax receivables	7		17.554.110		16.334.476
Other receivables	7				
- third parties		16.037.956		17.183.621	
- associated companies		381.565		61.565	
Total Other receivables			16.419.521		17.245.186
Securities and other current financial assets	8		4.315.184		2.311.175
Cash and cash equivalents	9		131.040.584		162.814.265
Total current assets			**553.009.264**		**570.104.794**
Total Assets			**719.209.443**		**735.890.728**

Liabilities	Notes		31/12/2023		31/12/2022 Restated
Share capital	10		2.598.872		2.594.727
Additional paid in capital	11		47.329.202		46.927.795
Other reserves	12		108.564.564		95.303.590
Treasury stock	13		(380.401)		(468.633)
Retained earnings / (accumulated deficit)	14		139.678.866		113.717.287
Net income / (loss)			48.239.378		55.110.995
Group shareholders' equity			**346.030.481**		**313.185.761**
Minority interest			29.427.346		30.268.886
Total shareholders' equity			**375.457.827**		**343.454.646**
Severance indemnity fund	15		4.758.094		4.099.038
Deferred tax liabilities	16		3.523.718		3.242.089
Other accruals	17		13.251.628		10.735.920
Financial debts and liabilities	18				
- third parties		28.978.903		37.862.252	
Total Financial debts and liabilities			28.978.903		37.862.252
Other non current liabilities					
Accounts payable third parties - non current		1.545.280		717.819	
Other payables - non current		6.087.344		6.166.471	
Total Other non current liabilities	18		7.632.624		6.884.290
Total non current liabilities			**58.144.967**		**62.823.589**
Financial liabilities	19				
- third parties		44.686.771		45.055.546	
Total Financial liabilities			44.686.771		45.055.546
Accounts payable	20				
- third parties		153.230.610		170.862.992	
- associated companies		-		329	
Total Accounts payable			153.230.610		170.863.321
Income tax payables	21		4.343.983		8.150.730
Other current payables	21				
- third parties		82.245.285		105.542.896	
- associated companies		1.100.000		-	
Total Other current payables			83.345.285		105.542.896
Total current liabilities			**285.606.649**		**329.612.493**
Total Liabilities and Shareholders' equity			**719.209.443**		**735.890.728**

Consolidated income statement

Income Statement	Notes		31/12/2023		31/12/2022
Revenues	22				
- third parties		689.553.115		672.548.029	
- associated companies		2.736.628		1.032.793	
Total Revenues			692.289.743		673.580.822
Other revenues and income	23				
- third parties		7.236.759		6.198.389	
- associated companies		121.585		27.078	
Total Other revenues and income			7.358.344		6.225.467
Revenues and income from operating activity			**699.648.087**		**679.806.289**
Purchase of raw materials	24				
- third parties		387.621.488		412.369.744	
Total Purchase of raw materials			387.621.488		412.369.744
Changes in inventory of finished goods			71.942		(15.657.697)
Change in inventory of raw material			(10.857.596)		(27.726.570)
Direct services	25				
- third parties		61.361.174		61.126.177	
- associated companies		20.818		-	
Total Direct services			61.381.992		61.126.177
Other operating services and charges	25				
- third parties		59.435.941		56.244.052	
- associated companies		-		6.000	
Total Other operating services and charges			59.435.941		56.250.052
Staff cost	26		111.128.731		98.193.546
Depreciation, amortization and other accruals	27		18.129.907		14.249.836
EBIT			**72.735.682**		**81.001.201**
Financial charges	28				
- third parties		(2.745.387)		(1.472.287)	
Total Financial charges			(2.745.387)		(1.472.287)
Financial income	28				
- third parties		1.748.562		853.391	
- associated companies		16.826		3.939	
Total Financial income			1.765.388		857.330
Exchange gain (loss)	28		(552.965)		(1.319.081)
Share of profit of associated companies	29		(68.519)		(78.684)
Income (loss) before taxes			**71.134.199**		**78.988.479**
Income taxes	30		21.067.677		19.952.896
Income (loss) for the financial period			**50.066.522**		**59.035.583**
Net profit (loss) of minority interest			1.827.144		3.924.588
Net income (loss)			**48.239.378**		**55.110.995**

Basic net income/(loss) per share	31	0,60	0,69
Diluted net income/(loss) per share	31	0,59	0,69

Consolidated statement of comprehensive income

	Notes	31/12/2023	31/12/2022 Restated
Reported net (loss) income (A)		50.066.522	59.035.583
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		-253.700	882.511
Other income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments		-3.858.532	-1.193.064
Gain/(loss) from hedging derivatives and other changes		-22.681	-
Total other income/(loss), net of fiscal effects (B)		-4.134.913	-310.553
Total comprehensive (loss) income (A)+(B)		45.931.609	58.725.030
Referable to:			
Parent Shareholders		45.378.485	54.841.157
Minority Shareholders		553.124	3.883.873

Consolidated cash flow statement

Cash flow statement	Notes	31/12/23	Related parties	31/12/22 Restated	Related parties
Operating activity					
Income (loss) for the financial period		**50.066.522**		**59.035.583**	
Amortisations and depreciations	27	11.834.528		10.087.708	
Interest income	28	1.746.388		857.331	
Interest Expense	28	(2.598.641)		(1.142.342)	
Income tax paid		(29.197.734)		(25.451.677)	
Share of profit of associated companies	29	68.519	68.519	78.684	78.684
Write-downs for impairment losses	27-29	10.684		107.858	
Stock Option Share payment loss		3.895.523		1.553.390	
Severance indemnity	15	324.840		162.725	
Provisions for risks and charges	17	2.827.011		364.436	
Bad debt reserve	6	1.591.995		957.412	
Deferred income tax assets	4	(2.097.565)		(2.476.515)	
Deferred income tax liabilities	16	376.310		74.183	
Inventories	5	(10.504.419)		(42.149.100)	
Accounts receivable	6	(8.873.526)	133.022	(21.796.942)	506.309
Tax receivables / payables	7-21	25.193.396		24.629.082	
Other receivables	7	(367.481)		(4.769.757)	
Accounts payable	20	(14.981.776)	(329)	12.968.671	(5.671)
Other payables	21	(17.945.035)	1.100.000	(11.030.981)	
Other non- monetary variations from operating activity		855.391		56.011	
Cash flow generated by operating activity		**12.224.930**		**2.115.760**	
Investment activity					
Tangible assets	2	(12.593.254)		(17.440.780)	
Intangible assets	1	(776.412)		(984.431)	
Equity investments, securities and other financial assets	3-4-8	(3.133.299)	(810.603)	(5.159.896)	(180.539)
Financial receivables	4-7	(463.132)		(308.773)	(120.000)
Variation in the scope of consolidation/Extraordinary operations		0		(6.256.605)	
Cash flow generated by investing activity		**(16.966.097)**		**(30.150.485)**	
Financing activity					
Non current financial liabilities	18	(7.197.724)		(3.323.158)	
Current financial liabilities	19	222.359		20.486.061	
Capital increase	10	405.552		10.778.688	
(Purchase) Sell treasury shares	13	88.232		(468.633)	
Dividends paid	32	(18.895.648)		(17.236.352)	
Other non- monetary variations from financing activity		582.900		9.693	
Cash flow generated by financing activity		**(24.794.329)**		**10.246.299**	
Change in cumulative translation adjustment reserve and other no monetary changes		**(2.238.185)**		**(760.120)**	
Increase/(decrease) in cash and cash equivalents		**(31.773.681)**		**(18.548.547)**	
Cash and cash equivalents at the beginning of the financial period		**162.814.265**		**181.362.812**	
Cash and cash equivalents at the end of the financial period		**131.040.584**		**162.814.265**	

Total cash and cash equivalents consist of the cash balance and the balance of deposits and bank accounts.

Changes in the consolidated shareholders' equity

Total shareholders' equity	**31/12/2021**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2022 Restated**
Share capital	2.593.828			899		2.594.727
Additional paid in capital	46.840.698			87.097		46.927.795
Legal reserve	537.302					537.302
Treasury stock				-468.633		-468.633
Other reserves:						
Extraordinary reserve	80.579.145	24.044.358	-15.958.902			88.664.601
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	1.952.589				-977.953	974.636
Other reserves	4.580.808				119.586	4.700.394
Retained earnings / (accumulated deficit)	86.424.921	21.392.029		5.311.808	588.529	113.717.287
Net income / (loss)	45.436.387	-45.436.387			55.110.995	55.110.995
Total Group shareholders' equity	269.372.335		-15.958.902	4.931.171	54.841.157	313.185.761
Capital and reserve of minority interest	14.640.879	3.687.998	-1.277.450	9.333.586	-40.715	26.344.298
Result of minority interest	3.687.998	-3.687.998			3.924.588	3.924.588
Total Minority interest	18.328.877		-1.277.450	9.333.586	3.883.873	30.268.886
Total shareholders' equity	287.701.212		-17.236.352	14.264.756	58.725.030	343.454.646

Total shareholders' equity	**31/12/2022 Restated**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2023**
Share capital	2.594.727			4.145		2.598.872
Additional paid in capital	46.927.795			401.407		47.329.202
Legal reserve	537.302					537.302
Treasury stock	-468.633			88.232		-380.401
Other reserves:						
Extraordinary reserve	88.664.601	13.899.132				102.563.733
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	974.636				-2.641.787	-1.667.151
Other reserves	4.700.394			2.054.386	-50.757	6.704.023
Retained earnings / (accumulated deficit)	113.717.287	41.211.863	-17.573.198	2.491.263	-168.349	139.678.866
Net income / (loss)	55.110.995	-55.110.995			48.239.378	48.239.378
Total Group shareholders' equity	313.185.761		-17.573.198	5.039.433	45.378.485	346.030.481
Capital and reserve of minority interest	26.344.298	3.924.588	-1.322.450	-72.214	-1.274.020	27.600.202
Result of minority interest	3.924.588	-3.924.588			1.827.144	1.827.144
Total Minority interest	30.268.886		-1.322.450	-72.214	553.124	29.427.346
Total shareholders' equity	343.454.646		-18.895.648	4.967.220	45.931.609	375.457.827

See notes 10 to 14 for details.

The amount entered in the "Comprehensive income (loss)" column refers to:

- as for the cumulative translation adjustment, to the variation in currency assets held by the group;
- as to other reserves and retained earnings, to the "*re-measurement*" of the severance indemnity fund for the amount relating to subsidiaries.

Please refer to the specific statement of comprehensive income for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

CORPORATE INFORMATION

The parent company El.En. S.p.A. is a joint stock company incorporated and domiciled in Italy. The company's headquarters is in Calenzano (Florence), Via Baldanzese 17.
The ordinary shares are listed on Euronext STAR Milan (“STAR”) managed by Borsa Italiana S.p.A.
The consolidated financial statement of the El.En. Group was examined and approved by the Board of Directors on 14 March 2024.
The financial statements are drawn up in euros, which is the presentation and functional currency of the parent company and many of its subsidiaries.

DRAFTING PRINCIPLES AND ACCOUNTING STANDARDS

DRAFTING PRINCIPLES

This consolidated financial statement was been prepared in accordance with the historical cost principle, with the exception of certain categories of financial instruments, which have been measured at *fair value*.
The Group has prepared its financial statements on the assumption that the requirement of going concern is maintained.

The consolidated financial statement consists of:

- the Consolidated Statement of Financial Position - The presentation of the consolidated statement of financial position is made through the separate disclosure of current and non-current assets and current and non-current liabilities;
- the Consolidated Income statement - The consolidated income statement shows items by nature, as it is considered the one that provides the most explanatory information;
- the Consolidated statement of comprehensive income - The consolidated statement of comprehensive income includes items recognised directly in shareholders' equity when the IFRS allow it;
- the Consolidated Cash Flow Statement - The consolidated cash flow statement presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby the income (loss) for the financial period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and revenue items or expense associated with cash flows from investing or financing activities;
- the Changes in the Consolidated Shareholders' equity;
- and these Explanatory Notes.

The economic information is provided with reference to the financial year 2023 and the financial year 2022. Financial information is instead provided with reference to 31 December 2023 and 31 December 2022.

The parent company El.En. S.p.A. appointed the independent auditor, EY S.p.A., to audit the consolidated financial statement as at 31 December 2023.

EXPRESSION IN ACCORDANCE WITH IFRS

The consolidated financial statement as at 31 December 2023 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS also include all interpretative documents issued by the International Financial *Reporting Interpretations Committee* (IFRIC) formerly known as the *Standing Interpretations Committee* (SIC).

IFRS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE 1/1/23

The accounting standards adopted for the preparation of the consolidated financial statement are consistent with those used for the preparation of the consolidated financial statement as at 31 December 2022, except for the adoption of new standards and amendments effective 1 January 2023. The Group has not early adopted any new standards, interpretations or amendments issued but not yet in force.
Below are the changes applicable for the first time as of 1 January 2023, which, however, had no impact on the Group's consolidated financial statement:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005.
IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.

This principle does not apply to the Group.

Disclosure of Accounting Standards – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to assist entities in applying materiality judgements to accounting standard disclosures. The amendments aim to help entities provide more useful accounting standard disclosures by replacing the requirement for entities to disclose their "significant" accounting standards with a requirement to disclose their "relevant" accounting standards and adding guidance on how entities apply the concept of materiality in making accounting standard disclosure decisions.

The changes had no impact on the Group's consolidated financial statement.

Deferred taxes relating to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendments to IAS 12 “Income Taxes” narrow the scope of the *initial recognition exception*, which is no longer to be applied to transactions that give rise to equally taxable and deductible temporary differences, such as leases and decommissioning liabilities.

The changes had no impact on the Group's consolidated financial statement.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12

The amendments to IAS 12 were introduced to respond to the OECD's BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand the income tax impacts of such legislation, particularly prior to the effective date.

The temporary compulsory exemption – for the use of which notice is required – is immediately applicable. The remaining disclosure requirements apply for financial years beginning on or after 1 January 2023, but not for interim periods prior to 31 December 2023.

The amendment has no impact on the Group's consolidated financial statement as the Group does not meet the requirements of the Pillar Two rules.

Accounting standards, amendments and IFRS and IFRIC interpretations issued by the IASB and not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Group's consolidated financial statement are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale and leaseback transaction, to ensure that the selling lessor does not recognise gains or losses with respect to the right of use retained by the lessor.
The amendments are effective for financial years beginning on or after 1 January 2024 and are to be applied retrospectively to all *sale and leaseback* transactions entered into after the date of first-time application of IFRS 16. Early application is permitted and disclosure of this fact is required.

These changes are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- What is meant by the right of postponement of maturity
- That the right of subordination must exist at the close of the financial year
- The classification is not impacted by the likelihood that the entity will exercise its subordination right
- Only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification

In addition, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to subordination is subject to compliance with covenants within twelve months.

The amendments will be effective for financial years beginning on or after 1 January 2024, and must be applied retrospectively. These changes are not expected to have a material impact on the Group's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and request further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist users of financial statements in understanding the effects on an entity's liabilities, cash flows and exposure to liquidity risk of reverse factoring arrangements.

The amendments will be effective for financial years beginning on or after 1 January 2024. Early application is permitted and disclosure of this fact is required.

These changes are not expected to have an impact on the Group's financial statements.

Lack of exchangeability - Amendments to AS 21

On 15 August 2023, the IASB published an Amendment to IAS 21 The Effects of Changes of Foreign Exchange Rates: Lack of Exchangeability. The Amendment introduces a consistent approach in assessing whether a currency can be exchanged into another currency and, when this is not possible, in determining the exchange rate to be used and the disclosure to be made.

These changes are not expected to have an impact on the Group's financial statements.

SCOPE OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statement of the El.En. Group include the financial statement of the parent company and those of the Italian and foreign companies in which El.En. S.p.A. directly or indirectly controls the majority of the votes exercisable at the ordinary shareholders' meeting.
Control is achieved when the Group is exposed to or entitled to variable returns from its relationship with the investee and, at the same time, has the ability to affect those returns by exercising its power over that entity. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. holds valid rights that give it the current ability to direct the relevant activities of the investee);
- the exposure or rights to variable returns arising from the relationship with the investee;
- the ability to exert one's power over the investee to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights implies control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- Contractual agreements with other holders of voting rights;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and expenses of the subsidiary acquired or sold during the year are included in the consolidated financial statement from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the statement of comprehensive income are allocated to the shareholders of the parent company and the non-controlling equity investments, even if this implies that the non-controlling equity investments have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the group's accounting standards. All assets and liabilities, shareholders' equity, revenues, expenses and intercompany cash flows related to transactions between group entities are eliminated completely upon consolidation.

Changes in shareholdings in a subsidiary that do not result in a loss of control are accounted for in the shareholders' equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other shareholders' equity components, while any gain or loss is recognised in the income statement. Any retained shareholding must be recognised at fair value.

The following table summarises, with regard to the subsidiaries, the information as at 31 December 2023 on their names, headquarters and share capital held directly and indirectly by the Group.

Company name	Notes	Headquarters	Currency	Share capital	Percentage held			Consolidated percentage
					Direct	Indirect	Total	
Parent company								
El.En. S.p.A.		Calenzano (ITA)	EUR	2.598.872				
Subsidiary companies								
Ot-Las S.r.l.		Calenzano (ITA)	EUR	154.621	98,89%		98,89%	98,89%
Cutlite Penta S.r.l	1	Calenzano (ITA)	EUR	500.000		100,00%	100,00%	75,15%
Deka Mela S.r.l.		Calenzano (ITA)	EUR	40.560	85,00%		85,00%	85,00%
Esthelogue S.r.l.	2	Calenzano (ITA)	EUR	7.100.000	50,00%	50,00%	100,00%	100,00%
Deka Sarl		Lyon (FRA)	EUR	155.668	100,00%		100,00%	100,00%
Lasit S.p.A.		Torre Annunziata (ITA)	EUR	1.154.000	70,00%		70,00%	70,00%
Quanta System S.p.A.		Milan (ITA)	EUR	1.500.000	100,00%		100,00%	100,00%
Asclepion GmbH	3	Jena (GER)	EUR	2.025.000	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	4	Arcugnano (ITA)	EUR	46.800		60,00%	60,00%	51,00%
BRCT Inc.		New York (USA)	USD	no par value	100,00%		100,00%	100,00%
With Us Co., Ltd	5	Tokyo (JAP)	JPY	100.000.000		78,85%	78,85%	78,85%
Deka Japan Co., Ltd		Tokyo (JAP)	JPY	10.000.000	55,00%		55,00%	55,00%
Penta-Laser (Wuhan) Co., Ltd	6	Wuhan (CHINA)	CNY	20.483.763		100,00%	100,00%	75,15%
Penta Laser Zhejiang Co., Ltd	7	Wenzhou (CHINA)	CNY	50.062.654		76,00%	76,00%	75,15%
Cutlite do Brasil Ltda	8	Blumenau (BRAZIL)	BRL	2.000.000		98,27%	98,27%	73,85%
Pharmonia S.r.l.		Calenzano (ITA)	EUR	50.000	100,00%		100,00%	100,00%
Merit Due S.r.l.	9	Calenzano (ITA)	EUR	13.000		100,00%	100,00%	98,89%
Galli Giovanni & C. S.r.l.	10	Cassano Magnago (ITA)	EUR	31.200		70,00%	70,00%	70,00%
Lasit Laser Polska	11	Tychy (POL)	PLN	9.795		65,00%	65,00%	45,50%
Lasit Laser Iberica, S.L.	12	Zaragoza (SPAIN)	EUR	3.100		65,00%	65,00%	45,50%
Lasit Laser Deutschland GmbH	13	Immendingen (GER)	EUR	12.500		70,00%	70,00%	49,00%
Lasit Laser Uk Ltd	14	Solihull (GB)	GBP	10.000		70,00%	70,00%	49,00%
Penta Laser Technology (Shangdong) Co., Ltd.	15	Linyi (CHINA)	CNY	26.000.000		100,00%	100,00%	75,15%
Shenzhen KBF Laser Tech Co., Ltd	16	Shenzhen (CHINA)	CNY	21.836.505		60,00%	60,00%	45,09%
HL S.r.l.	17	Calenzano (ITA)	EUR	200.000		100,00%	100,00%	75,15%

(1) held by Penta Laser Zhejiang Co., Ltd (100%)
(2) held by Elen SpA (50%) and Asclepion (50%)
(3) held by Elen SpA (50%) and Quanta System SpA (50%)
(4) held by Deka Mela Srl (60%)
(5) held by BRCT Inc. (78,85%)

(6) held by Penta Laser Zhejiang Co., Ltd (100%)
(7) held by Ot-las Srl (76%)
(8) held by Cutlite Penta Srl (98,27%)
(9) held by Ot-las Srl (100%)

(10) held by Quanta System SpA (70%)
(11) held by Lasit SpA (65%)
(12) held by Lasit SpA (65%)
(13) held by Lasit SpA (70%)
(14) held by Lasit SpA (70%)
(15) held by Penta Laser Zhejiang Co., Ltd (100%)
(16) held by Penta Laser Zhejiang Co., Ltd (60%)
(17) held by Cutlite Penta Srl (100%)

Transactions carried out during the period

For the transactions carried out in the period, please refer to the description in the section "Significant events which occurred during the financial year 2023" of the Management Report.
Compared to 31 December 2022, the scope of consolidation has changed with reference to the incorporation of Lasit Laser Deutschland GmbH and Lasit Laser UK Ltd, both 70% owned by the subsidiary Lasit SpA, and the incorporation of HL Srl by the subsidiary Cutlite Penta Srl, which owns 100% of it.

ASSOCIATED COMPANIES

El.En. S.p.A. directly or indirectly holds equity investments in some companies, without, however, exercising control over them. These companies are valued using the shareholders' equity method.

Equity investments in associated companies are as follows:

Company name	Notes	Headquarters	Currency	Share capital	Percentage held			Consolidated percentage
					Direct	Indirect	Total	
Immobiliare Del.Co. S.r.l.		Solbiate Olona (ITA)	EUR	24.000	30,00%		30,00%	30,00%
Actis S.r.l.		Calenzano (ITA)	EUR	10.200	12,00%		12,00%	12,00%
Elesta S.p.A.		Calenzano (ITA)	EUR	2.510.000	30,84%		30,84%	30,84%
Accure Inc.	1	Delaware (USA)	USD	-		9,48%	9,48%	9,48%
ZheJiang Monochr Laser Intelligent Equipment Co., ltd.	2	Wenzhou (CHINA)	CNY	20.000.000		35,00%	35,00%	26,30%

(1) held by Quanta System S.p.A. (9,48%)
(2) held by Penta Laser Zhejiang Co., Ltd (35,00%)

Transactions carried out during the period

For the transactions carried out in the period, please refer to the description in the section "Significant events which occurred during the financial year 2023" of the Management Report.
Compared to 31 December 2022, the scope of consolidation changed with reference to the incorporation of the company ZheJiang Monochr Laser Intelligent Equipment Co., ltd., 35% owned by the subsidiary Penta Laser Zhejiang Co., Ltd.

EQUITY INVESTMENTS IN OTHER COMPANIES

For the transactions carried out in the period, please refer to the description in the section "Significant events which occurred during the financial year 2023" of the Management Report.

TREASURY STOCK

On 27 April 2021, the Shareholders' Meeting of El.En. spa had authorised the Board of Directors, within 18 months from the date of the resolution, to purchase treasury stock, of which no. 39,120 remain on 1 January 2023.

On 27 April 2023, the Shareholders' Meeting of El.En. S.p.A. authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already extensively described in the significant events which occurred during the financial year.
During the year, the company therefore purchased no. 15,000 treasury stock for a total counter-value of approximately 129 thousand euros; furthermore, on 31 July 2023, the company announced that it had assigned to the general manager 18,150 of the shares held in its portfolio as an in-kind portion of the 2022 annual fee. Therefore, as of 31 December 2023, the treasury stock held by the company amounted to no. 35,970 and the counter-value is shown as a decrease under Shareholders' equity.

STANDARDS OF CONSOLIDATION

The consolidated financial statement include the financial statements of El.En. S.p.A. and its subsidiaries as at 31 December 2023.
The Group's equity investments in associated companies and joint ventures are accounted for using the shareholders' equity method.
The financial statements used for consolidation are the financial statements of the individual companies or their sub-aggregations. These financial statements are appropriately reclassified and adjusted in order to bring them into line with the IFRS accounting standards and accounting policies used by the parent company.
Subsidiaries are consolidated on a line-by-line basis from the date of acquisition and cease to be consolidated on the date control is transferred outside the Group; the economic results of subsidiaries are included in the consolidated income statement.
In particular, the following consolidation criteria were applied to the consolidated companies:

- The assets and liabilities as well as the income and expenses of the companies included in the consolidation are reported in full.
- The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of them, including any fair value adjustments at the acquisition date; the difference arising is allocated to the specific assets of the companies acquired on the basis of their current values at the acquisition date and, for the residual portion, if the conditions exist, to “Goodwill”. In this case, these amounts are not amortised but are subject to impairment testing at least annually, and in any case whenever the need arises due to impairment. If the elimination of the investment results in a negative difference, this is recognised in the income statement.
- The amount of the capital and reserves of subsidiaries corresponding to minority interests is recorded in a shareholders' equity item called "capital and reserves of minority interests"; the portion of the consolidated economic result corresponding to minority equity investments is recorded in the item "profit (loss) for the year pertaining to minority interests".

CONVERSION OF CURRENCY ITEMS

The financial statements of each consolidated company are prepared using the functional currency relative to the economic environment in which each company operates. In such accounting situations, all transactions in currencies other than the functional currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the end of the reporting period.

CONSOLIDATION OF FINANCIAL STATEMENT IN FOREIGN CURRENCY

For the purposes of the Consolidated Financial Statement, results, assets and liabilities are expressed in euro, which is the functional currency of the parent company El.En. S.p.A.. For the purposes of preparing the Consolidated Financial Statement, accounting situations with a functional currency other than the euro are converted into euros by applying to assets and liabilities, including goodwill and consolidation adjustments, the exchange rate in force at the end of the

reporting period, to income statement items the average exchange rates for the period that approximate the exchange rates in force at the date of the respective transactions, and shareholders' equity items are converted at historical exchange rates.
The related exchange rate differences are recognised directly in shareholders' equity and are shown separately in a special reserve therein. Exchange differences are recognised in the income statement when the subsidiary is sold.
Upon the first-time adoption of IFRS, cumulative conversion differences generated by the consolidation of foreign companies with a functional currency other than the euro were reclassified to the results of previous years, as allowed by IFRS 1; therefore, only cumulative conversion differences recognised after 1 January 2004 are included in the determination of capital gains and losses arising from their possible disposal.
For the conversion of the financial statements of subsidiaries and associated companies with currencies other than the euro, the exchange rates used are as follows:

	Average exchange rate	**Exchange Rate**	**Average exchange rate**	**Exchange Rate**
Currencies	**31/12/2022**	**31/12/2022**	**31/12/2023**	**31/12/2023**
USD	1,05	1,07	1,08	1,11
Yen	138,03	140,66	151,99	156,33
Yuan	7,08	7,36	7,66	7,85
Real	5,44	5,64	5,40	5,36
PLN	4,69	4,68	4,54	4,34
GBP			0,87	0,87

USE OF ESTIMATES

The preparation of the Consolidated Financial Statement, in application of IFRSs, requires the making of estimates and assumptions that affect the values of assets and liabilities in the financial statements and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based. Estimates are used to record provisions for credit risks, stock obsolescence, devaluation of fixed assets and goodwill, and provisions for guarantees or disputes. Estimates and assumptions are reviewed periodically and the effects of any variation are reflected in the income statement.

Goodwill is tested for *impairment* at least annually to verify any loss in value.

The main valuation process and the key assumptions used in the process that may have a significant effect on the amounts recognised in the Consolidated Financial Statement or for which there is a risk that value adjustments to the book value of assets and liabilities may arise in the financial year after the one to which the statement refers, are summarised below.

• Bad debt reserve
The bad debt reserve represents management's best estimate of potential losses on the accounts receivable portfolio. The estimate is based on expected losses determined on the basis of historical losses for similar loans, trends in past due loans, an assessment of credit quality and a projection of economic and market conditions. In particular, the Group uses a model to calculate ECLs (Expected Credit Loss) for accounts receivable. Provision rates are based on the Group's observed days overdue and historical default rates. Historical default rates are updated and changes in estimates are analysed based also on reference scenarios. The assessment of the correlation between historical default rates, forecast economic conditions and ECLs represents a significant estimate. The estimate made by the Administrators, although based on historical and market data, may be subject to changes in the competitive or market environment in which the Group operates.

• Reserve for inventory obsolescence
The determination of the inventory write-down provision is a significant estimate by management and is based on assumptions developed to detect the phenomena of obsolescence, slow moving, and possible excess of inventories with respect to the possibility of future use or sale, as well as other conditions that may generate an excess of the book value with respect to the realisable value, also considering the rapid evolution of the technologies underlying the Group's products. Stocks of slow-moving raw materials and finished products are periodically analysed on the basis of historical data and the possibility of their sale at lower values than normal market transactions. If these analyses result in the need to reduce the value of inventories, a special allowance for inventory write-downs is recognised. The determination of

the reserve for inventory obsolescence is determined on the basis of historical and market data; changes in reference scenarios and market trends may significantly alter the criteria used to determine the underlying estimates.

• Leases

The determination of the value of usage rights arising from lease agreements and the related financial liabilities is an estimate by management. The determination of the lease term takes into account the expiry dates of the contract entered into as well as any renewal clauses that the Group deems reasonably certain to be exercised. The incremental borrowing rate is constructed by considering the type of asset being leased, the jurisdiction in which it is acquired, and the currency in which the lease is denominated. Possible changes in reference scenarios and market trends may require revisiting the components described.

• Risk of losing law suits

The Group recognises a liability for ongoing legal and tax disputes and litigation when it believes it is probable that a financial outlay will be incurred and when the amount of resulting losses can be reasonably estimated. Given the uncertainties inherent in the outcome of these proceedings, it is difficult to predict with certainty the disbursement that will result from such disputes, and it is therefore possible that the value of funds for legal proceedings may change as a result of future developments in ongoing proceedings. The Group monitors the status of pending lawsuits and proceedings and consults with its legal and tax advisors.

• Goodwill

Goodwill is tested for impairment at least annually, even in the absence of facts and circumstances requiring such a review.

The procedure for determining the recoverable amount of goodwill involves, in estimating the value in use, assumptions concerning the expected cash flows of the identified *cash generating units* (CGU), making reference to multi-year plans, the determination of an appropriate discount rate (WACC) and long-term growth rate (*g-rate*). Possible changes in reference scenarios and market trends may require revisiting the components described.

The values recorded in the Consolidated Financial Statement passed the *impairment* test performed on 31 December 2023.

• Warranty reserve

The warranty reserve is determined to cover possible technical warranty work on products and is determined on the basis of the Group's existing commercial agreements.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

• Deferred tax assets and liabilities

Deferred taxes are recognised on temporary differences between statutory and tax values and on tax loss carry-forwards. Administrators are required to make a discretionary assessment to determine the amount of deferred taxes that may be accounted for, which are recognised to the extent that it is probable that there will be adequate future taxable profits against which temporary differences and tax losses can be utilised.

• Employee Benefits – Severance indemnity

Actuarial valuation requires making assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. All recruitment is reviewed annually.

• Fair value measurement

The Group measures financial instruments at fair value at each financial statement closing.

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the main market of the asset or liability;
  or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

The Group uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level input used for the measurement is classified.

For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the fair value measurement in its entirety) at each financial statement closing.

At each financial statement closing, the Group analyses changes in the values of assets and liabilities for which revaluation or restatement is required under Group accounting standards.

For the purposes of fair value disclosures, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as illustrated above.

Assessing the impacts of climate change

Consistent with the priorities defined by the European Securities and Market Authority (ESMA) for the 2023 reporting year, as indicated in the section "Risk factors and procedures for the management of financial risks" of the Management Report, the Group has detected and identified, across the various types of risk, any risk factors of an environmental nature and monitors the continuous evolution of the regulatory framework, both national and international.

The main transition risks identified by the Group are related to the possible introduction of new environmental standards and regulations, expectations regarding the use of low-impact energy sources, and uncertain market signals with potential unforeseen variations in energy prices. Additional risk factors identified may concern the failure to adapt product innovation in line with the technological evolutions needed to contain climate change phenomena, the change in demand for products/services that are increasingly attentive to environmental issues, which would require an adjustment of the offer, and reputational risks: not undertaking a gradual decarbonisation process could have a negative impact on the Company's reputation and consequently on its economic and financial results.

The main physical risks identified by the Group are those arising from progressively changing climatic conditions and extreme weather events that expose the Group to damage to infrastructure rather than potential disruptions to essential supplies and potential contraction of production capacity. Further risks identified concern the progressive increase in temperature with consequent overloading of power grids or blackouts, which could be followed by interruptions or decreases in activities, or increased energy supply costs related to higher thermal or electrical consumption.

At present, the impact of climate-related issues is not material on the Group's consolidated financial statement and has not resulted in any significant assessments of financial statement estimates. The Group will continue to monitor this exposure by specifically assessing the impact on production costs related to the introduction of emission reduction regulations and, if there is a significant impact, the Group will include these assumptions in its estimates.

ACCOUNTING POLICIES

A) INTANGIBLE ASSETS WITH A FINITE AND INDEFINITE LIFE

Intangible assets are assets with no identifiable physical substance and capable of producing future economic benefits. They are recorded at historical cost of acquisition and stated net of amortisation carried over during the years and charged directly to individual items. The Group uses cost, as an alternative to *fair value*, as the accounting policies for intangible assets. If, regardless of the depreciation already entered, there is a loss in value, the asset will be devalued. If reasons for that devaluation no longer exist in the following years, the value will be restored within the limits of the original value, adjusted only for amortisations.

Intangible assets with a finite useful life are valued at purchase or production cost and amortised on a straight-line basis over their estimated useful life.

Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least an annual recoverability test (*impairment test*). If the recoverable amount is estimated to be less than the relevant book value, it is reduced to the lower recoverable amount. An impairment loss is recognised immediately in the income statement. For goodwill, any devaluations are not subject to subsequent reversals.

An intangible asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal fee and the book value of the asset) is included in the income statement.

Costs incurred internally for the development of new products and services constitute internally generated intangible assets or internally generated tangible assets, as the case may be, and are only capitalised if all of the following conditions are met:

1) the existence of the technical possibility and intention to complete the asset so as to make it available for use or sale;
2) the Group's ability to use or sell the asset;
3) the existence of a market for the products and services resulting from the activity or the usefulness for internal purposes;
4) the ability of the asset to generate future economic benefits;
5) the existence of adequate technical and financial resources to complete the development and sale or internal use of the resulting products and services;
6) the reliability in assessing the costs attributable to the asset during its development.

Capitalised development costs include only those expenses incurred that can be directly attributed to the development process. Research costs are charged to the Income statement in the period in which they are incurred.

Goodwill

Goodwill is initially measured at cost, which emerges as the excess of the sum of the fee paid and the amount recognised for minority interests over the identifiable net assets acquired and liabilities assumed by the Group. If the fee is less than the *fair value* of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the identified *cash-generating units* (CGUs) expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. The identification of CGUs coincides with each legal entity.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset shall be included in the book value of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued asset must be determined on the basis of the relative values of the discontinued asset and the retained part of the cash-generating unit.

Goodwill arising from acquisitions made prior to 1 January 2004 is recorded at the value recorded for this purpose in the last consolidated financial statement prepared in accordance with the previous accounting standards (31 December 2003).

Goodwill related to equity investments in associated companies is included in the book value of those companies. Should negative goodwill arise, it is immediately recognised in the income statement.

B) TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, including ancillary expenses, net of amortisations and any impairment losses. Ordinary maintenance expenses were fully charged to the income statement. Incremental operation and maintenance costs were attributed to the asset to which they related and amortised according to the residual possibility of utilizing the asset.
The Group uses the cost method, as an alternative to *fair value*, as accounting policies for tangible fixed assets.
The depreciation rates used are as follows:

Description	*Depreciation percentage*
Buildings	
- buildings	3,00%
Plants and machinery	
- generic plants and machinery	10,00%
- specific plants and machinery	10,00%
- other plants and machinery	15,50%
Industrial and commercial equipment	
- miscellaneous and minute equipment	25,00%
- kitchen equipment	25,00%
Other goods	
- motor vehicles	25,00%
- forklift	20,00%
- lightweight constructions	10,00%
- electronic office equipment	20,00%
- furniture	12,00%

An asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefit is expected from its use or disposal. The resulting profit/loss is recognised in the income statement.

C) FINANCIAL CHARGES

Financial charges are recognised as an expense in the year in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

D) LOSSES IN VALUE OF ASSETS

At each reporting date, tangible and intangible assets with a finite life are analysed to identify any indicators of impairment. The recoverable amount of goodwill and intangible assets with indefinite lives, when present, is estimated at each reporting date. If there is an indication of impairment, the recoverable amount is estimated.
The estimated realisable value is the higher of the net sales price and the value in use. In determining the value in use, the expected future cash flows are discounted using a discount rate, which reflects the current market valuation of the cost of money relative to the investment period and the specific risks of the asset. For an asset that does not generate largely independent cash flows, realisable value is determined in relation to the *cash-generating unit* to which that asset belongs. An impairment loss is recognised in the income statement if the book value of the asset, or of the related *cash-generating unit* to which it is allocated, is greater than its estimated realisable value. For assets other than goodwill, impairments are reversed if the reasons for the impairment no longer apply.

E) FINANCIAL ASSETS: EQUITY INVESTMENTS

Financial assets consisting of equity investments in associated companies are valued according to the shareholders' equity method, i.e. at an amount equal to the corresponding fraction of the shareholders' equity resulting from the last financial statements of the companies in question, after deducting dividends and making the adjustments required by the IFRS-compliant principles for preparing the consolidated financial statement to make them consistent with the accounting standards of the parent company.
Joint ventures are accounted for in the consolidated financial statement using the shareholders' equity method from the date on which joint control commences until the date on which it ceases.

Under the shareholders' equity method, an investment in an associate or joint venture is initially recognised at cost. Subsequently, the book value of the equity investment is increased or decreased to recognise the share of the investee's profits and losses realised after the acquisition date.

The Group's share of the operating result of the associate or joint venture is recognised in the consolidated income statement.

The Group assesses at each financial statement date whether there is objective evidence that equity investments in associates or joint ventures are impaired. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the book value of the associate or joint venture in its financial statements, and recognises this difference in the consolidated income statement under the “Share of profit of associated companies”.

Upon the loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognises the residual investment at fair value. The difference between the book value of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and consideration received is recognised in the income statement.

F) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Upon initial recognition, financial assets are classified according to the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them.

Based on their characteristics, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value recognised in statement of comprehensive income (OCI) with reclassification of cumulative profits and losses to the income statement upon sale (debt instruments);
- Financial assets at fair value recognised in statement of comprehensive income (OCI) with no cumulative profits and losses to the income statement upon derecognition (equity instruments);
- Financial assets at fair value through income statement.

Upon initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs.
After initial recognition, the Group measures financial assets at amortised cost, at fair value through the statement of comprehensive income and at fair value through the income statement.

The Group measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets for the purpose of collecting contractual cash flows;
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Profits and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
The Group's financial assets at amortised cost include accounts receivable and security deposits.

A reclassification of a financial asset only occurs when there is a change in the terms of the contract that significantly alters the otherwise expected cash flows or when the Group changes its business model for managing financial assets. Reclassification must be applied prospectively from the date of reclassification, without the need to restate previously recognised profits, losses and interests.

A financial asset is derecognised in the first place when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Accounts receivable

Receivables are initially recorded at *fair* value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their presumed realisable value by means of an adjustment provision.
The Group determines the impairment on accounts receivable by considering the amount of doubtful receivables, analysing the specific conditions of the Group's customers, any guarantees given in favour of Group companies, appropriately assessing existing disputes and the possibility of recovering overdue receivables, and determining the expected insolvency rate by analysing the average rate of losses on receivables recorded in recent years. The Group recognises a write-down for expected credit losses (ECL).
Receivables in currencies other than the currency of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the year-end exchange rate. The profit or loss from the conversion is charged to the income statement.

Cash and cash equivalents
Included under this heading are cash and bank accounts and other high liquidity short-term financial investments that are readily convertible into cash at no significant risk of variation in value.

Treasury stock
Treasury stock are recognised at cost and deducted from the shareholders' equity. No profit/loss is recognised in the income statement for the purchase, sale, issue or cancellation of treasury stock.

Accounts payable
Accounts payable, the maturity of which falls within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value).

Financial liabilities
Financial liabilities are classified upon initial recognition as "financial liabilities at fair value through income statement", as "mortgages and loans", or as "derivatives designated as hedging instruments".
All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and debts, directly attributable transaction costs.
The Group's financial liabilities include accounts payable and other long-term payables, mortgages and loans, including overdrafts and derivative financial instruments.
For the purposes of subsequent valuation, financial liabilities are classified into two categories:
• Financial liabilities at fair value through income statement
• Financial liabilities at amortised cost (loans and borrowings).
Financial liabilities at fair value through income statement include liabilities held for trading and financial liabilities initially recognised at fair value through income statement.
Profits or losses on liabilities held for trading are recognised in the income statement.
Financial liabilities at amortised cost (loans and borrowings) after initial recognition are measured at amortised cost using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the depreciation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Depreciation at the effective interest rate is included in financial charges in the income statement.

Derivative instruments and accounting of hedging operations for exchange rate and interest rate risks
Fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the profit or loss arising from subsequent changes in the fair value of the hedging instrument is recognised in the profit or loss account. The profit or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognised in the income statement.

Cash flow hedge: where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect the income statement, the effective portion of any profit or loss on the financial instrument is recognised in the shareholders' equity. The cumulative gain or loss is removed from the shareholders' equity and recognised in the income statement in the same period in which the hedged transaction is recognised. The profit or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in the income statement immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative profits and losses, which up to that point have been recognised in shareholders' equity, are recognised in the income statement when the related transaction is realised. If the hedged transaction is no longer considered probable, unrealised profits or losses suspended in shareholders' equity are recognised immediately in the income statement.

Held for trading: these are derivative financial instruments for speculative or trading purposes; they are measured at *fair value* with changes recognised in the income statement.

G) INVENTORIES
Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value.
The costs incurred in bringing each asset to its present location and condition are recognised as follows:
- raw materials: purchase cost calculated using the weighted average cost method;
- finished and semi-finished products: direct material and labour costs and indirect production costs (variable and fixed).

Provisions are also set aside for obsolete or slow-moving materials, finished goods, spare parts and other supplies, taking into account their expected future use and realisable value, as well as other conditions that may generate an excess of the book value over the realisable value, also considering the rapid evolution of the technologies underlying the Group's products.

H) EMPLOYEE BENEFITS

SEVERANCE INDEMNITY FUND (TFR).

Until 31 December 2006, the severance indemnity fund (TFR) was considered a defined benefit plan. The regulation of this provision was amended by Law No. 296 of 27 December 2006 (2007 Budget Law) and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this institution is now to be considered a defined benefit plan solely for the portions accrued before 1 January 2007 (and not yet settled in the financial statements), while for the portions accrued after that date it is assimilated to a defined contribution plan.
For defined benefit plans, the amount already accrued is projected to estimate the amount to be paid upon termination of employment and then discounted, using the "*Projected unit credit method*". This actuarial methodology is based on demographic and financial assumptions to make a reasonable estimate of the amount of benefits that each employee has already accrued for his or her services.
Through the actuarial valuation, the *current service cost*, which defines the amount of the rights accrued during the year by employees, is charged to the income statement under "labour cost", and the *interest cost*, which constitutes the notional charge that the company would incur by asking the market for a loan in an amount equal to the severance indemnity, is charged to the "Financial income/expenses".
For defined contribution plans, the Group pays contributions to public or private pension funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, no further obligations arise for the Group. Contributions paid are entered in the income statement under labour costs when due.

STOCK OPTION PLANS

The cost of services rendered by employees and remunerated through *stock option* plans is determined on the basis of the *fair value* of options granted to employees at the grant date.

Taking into account the presence of two tranches, with two different *vesting* and *exercise* periods, the plan actually provides for two distinct options. Given the structure of this plan, valorisation of the Fair Value of the plan assigned by El.En. can instead be traced back to a Bermudian option. Bermudian options provide that the option may be exercised at a number of specifically identified dates within the life of the option, usually interspersed with periods when the option cannot be exercised. They are considered a hybrid version between European and American ones, hence their name. To quantify the Fair Value of the Bermudian, we used a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the strike price and requires the estimation of the volatility of the security, the risk free interest rate and the expected dividend rate of the security.

In accordance with the dictates of the International Accounting Standard IFRS2, all significant parameters of the model were estimated by observing the conditions of the financial markets and the performance of the El.En. share on the date the option rights were granted.

I) PROVISIONS FOR LIABILITIES AND CONTINGENCIES

The Group recognises provisions for future risks when, in the presence of a legal or constructive obligation to third parties, it is probable that Group resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Changes in estimates are reflected in the income statement for the period in which the variation occurs.
The Group provides guarantees for general repairs of defects existing at the time of sale, as required by law. Provisions for such guarantees are recognised when the product is sold or the service is rendered to the customer. The initial survey is based on historical experience. The cost estimate for warranty work is reviewed annually.

L) REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers is recognised when control of goods and services is transferred to the customer in an amount that reflects the fee the Group expects to receive in exchange for those goods or services.

Sale of goods

Revenues from the sale of finished goods and merchandise are recognised when control of the goods passes to the customer.
The Group considers whether there are other promises in the contract that represent obligations to do on which a portion of the transaction fee is to be allocated. In determining the price of the sales transaction, the Group considers the effects of any variable prices, significant financing components, non-monetary fee and fee payable to the customer.

Variable prices
If the fee promised in the contract includes a variable amount, the Group estimates the amount of the fee to which it will be entitled in return for the transfer of the goods to the customer.
Variable prices are estimated at the time the contract is entered into and cannot be recognised until it is highly probable that they will be realised.
Volume and other contractual discounts give rise to variable fees.

Financing component
The Group grants payment extensions to customers on sales. If there is a significant financing component to these contracts, in view of the time lag between the date on which the payment is collected from the customer and the transfer of the system, the transaction price for these contracts is discounted, using the implicit interest rate of the contract.
The amount of the promised fee is not adjusted for financial items if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

Installation services
The Group provides installation services that are sold separately or together with the sale of systems to a customer. Installation services do not customise or significantly modify laser equipment.
Contracts providing both the sale of equipment and installation services are composed of two obligations to do, since the equipment and the installation services are both sold separately and are distinct within the contract. Consequently, the Group allocates the transaction price according to the relative stand-alone selling prices of the systems and installation service.
The Group recognises revenues from installation services over time as the customer simultaneously receives and consumes the benefits that are provided.

M) ENTRIES IN FOREIGN CURRENCY
Currency assets and liabilities, with the exception of fixed assets, are recorded at the spot exchange rate on the closing of the financial statements. Realised exchange rate differences or those arising from the conversion of monetary items are recognised in the income statement.

N) GRANTS
Contributions, whether from public bodies or private third parties, are recognised when there is reasonable certainty that they will be received and that the conditions for obtaining them will be met. Contributions received for specific expenses are recognised as other liabilities and credited to the Income statement when the conditions for recognition are met. Grants received in respect of specific assets whose value is recorded under tangible and intangible assets are recognised either as a direct reduction of the assets themselves or under other liabilities, and credited to the Income statement in relation to the depreciation period of the assets to which they relate. Operating contributions are recognised in full in the Income statement when the conditions for recognition are met.

O) LEASE
The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a fee.
Lease and rental agreements are accounted for in accordance with IFRS16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single accounting model. The company adopts the two exemptions provided by the standard in respect of leases relating to “low value” assets and short-term leases (e.g. contracts with a maturity of 12 months or less).
In contracts in which the company is the lessee, a liability is recognised at the lease commencement date for rental payments under the lease and an asset representing the right to use the underlying asset for the lease term (the right of use). The company accounts separately for interest expenses on the lease liability and depreciation of the right to use the asset. The company also remeasures the lease liability upon the occurrence of certain events (e.g. a change in the terms of the lease, a change in future lease payments resulting from a change in an index or rate used to determine those payments). In such cases, the amount of the re-measurement of the lease liability is generally recognised as an adjustment of the right to use the asset.

P) TAXES
Income taxes include current and deferred taxes calculated on the taxable income of group companies. Current taxes represent the estimated amount of income tax calculated on the taxable income for the period. Deferred income tax assets and liabilities are calculated on the temporary differences between the asset values and the corresponding values recognised for tax purposes by applying the tax rate in force or substantially in force at the reporting date. Deferred tax assets are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. The recoverability of deferred tax assets is reviewed at each period end.

Q) EARNINGS PER SHARE

Basic earnings per ordinary share is calculated by dividing the portion of the Group's earnings attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. For the purpose of calculating diluted earnings per ordinary share, the weighted average number of shares outstanding is modified by assuming the subscription of all potential shares resulting from the conversion of dilutive stock options.

Restatement of prior period balances in accordance with IAS8 paragraphs 41-42

Confirming the decision already made during the preparation of the condensed interim consolidated financial statement for the six months ended 30 June 2023, the Group revised the determination made as at 31 December 2022 relating to the representation, under international financial reporting standards, of the capital increase of Penta Laser Zhejiang subscribed between October and December 2022 by four Chinese private equity funds. In reviewing the timing of the project for the possible IPO of the cutting division on a Chinese stock market, the possible effects of the contractual clauses relating to the capital entry agreements of the four private equity funds were again assessed, clauses that are, moreover, common in transactions of this type and already examined with the legal, accounting and Independent auditors during the financial statements as at 31 December 2022.
Considering the presence of clauses that provide for the possibility of exercising the withdrawal option upon the occurrence of events that are not under the full control of the Group's management as they are also dependent on exogenous factors, the Group has identified as correct a different accounting approach from the one adopted in the consolidated financial statement for the year ended 31 December 2022, and consequently, the amounts previously recognised in the Group's equity have been reclassified as financial liabilities. The accounting approach applied for the consolidated financial statement as at 31 December 2022 stemmed from the prevalence of the practice adopted by Chinese companies in accounting for capital increases preparatory to IPOs and the effects of repurchase options usually provided for in such circumstances, a practice endorsed and required by the CSRC, the Chinese stock market regulator.
Therefore, in accordance with the provisions of IAS 8 paragraphs 41 and 42, the accounting for the aforementioned capital increases was adjusted by restating the balances of shareholders' equity and net financial position as of 31 December 2022. The effects of this restatement are shown in the following reconciliation table and consist of a reduction in shareholders' equity and an increase in financial liabilities with a concomitant reduction in the net financial position by 13.2 million euros. With reference to the fund CITIC Securities Investment Co. Ltd, it should be noted that the same waived the aforementioned option effective 29 December 2022, therefore the capital share subscribed, equal to RMB 40 million, was not subject to the reclassification described above.

In the first few weeks of 2024, having found it impossible to proceed with an IPO application with reference to the 2023 results, the private equity funds that had invested in Penta Laser Zhejiang during 2022 submitted the contractually stipulated withdrawal request in their favour. Meetings are underway in which the funds are considering extending their membership, subject to commitments and guarantees being negotiated. The confirmation of the exit of the funds would result in the discontinuation of the IPO process and the need to identify alternative solutions for the *business unit*.

A reconciliation of the statement of financial position as at 31 December 2022 is presented below. The consolidated cash flow statement for the year ended 31 December 2022 is impacted by this restatement within the area of “cash flows from financing activities” in which the distinction between the items “Current financial liabilities” and “Capital increases” of cash flows received is shown. The consolidated income statement as at 31 December 2022 does not show any material effects as a result of this restatement.

Reconciliation of the statement of financial position as at 31 December 2022

Liabilities	31/12/2022	rectifications	31/12/2022 restated
Share capital	2.594.727	-	2.594.727
Additional paid in capital	46.927.795	-	46.927.795
Other reserves	95.195.564	108.026	95.303.590
Treasury stock	(468.633)	-	(468.633)
Retained earnings / (accumulated deficit)	120.601.833	(6.884.546)	113.717.287
Net income / (loss)	55.110.995	-	55.110.995
Group shareholders' equity	**319.962.281**	**(6.776.520)**	**313.185.761**
Minority interest	36.674.937	(6.406.051)	30.268.886
Total shareholders' equity	**356.637.218**	**(13.182.572)**	**343.454.646**
Severance indemnity fund	4.099.038	-	4.099.038
Deferred tax liabilities	3.242.089	-	3.242.089
Other accruals	10.735.920	-	10.735.920
Financial debts and liabilities			
- third parties	*37.862.252*	-	*37.862.252*
Total Financial debts and liabilities	37.862.252	-	37.862.252
Other non current liabilities			
Accounts payable third parties - non current	*717.819*	-	*717.819*
Other payables - non current	*6.166.471*	-	*6.166.471*
Total Other non current liabilities	6.884.290	-	6.884.290
Total non current liabilities	**62.823.589**	**-**	**62.823.589**
Financial liabilities			
- third parties	*31.872.974*	*13.182.572*	*45.055.546*
Total Financial liabilities	31.872.974	13.182.572	45.055.546
Accounts payable			
- third parties	*170.862.992*	-	*170.862.992*
- associated companies	*329*	-	*329*
Total Accounts payable	170.863.321	-	170.863.321
Income tax payables	8.150.730	-	8.150.730
Other current payables			
- third parties	*105.542.896*	-	*105.542.896*
Total Other current payables	105.542.896	-	105.542.896
Total current liabilities	**316.429.921**	**13.182.572**	**329.612.493**
Total Liabilities and Shareholders' equity	**735.890.728**	**-**	**735.890.728**

Cash flow statement	31/12/22	rectifications	31/12/2022 restated
Operating activity			
Income (loss) for the financial period	**59.035.583**		**59.035.583**
Amortisations and depreciations	10.087.708		10.087.708
Interest income	857.331		857.331
Interest Expense	(1.142.342)		(1.142.342)
Income tax paid	(25.451.677)		(25.451.677)
Share of profit of associated companies	78.684		78.684
Write-downs for impairment losses	107.858		107.858
Stock Option Share payment loss	1.553.390		1.553.390
Severance indemnity	162.725		162.725
Provisions for risks and charges	364.436		364.436
Bad debt reserve	957.412		957.412
Deferred income tax assets	(2.476.515)		(2.476.515)
Deferred income tax liabilities	74.183		74.183
Inventories	(42.149.100)		(42.149.100)
Accounts receivable	(21.796.942)		(21.796.942)
Tax receivables / payables	24.629.082		24.629.082
Other receivables	(4.769.757)		(4.769.757)
Accounts payable	12.968.671		12.968.671
Other payables	(11.030.981)		(11.030.981)
Other non- monetary variations from operating activity	56.011		56.011
Cash flow generated by operating activity	**2.115.760**		**2.115.760**
Investment activity			
Tangible assets	(17.440.780)		(17.440.780)
Intangible assets	(984.431)		(984.431)
Equity investments, securities and other financial assets	(5.159.896)		(5.159.896)
Financial receivables	(308.773)		(308.773)
Variation in the scope of consolidation/Extraordinary operations	(6.256.605)		(6.256.605)
Cash flow generated by investing activity	**(30.150.485)**		**(30.150.485)**
Financing activity			
Non current financial liabilities	(3.323.158)		(3.323.158)
Current financial liabilities	7.303.489	13.182.572	20.486.061
Capital increase	24.069.286	(13.290.598)	10.778.688
(Purchase) Sell treasury shares	(468.633)		(468.633)
Dividends paid	(17.236.352)		(17.236.352)
Other non- monetary variations from financing activity	9.693		9.693
Cash flow generated by financing activity	**10.354.325**		**10.246.299**
Change in cumulative translation adjustment reserve and other no monetary changes	**(868.146)**	**108.026**	**(760.120)**
Increase/(decrease) in cash and cash equivalents	**(18.548.548)**		**(18.548.547)**
Cash and cash equivalents at the beginning of the financial period	**181.362.812**		**181.362.812**
Cash and cash equivalents at the end of the financial period	**162.814.265**		**162.814.265**

STOCK OPTION PLANS

El.En. S.p.A.

Below is some information on the stock option plans approved by the parent company El.En. S.p.A., plans designed to provide the Company with an incentive and loyalty instrument.

Plan 2016-2025

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	31/12/2023	31/12/2023	(*)
Plan 2016-2025	31-dic-25	138.032			31.883		106.149	106.149	€ 3,18

(*) the price for exercising the option varied after the stock split operation voted by the shareholders' assembly on July 20th, 2021 in which every old share was replaced by four new ordinary shares.

This plan, taking into account the presence of two tranches that have two different *vesting* and *exercise periods*, is conceptually comparable to two separate options that could be defined as "*American forward start*".
The *fair value* of an "*American forward start*" option can be obtained by combining a *risk-neutral* approach to determine the expected value of the stock at the beginning of the *exercise period* and then using a *binomial tree* type model to value the American option.

The following assumptions were made in order to determine the fair value:
risk-free rate: 0,338492%
historical volatility: 0,28489
time interval used for volatility calculation: last trading year

Plan 2026-2031

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	31/12/2023	31/12/2023	
Plan 2026-2031	31-dic-31		1.414.000				1.414.000		€ 13,91

This plan, taking into account the presence of two tranches that have two different *vesting* and *exercise periods*, is conceptually comparable to two separate options.
The *fair value* was determined using a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the *strike price* and requires the estimation of the volatility of the security, the *risk free* interest rate and the expected dividend rate of the security.

The following assumptions were made in order to determine the fair value:
risk-free rate: 2,9444074%
historical volatility: 0,3709335939
time interval used for volatility calculation: last trading year

During 2023, the average price recorded by the El.En. S.p.A. share was about 11.4 euros.

With regard to the characteristics of the stock option plans, as well as the capital increase approved to service them, please refer to the description in Note (10) to this document.

Information on the Consolidated Statement of financial position - Assets

Non-current assets

Intangible assets (Note 1)

The following changes in intangible assets occurred in the period:

	31/12/2022	Increase	Decrease	Revaluation / Devaluation	Other movements	Depreciation	Translation adjustment	31/12/2023
Goodwill	7.978.059						-310.020	7.668.039
Development costs	500.501	216.484			-25.186	-372.110		319.689
Patents and rights to use patents of others	4.058.320	1.123			7.199	-394.870	-245.031	3.426.741
Concessions, licenses, trade marks and similar rights	938.800	369.875			51.084	-606.001	-20.765	732.993
Other intangible assets	191.793	34.130			53.289	-96.256		182.956
Intangible assets under construction and advance payments	230.267	137.233			-81.791			285.709
Total	**13.897.740**	**758.845**			**4.595**	**-1.469.237**	**-575.816**	**12.616.127**

Goodwill

Goodwill, which is the most significant component of intangible assets, represents the excess of the acquisition cost over the *fair value* of the assets acquired net of current and contingent liabilities assumed. Goodwill is not subject to depreciation and is tested for *impairment* at least annually.

For the purpose of periodic impairment testing, the individual goodwill recorded was allocated to the respective "*cash generating units*" (CGUs) identified. The identification of CGUs coincides with each legal entity and corresponds with the Administrators' vision of their business.

The following table shows the book value of goodwill for each of the "*Cash Generating Units*":

CASH GENERATING UNIT (CGU)	**Goodwill 31/12/2023**	**Goodwill 31/12/2022**
Quanta System S.p.A.	2.079.260	2.079.260
ASA S.r.l.	439.082	439.082
Cutlite Penta S.r.l.	407.982	407.982
Ot-las S.r.l.	7.483	7.483
Asclepion Laser Technologies GmbH	72.758	72.758
Deka MELA S.r.l.	31.500	31.500
Shenzhen KBF Laser Tech Co., Ltd (*)	4.629.974	4.939.994
Total	7.668.039	7.978.059

(*) variation due to exchange rate effect

As of 31 December 2023, the recoverable value of the CGUs reported below was tested for *impairment* in order to verify the existence of any impairment losses, by comparing the unit's book value with its value in use, i.e. the present value of the expected future cash flows that are expected to be derived from its continued use and eventual disposal at the end of its useful life. Below are the results of these tests.

Quanta System S.p.A.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of Quanta System S.p.A., covering the 2024-2026 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate "g" of 1.5%.
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates taken into account to formulate the forecasts used in the *impairment* test are consistent with the final data for 2023 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.7%; a long-term growth rate "g" of 1.5% is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use remain higher than book values even assuming a growth rate "g" of 0.5% and a WACC+1% of 10.7%.

Cutlite Penta S.r.l.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of Cutlite Penta S.r.l., covering the 2024-2026 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate "g" of 1.5%.
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates taken into account to formulate the forecasts used in the *impairment* test are consistent with the final data for 2023 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.7%; a long-term growth rate "g" of 1.5% is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use are lower than the book values under the assumption of a WACC+1% of 10.7% and a growth rate "g" less than or equal to 1.5%.

ASA S.r.l.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of ASA S.r.l., covering the 2024-2026 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate "g" of 1.5%.
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates used to formulate the forecasts used in the *impairment* test are consistent with the final data for 2023 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.7%; a long-term growth rate "g" of 1.5%, is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use remain higher than book values even assuming a growth rate "g" of 0.5% and a WACC+1% of 10.7%.

SHENZHEN KBF LASER TECH CO.,LTD.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan prepared by the company based on the budget approved by the Board of Directors, covering the 2024-2028 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the 5 years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection. A growth rate "g" of 0 was considered.

The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates taken into account to formulate the forecasts used in the *impairment* test are consistent with the final data for 2023 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 13.25%; whereas, as described above, a long-term growth rate “g” of 0 was conservatively assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use are lower than the book values under the assumption of a WACC+1% of 14.25% and a growth rate “g” less than or equal to 0%.

The verification of the compliance of the *impairment test* procedures with the requirements of international financial reporting standards was approved by the parent company's board of directors.

Other intangible assets

The item “development costs” includes costs incurred for the development of prototypes both by the parent company El.En. S.p.A. and its subsidiary Asa Srl.
The item “industrial patent and intellectual property rights” relates to the capitalisation of costs incurred for the purchase of patents, especially by the subsidiaries Quanta System SpA, Shenzhen KBF Laser Tech Co., Ltd. and the parent company El.En. S.p.A.
The item “concessions, licences, trade marks and similar rights” includes, among other things, costs incurred particularly by the parent company El.En. and the subsidiaries Lasit, Quanta, With Us, Cutlite Penta and Penta Laser Zhejiang for the purchase of software.
The residual item “Other” consists mainly of costs incurred by the parent company El.En. and the subsidiary Cutlite Penta for the development of software.

Tangible fixed assets (Note 2)

Movements in tangible fixed assets are as follows:

Cost	31/12/2022	Increase	(Disposals)	Revaluation / Devaluation	Other movements	Translation adjustment	31/12/2023
Lands and buildings	78.826.787	1.135.765			4.373.043	-2.149.343	82.186.252
Plants & machinery	18.567.558	1.234.368	-82.161		592.495	2.598	20.314.858
Industrial and commercial equipment	20.104.943	2.702.682	-317.362		-154.037	-263.187	22.073.039
Other assets	15.843.675	1.850.332	-144.390	-10.684	-77.202	-161.827	17.299.904
Tangible assets under construction and advance payments	5.232.477	3.269.857			-5.557.782	-233.622	2.710.930
Total	138.575.440	10.193.004	-543.913	-10.684	-823.483	-2.805.381	144.584.983
Lands and buildings right of use	21.595.113	1.186.892	-93.925		-1.127.817	-251.440	21.308.823
Plants & machinery right of use	43.997				-29.947		14.050
Industrial and commercial equipment right of use	1.138.784	54.036	-82.383		-46.295	-23.064	1.041.078
Other assets right of use	5.739.005	1.353.032	-1.560.963		-245.094	-56.698	5.229.282
Total	28.516.899	2.593.960	-1.737.271		-1.449.153	-331.202	27.593.233
Total	**167.092.339**	**12.786.964**	**-2.281.184**	**-10.684**	**-2.272.636**	**-3.136.583**	**172.178.216**

Accumulated depreciation	31/12/2022	Depreciations	(Disposals)	Revaluation / Devaluation	Other movements	Translation adjustment	31/12/2023
Lands and buildings	12.381.092	2.182.664			-24.818	-218.868	14.320.070
Plants & machinery	8.718.475	1.727.410	-62.423		-3.049	2.266	10.382.679
Industrial and commercial equipment	13.888.010	2.000.579	-139.163		-175.170	-103.153	15.471.103
Other assets	10.419.589	1.633.028	-144.261	-1	-108.387	-114.872	11.685.096
Tangible assets under construction and advance payments							
Total	45.407.166	7.543.681	-345.847	-1	-311.424	-434.627	51.858.948
Lands and buildings right of use	4.277.877	1.538.489	-93.925		-1.088.060	-165.253	4.469.128
Plants & machinery right of use	37.362	4.683			-29.947		12.098
Industrial and commercial equipment right of use	886.788	96.314	-82.383		-44.515	-18.646	837.558
Other assets right of use	3.396.825	1.182.124	-1.533.304		-238.272	-25.290	2.782.083
Total	8.598.852	2.821.610	-1.709.612		-1.400.794	-209.189	8.100.867
Total	**54.006.018**	**10.365.291**	**-2.055.459**	**-1**	**-1.712.218**	**-643.816**	**59.959.815**

Net value	31/12/2022	Increase	(Disposals)	Revaluation / Devaluation / Depreciations	Other movements	Translation adjustment	31/12/2023
Lands and buildings	66.445.695	1.135.765		-2.182.664	4.397.861	-1.930.475	67.866.182
Plants & machinery	9.849.083	1.234.368	-19.738	-1.727.410	595.544	332	9.932.179
Industrial and commercial equipment	6.216.933	2.702.682	-178.199	-2.000.579	21.133	-160.034	6.601.936
Other assets	5.424.086	1.850.332	-129	-1.643.711	31.185	-46.955	5.614.808
Tangible assets under construction and advance payments	5.232.477	3.269.857			-5.557.782	-233.622	2.710.930
Total	93.168.274	10.193.004	-198.066	-7.554.364	-512.059	-2.370.754	92.726.035
Lands and buildings right of use	17.317.236	1.186.892		-1.538.489	-39.757	-86.187	16.839.695
Plants & machinery right of use	6.635			-4.683			1.952
Industrial and commercial equipment right of use	251.996	54.036		-96.314	-1.780	-4.418	203.520
Other assets right of use	2.342.180	1.353.032	-27.659	-1.182.124	-6.822	-31.408	2.447.199
Total	19.918.047	2.593.960	-27.659	-2.821.610	-48.359	-122.013	19.492.366
Total	**113.086.321**	**12.786.964**	**-225.725**	**-10.375.974**	**-560.418**	**-2.492.767**	**112.218.401**

The item "Lands and Buildings" and related rights of use includes the real estate complex in Calenzano (FI), where the Parent Company El.En. S.p.A. and some of its subsidiaries operate, the property purchased at the end of the 2018 financial year by Cutlite Penta located in the municipality of Prato for a relocation of the production activity to a location more in keeping with the volume currently being developed, the properties located in the municipality of Torre Annunziata, the first purchased in 2006 and the second in 2018 and intended for the research, development and production activities of the subsidiary Lasit S.p.A., the property located in Jena which, since May 2008, has been hosting the activities of the subsidiary Asclepion GmbH together with the new building inaugurated by the same subsidiary in September 2019, the property located in Samarate (VA), acquired at the end of 2014 by the subsidiary Quanta System S.p.A. in addition to the new building acquired in the year 2018 by the same Quanta adjacent to the first one, the property built in 2019 located in Arcugnano that houses the activities of the subsidiary ASA srl, the property acquired during 2021 by the subsidiary Galli Giovanni Srl, as well as the new production facility owned by the subsidiary Penta Laser Zhejiang Co., Ltd.
The increases for the period mostly refer to costs incurred for the purchase of a new building by the parent company El.En. SpA and for improvements to the plants of El.En. SpA and its subsidiaries Quanta System SpA and Asclepion GmbH.

The item "Plants and machinery" essentially refers to investments made by the parent company El.En. SpA and the subsidiaries Asclepion GmbH, Quanta System SpA, Lasit SpA, Asa Srl, Cutlite Penta Srl and Galli Giovanni & C. Srl. With reference to the latter, it should be noted that in the acquisition year 2019, a *Purchase Price Allocation* of the amount paid of approximately 400 thousand euros was made to the Plants and Machinery category.

The item "Industrial and commercial equipment" refers mainly to El.En. and the subsidiaries Quanta System SpA, Esthelogue, Deka Mela, Lasit SpA, Cutlite Penta srl, Penta Laser Technology (Shangdong) and Penta Laser Zhejiang Co., Ltd. This item also includes the capitalisation of the costs of certain machinery sold to customers under so-called operating leases: these sales, in fact, have been treated as revenue from long-term leases in accordance with IAS/IFRS.

The increases in the category "Other assets" are mainly attributable to new motor vehicles, also due to the application of IFRS16, furniture and fixtures, and electronic machines.

The category "Assets under construction and down payments" includes costs incurred by the parent company El.En. for improvements it is making to existing buildings, by the subsidiaries Lasit, Penta Laser (Wuhan), Penta Laser Zhejiang, Quanta System and Galli Giovanni for new buildings under construction and/or equipping.
The amounts entered in the column "Other movements" refer mainly to the completion of part of the work on the Wuhan plant, the costs of which have therefore been transferred to the respective category.

As of the financial statement closing, there were no indicators of impairment deriving either from internal sources (company strategies) or external sources (regulatory, economic, technological context in which the Group operates) relating to tangible fixed assets as a whole.

Equity investments (Note 3)

The analysis of the equity investments is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Equity investment in associated companies	1.864.054	1.019.897	844.157	82,77%
Other equity investments	1.061.819	1.061.819		0,00%
Total	**2.925.873**	**2.081.716**	**844.157**	**40,55%**

Equity investments in associated companies

For a detailed breakdown of the equity investments held by Group companies in associated companies, please refer to the paragraph on the scope of consolidation.

Please note that the associated companies Immobiliare Del.Co. S.r.l., Elesta S.p.A., Accure, Inc. and ZheJiang Monochr Laser Intelligent Equipment Co., Ltd. are accounted for using the shareholders' equity method.

The financial statement values of equity investments in associated companies are respectively:

Immobiliare Del.Co. S.r.l.:	226	thousand euro
Actis S.r.l.:	1	thousand euro
Elesta S.p.A.:	903	thousand euro
Accure Inc.:	-28	thousand euro
ZheJiang Monochr Laser Intelligent Equipment Co., Ltd.	762	thousand euro
Total	**1.864**	**thousand euro**

The following table shows some summary data of the associated companies:

Company	Total Assets	Total liabilities	Net income (Loss)	Revenues and other income	Charges and expenses
Actis Active Sensors Srl (*)	414.347	87.408	4.806	19.802	14.996
Elesta SpA	4.970.988	2.044.398	246.618	3.291.220	3.044.602
Immobiliare Del.Co. Srl	747.625	788.473	-38.534	174.131	212.665
Accure Acne, Inc. (*)	1.467.472	4.193.630	-4.585.570	0	4.585.570
ZheJiang Monochr Laser Intelligent Equipment Co., Ltd.	11.721.382	9.544.709	-380.046	32.299	412.345

(*) Data as of Dec 31 2022

Equity investments in other companies

"Equity investments in other companies" were measured at *fair value*.
This item is mostly attributable to the shareholding held in "Epica International Inc" for 888 thousand euros. With regard to the measurement of this investment, the Administrators considered that, as the equity instrument is not listed on a regulated market, and as there is a wide range of possible *fair value* measurements related to different subscriptions, cost represents the best estimate of *fair value* in this range, also in consideration of the average subscription share price.

Financial receivables/Deferred tax assets and Other non-current assets and receivables (Note 4)

Other non-current assets	31/12/2023	31/12/2022	Variation	Var. %
Financial receivables - third parties	314.679	363.080	-48.401	-13,33%
Financial receivables - associated		320.000	-320.000	-100,00%
Deferred tax assets	14.347.340	12.420.903	1.926.437	15,51%
Other non-current assets	23.777.759	23.616.174	161.585	0,68%
Total	**38.439.778**	**36.720.157**	**1.719.621**	**4,68%**

Deferred tax assets amounted to about 14,347 thousand euros and mainly refer to the reserve for inventory obsolescence, intercompany profits on end-of-period inventories, the bad debt reserve in excess of the amount deductible for tax purposes, and deferred taxation calculated on the revaluation of certain company assets performed by some Italian companies in accordance with current regulations.
Deferred tax assets are recognised to the extent that it is probable that there will be adequate future taxable profits against which the temporary differences can be utilised. In this regard, the Group estimates the likely timing and amount of future taxable profits.

The item "Other non-current assets" mainly relates to temporary investments of liquidity, made in past years by the parent company El.En. SpA for 11.5 million euros in life insurance policies underlying a segregated management in securities with guaranteed capital and with the possibility of exercising total or partial surrender during the contractual term provided that at least one year has elapsed since the inception of the policies. Similar investments were made by the subsidiary Quanta System SpA for 2.5 million euros and by the subsidiary Deka Mela for 8 million euros. Since these are medium-term investments, the companies have decided to classify them as non-current assets, recording the *fair value* of the policies in the assets and the revaluation of the policies in the income statement, and consequently to exclude them from the net financial situation.

Current assets

Inventories (Note 5)

The analysis of inventories is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Raw materials, consumables and supplies	108.928.185	98.468.376	10.459.809	10,62%
Work in progress and semi finished products	54.147.646	51.132.266	3.015.380	5,90%
Finished products and goods	47.221.297	53.299.560	-6.078.263	-11,40%
Total	**210.297.128**	**202.900.202**	**7.396.926**	**3,65%**

Closing inventories of approximately 210,297 thousand euros were up 3.6% from 202,900 thousand euros as at 31 December 2022, an increase slightly higher than that of turnover. The increase is entirely in raw materials, purchased in increasing volumes to ensure smooth production processes.

Below is an analysis of total inventories, distinguishing the amount of the reserve for inventory obsolescence from the gross value:

	31/12/2023	31/12/2022	Variation	Var. %
Gross amount of Inventory	236.232.669	227.572.582	8.660.087	3,81%
Devaluation provision	-25.935.541	-24.672.380	-1.263.161	5,12%
Total	**210.297.128**	**202.900.202**	**7.396.926**	**3,65%**

The provision for obsolescence is calculated to align the stock value with its estimated realisable value, recognising obsolescence and slow moving where necessary. The amount of the provision increased by approximately 1,263 thousand euros compared to 31 December 2022 and its incidence on the gross amount of inventory also increased slightly from 10.8% at 31 December 2022 to 11.0% at 31 December 2023.

Accounts receivable (Note 6)

Receivables were as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Accounts receivable from third parties	173.034.161	168.017.892	5.016.269	2,99%
Accounts receivable from associated	348.576	481.598	-133.022	-27,62%
Total	**173.382.737**	**168.499.490**	**4.883.247**	**2,90%**

Accounts receivable from third parties	31/12/2023	31/12/2022	Variation	Var. %
Italy	65.005.647	69.093.509	-4.087.862	-5,92%
EEC	19.908.148	18.875.423	1.032.725	5,47%
ROW	98.711.887	89.274.459	9.437.428	10,57%
minus: bad debt reserve	-10.591.521	-9.225.499	-1.366.022	14,81%
Total	**173.034.161**	**168.017.892**	**5.016.269**	**2,99%**

The table shows an overall increase in credit exposure to customers.

Below are the movements in the bad debt reserve:

	2023
At the beginning of the period	9.225.499
Provision	2.881.499
Amounts utilized and unused amounts reversed	-1.289.505
Other movements	1
Translation adjustment	-225.973
At the end of the period	**10.591.521**

The incidence of bad debt reserve over total receivables to third parties recorded a slight increase from 5.2% in 2022 to 5.8% as at 31 December 2023.

An analysis of accounts receivable from third parties is given below:

Accounts receivable from third parties	31/12/2023	31/12/2022
To expire	124.789.861	124.713.651
Overdue:		
0-30 days	24.581.735	21.874.930
31-60 days	5.713.429	5.867.851
61-90 days	3.197.344	3.671.042
91-180 days	6.339.880	5.355.650
Over 180 days	8.411.912	6.534.768
Total	**173.034.161**	**168.017.892**

We also break down accounts receivable from third parties by currency:

Accounts receivable in:	31/12/2023	31/12/2022
Euros	110.622.423	105.467.964
USD	12.504.062	11.554.575
Other currencies	49.907.676	50.995.353
Total	**173.034.161**	**168.017.892**

The euro value reported in the table of receivables originally denominated in USD or other currencies (mainly RMB and Yen) represents the currency amount converted at the exchange rates of 31 December 2023 and 31 December 2022.

For a more detailed analysis of accounts receivable from associated companies, please refer to the following chapter on "related parties".

Tax receivables/Other receivables (Note 7)

The breakdown of Tax receivables and Other receivables is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Tax receivables				
VAT receivables	11.322.675	12.996.617	-1.673.942	-12,88%
Income tax receivables	6.231.435	3.337.859	2.893.576	86,69%
Total	**17.554.110**	**16.334.476**	**1.219.634**	**7,47%**

Current financial receivables				
Financial receivables - third parties	528.753	39.669	489.084	1232,91%
Financial receivables - associated	381.565	61.565	320.000	519,78%
Total	**910.318**	**101.234**	**809.084**	**799,22%**
Other current receivables				
Security deposits	617.519	614.044	3.475	0,57%
Advance payments to suppliers	6.272.414	7.989.341	-1.716.927	-21,49%
Other receivables	8.619.270	8.540.567	78.703	0,92%
Total	**15.509.203**	**17.143.952**	**-1.634.749**	**-9,54%**

Total Current financial receivables and Other current receivables	**16.419.521**	**17.245.186**	**-825.665**	**-4,79%**

The year ended with a VAT receivable of over 11 million euros resulting from the Group's intensive export business. Among "income tax credits" are, for some group companies, credits arising from the difference between the pre-existing tax credit/down payments and the tax liability accrued at the reporting date herein; for some Italian companies, tax credits recognised to support research, development and innovation activities and those replacing benefits recognised in past years in the form of hyper and super depreciation are also recognised.

A more detailed analysis of financial receivables from associated companies can be found in the chapter "Related party disclosures" later in this document.

"Other receivables" mostly refer to prepaid expenses of the various companies, as well as deposits for participation in tenders paid by the Chinese subsidiary Penta Laser Zhejiang Co., Ltd.

Securities and other current financial assets (Note 8)

	31/12/2023	31/12/2022	Variation	Var. %
Securities and other current financial assets				
Other current financial assets	4.315.184	2.311.175	2.004.009	86,71%
Total	**4.315.184**	**2.311.175**	**2.004.009**	**86,71%**

The amount recorded under "Other current financial assets" consists of mutual funds and securities held by the subsidiaries Deka Mela and Quanta System in order to temporarily deploy liquidity.

Cash and cash equivalents (Note 9)

Cash and cash equivalents are broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Bank and postal current accounts	130.997.028	162.759.480	-31.762.452	-19,51%
Cash on hand	43.556	54.785	-11.229	-20,50%
Total	**131.040.584**	**162.814.265**	**-31.773.681**	**-19,52%**

For the analysis of changes in cash and cash equivalents, please refer to the Cash Flow Statement.

It should also be noted that the balance of bank and postal current accounts includes approximately 8 million euros for Chinese companies of fixed term deposits until the expiration date of some payments to suppliers against the issue of bank receivables.

Net financial position as at 31 December 2023

The Group's net financial position as at 31 December 2023 is as follows (in thousands of euros):

	Net financial position	31/12/2023	31/12/2022 Restated
A	Cash and cash equivalents	131.041	162.814
B	Cash equivalents	-	-
C	Other current financial assets	4.844	2.351
D	**Liquidity (A + B + C)**	**135.885**	**165.165**
E	Current financial debt	(28.442)	(41.050)
F	Current portion of non-current financial debt	(16.245)	(4.005)
G	**Current financial indebtedness (E + F)**	**(44.687)**	**(45.056)**
H	**Net current financial position (D + G)**	**91.198**	**120.110**
I	Non-current financial debt	(18.654)	(27.632)
J	Debt instruments	(10.325)	(10.230)
K	Non-current trade and other payables	(7.633)	(6.884)
L	**Non-current financial indebtedness (I + J + K)**	**(36.612)**	**(44.747)**
M	**Net Financial Position (H + L)**	**54.586**	**75.363**

In the second half of 2023, the group returned to generating cash from its operating activities, recording an improvement in the net financial situation of around 45 million euros during the period, after the first half of the year had shown a cash absorption of almost 65 million euros. The second half of 2022 and the first half of 2023 saw the group increase the volume of purchases of components for production even more than the very rapid growth, while at the same time reducing payment times to suppliers, an operational necessity that is indispensable to supply our production lines with sufficient continuity in the presence of great difficulty in obtaining timely or even just on-time supplies. The normalisation of demand, and also of the supply of components, made it possible in the second half of the year to restore the normal financial cycles of our business with obvious benefit to cash situations. Investment activities resulted in cash outflows of about 13 million euros, a significant amount but well below the average of previous years, when substantial investments were required to increase production capacity.

We also point out that for a total of about 22 million euros, the liquidity was invested over the years in insurance-type financial instruments which by their nature need to be entered under non-current financial assets. This type of liquidity investment is held by El.En. Spa for 11.5 million euros, Quanta System for 2.5 million euros and Deka Mela for 8.0 million euros. Being medium-term liquidity investments, these amounts do not form part of the net financial position. At the end of the period, the total *fair value* of investments is equal to 23.8 million euros.

Information on the Consolidated Statement of financial position - Liabilities

Share Capital and reserves

The main components of Shareholders' Equity are as follows:

Share capital (Note 10)

As at 31 December 2023, the share capital of the El.En. Group, coinciding with that of the parent company, was as follows:

Authorised (to stock option plan service)	Euros	2.658.626
Underwritten and deposited	Euros	2.598.872

Nominal value of each share - Euros	***without nominal value***

Category	**31/12/2022**	**Increase**	**Decrease**	**31/12/2023**
No. of Ordinary Shares	79.837.760	127.532	0	79.965.292
Total	**79.837.760**	**127.532**	**0**	**79.965.292**

The shares are nominal and indivisible; each share grants the right to one vote at all ordinary and extraordinary shareholders' meetings as well as other property and administrative rights in accordance with the law and the Articles of Association. At least 5% of the net profit for the year must be allocated to the legal reserve, within the limits of Article 2430 of the Italian Civil Code. The residue shall be distributed among the shareholders unless the shareholders' meeting resolves otherwise. The Articles of Association do not provide for the distribution of down payments on dividends. Dividends not collected within five years from the day on which they became payable shall be forfeited in favour of the Company. There are no special clauses in the articles of association concerning the shareholders' participation in the remaining assets in the event of liquidation. There are no clauses in the articles of association conferring particular privileges.

Capital increases to service stock option plans

The Extraordinary Shareholders' Meeting of the parent company El.En. s.p.a. of 12 May 2016 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.

On 13 September 2016, the Board of Directors of the parent company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2016-2025 ("2016-2025 Stock Option Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.

The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V, of the Italian Civil Code, the share capital of Euro 104,000.00 through the issue of 800,000 ordinary shares (following the split resolved by the shareholders' meeting of 20 July 2021 no. 3,200,000 ordinary shares) that can be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assigned options under the aforesaid Plan.

The options may be exercised, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.

The Plan will end on 31 December 2025, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.

Following the exercise by some of the beneficiaries of the 2016-2025 Stock Option Plan, the parent company issued 127,532 ordinary shares (post-split) in 2023 for proceeds of 406 thousand euros including capital increase and share premium.
The Extraordinary Shareholders' Meeting of the parent company El.En. s.p.a. of 15 December 2022 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 65,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023, the Board of directors of the parent company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2026-2031 ("2026-2031 *Stock Option* Plan" or "Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to Euro 45,955.00 through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assignees of the options under the aforesaid Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
For further information on the plan, please refer to the detailed information in "Significant events which occurred during the financial year 2023".

Finally, it should be noted that the market capitalisation of the Company is, in any case, currently higher than the values implied in the consolidated shareholders' equity as of 31 December 2023.

Additional paid in capital (Note 11)

As of 31 December 2023, the additional paid in capital reserve, coinciding with that of the parent company, amounted to 47,329 thousand euros, up from 46,928 thousand euros as of 31 December 2022 as a result of the stock options exercised during the year, as mentioned in the previous note.

Other reserves (Note 12)

	31/12/2023	**31/12/2022 restated**	**Variation**	**Var. %**
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	102.563.733	88.664.601	13.899.132	15,68%
Cumulative translation adjustment	-1.667.151	974.636	-2.641.787	-271,05%
Stock option/ stock based compensation reserve	6.785.055	4.753.358	2.031.697	42,74%
Special reserve for grants received	426.657	426.657		0,00%
Other reserves	-81.032	-52.964	-28.068	52,99%
Total	**108.564.564**	**95.303.590**	**13.260.974**	**13,91%**

As at 31 December 2023, the "extraordinary reserve" amounted to 102,564 thousand euros; the increase compared to 31 December 2022 relates to the destination of the net income of the 2022 financial year, as per the resolution passed at the Shareholders' Meeting of the parent company held on 27 April 2023.

The cumulative translation adjustment summarises the effect of exchange rate variation on foreign currency investments. The effects for 2023 are shown in the "total comprehensive (loss) income" column of the Shareholders' Equity statement.

The reserve for "*stock options/stock-based compensation*" includes the balancing entry for the notional costs determined in accordance with IFRS 2 of the Stock option plans granted by El.En. S.p.A..

The special reserve for grants received is to be considered a revenue reserve and is unchanged from 31 December 2022.

The item “Other reserves” mainly includes the reserve for the valuation of the severance indemnity fund in accordance with IAS 19.

Treasury stock (Note 13)

On 27 April 2021, the Shareholders' Meeting of El.En. spa had authorised the Board of Directors, within 18 months from the date of the resolution, to purchase treasury stock, of which no. 39,120 remain on 1 January 2023.

On 27 April 2023, the Shareholders' Meeting of El.En. S.p.A. authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already extensively described in the significant events which occurred during the financial year.

During the year, the company therefore purchased no. 15,000 treasury stock for a total counter-value of approximately 129 thousand euros; furthermore, on 31 July 2023, the company announced that it had assigned to the general manager 18,150 of the shares held in its portfolio as an in-kind portion of the 2022 annual fee. Therefore, as of 31 December 2023, the treasury stock held by the company amounted to no. 35.970.

Retained earnings (Note 14)

This item summarises the contribution to the Group's shareholders' equity of all consolidated companies.

Non-current liabilities

Severance indemnity fund (Note 15)

The following table highlights the movements during the accounting period:

31/12/2022	Provision	(Utilisation)	Payment to complementary pension forms, to INPS fund and other movements	31/12/2023
4.099.038	2.841.748	-785.605	-1.397.087	4.758.094

The severance indemnity represents the allowance that employees accrue during their working life and is paid to them when they leave.

For the purposes of international financial reporting standards, the payment of the severance indemnity represents a "long-term benefit following the end of employment"; it is a "defined benefit" obligation that results in the recognition of a liability similar to that arising in defined benefit pension plans.
With regard to companies located in Italy, following the changes made to the severance indemnity by Law 27/12/2006 (and subsequent amendments), only the liability relating to the accrued severance indemnity remaining in the company has been subject to valuation in accordance with IAS 19, since the accrued portion has been paid to a separate entity (supplementary pension fund).
Even for employees who explicitly decided to keep their severance indemnity in the company, the severance indemnity accrued since 1 January 2007 has been paid into the Treasury fund managed by Inps. This provision, based on the 2007 Budget Law, guarantees employees in the private sector the payment of severance indemnity for the portion corresponding to the payments made by them.

The present value of the obligation for the severance indemnity fund remaining in the group companies as at 31 December 2023 was 4,735 thousand euros.

The assumptions adopted in determining the plan are summarised in the table below:

Financial hypotheses	Year 2022	Year 2023
Annual implementation rate	3,34%-3,53%-3,57%-3,63%-3,77% (*)	3,15%-2,98%-2,95%-3,08%-3,17% (***)
Annual inflation rate	4,27%-2,35%, 2% (**)	2,3%-2,00% (****)
Annual increase rate of salaries (including inflation)	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%

(*) 3,34% for the first three years, 3,53% from the fourth to the fifth, 3,57% from the sixth to the seventh, 3,63% from the eighth to the tenth and 3,77% up to the thirtieth year.

(**) 4,27% for the first year, 2,35% for the second year, 2% from the third year.
(***) 3,15% for the first three years, 2,98% from the fourth to the fifth, 2,95% from the sixth to the seventh, 3,08% from the eighth to the tenth and 3,17% up to the thirtieth year.

(****) 2,3% for the first year, 2% for subsequent years.

To ensure consistency with the source of past valuation returns, the returns that S&P records and publishes on 1Y-3Y, 3Y-5Y, 5Y-7Y, 7Y-10Y and finally 10+Y maturities were used to construct an iBoxx Corporate AA "rate curve" as of 31 December 2023 as summarised in the table above.

The amount recorded in the column "Payment to complementary pension forms, to INPS fund and other movements" of the statement of changes in the severance indemnity fund represents both the portion of severance indemnity paid to complementary pension funds or to the Treasury fund managed by INPS (for the latter with reference to certain Italian group companies), depending on the choices made by employees, and the amount of actuarial losses/gains for the year.

Analysis of deferred tax assets and liabilities (Note 4) (Note 16)

Deferred tax assets and liabilities are accrued on the temporary differences between the assets and liabilities recognised for tax purposes, and those recognised in the financial statements.

The analysis is as follows:

	31/12/2022	Provision	(Utilisation)	Other movements	Translation adjustment	31/12/2023
Deferred tax assets on inventory devaluation	4.519.133	567.761	(504.187)	-	(60.441)	4.522.266
Deferred tax assets on warranty reserve	1.174.228	122.420	(104.757)	(1)	(34.978)	1.156.912
Deferred tax assets on bad debt reserve	941.672	255.101	(77.167)	(1)	(27.445)	1.092.160
Deferred tax assets on losses carryforwards	560.454	534.236	(180.842)	-	17.946	931.794
Deferred tax assets on intercompany profits and consolidation adjust.	1.800.145	-	(35.060)	10	(578)	1.764.517
Other deferred tax assets and on IAS adjust.	3.425.271	1.809.302	(342.011)	141.644	(154.515)	4.879.691
Total	**12.420.903**	**3.288.820**	**(1.244.024)**	**141.652**	**(260.011)**	**14.347.340**
Deferred tax liability on advance depreciations	124.470	-	-	-	-	124.470
Deferred tax liability on grants on capital account	30.027	98.387	(1.371)	(2)	-	127.041
Other deferred tax liabilities and on IAS adjust.	3.087.592	409.529	(181.152)	50.919	(94.681)	3.272.207
Total	**3.242.089**	**507.916**	**(182.523)**	**50.917**	**(94.681)**	**3.523.718**
Net	9.178.814	2.780.904	(1.061.501)	90.735	(165.330)	10.823.622

Deferred tax assets amount to about 14.347 thousand euros. The credit for deferred income taxes calculated on the reserve for inventory obsolescence of the various companies has increased, as well as the one calculated on the warranty reserve as well as on internal intercompany profits and in particular the one on accumulated income tax losses. The main decrease relates to the value adjustment of deferred taxation calculated on the revaluations of certain company assets performed last year by some Italian companies in accordance with current regulations.

The line for other movements includes deferred taxes on value adjustments made to the severance indemnity fund and recognised directly in *Other Comprehensive Income* ("OCI").

Deferred tax liabilities amounted to 3,524 thousand euros. Changes in other deferred tax liabilities refer, inter alia, to the valuation of certain inventories at LIFO and unrealised exchange rate differences for tax purposes. The variation in the liability for deferred taxes on contributions is due to the deferral of the taxation of certain capital contributions received and which, for tax purposes, have been accrued in accordance with current legislation.

Other accruals (Note 17)

The following table highlights the movements during the year:

	31/12/2022	Provision	(Utilisation)	Other movements	Translation adjustment	31/12/2023
Reserve for pension costs and similar	1.738.303	438.389	-198.663	-73.039		1.904.990
Warranty reserve on the products	7.367.022	-91.443	-158.163	1	-244.538	6.872.879
Reserve for risks and charges	1.630.595	3.679.413	-768.989	-495	-66.765	4.473.759
Total	**10.735.920**	**4.026.359**	**-1.125.815**	**-73.533**	**-311.303**	**13.251.628**

The agents' customer indemnity provision, which is included in the item "provision for pensions and similar obligations", amounted to 1,669 thousand euros as at 31 December 2023, compared to 1,492 thousand euros as at 31 December 2022.
According to IAS 37, the amount due is to be calculated using discounting techniques, in order to estimate as best as possible the total cost to be incurred in providing agents with benefits after the end of their employment.

The technical evaluations were carried out on the basis of the assumptions described below:

Financial hypotheses	Year 2022	Year 2023
Annual implementation rate	3,68%-3,37%-3,27%-3,20%-3,17%-3,16%-3,12%-3,06% (*)	2,51%-2,58%-2,54%(***)
Annual inflation rate	4,27%-2,35%, 2% (**)	2,3%-2,00% (****)

(*) 3,68% for the first year, 3,37% for the second, 3,27% for the third, 3,20% for the fourth, 3,17% for the fifth, 3,16% for the sixth, 3,12% from the seventh to the fourteenth and 3,06% from the fifteenth year.

(**) 4,27% for the first year, 2,35% for the second year, 2% from the third year.

(***) 2,51% on maturities of 10 years, 2,58% up to 15 years, 2,54% up to 20 years.

(****) 2,3% for the first year, 2% for subsequent years.

For the valuation of the liability, the interest rate was derived from the values of the EUR IRS recorded at 31.12.2023 on 10, 15 and 20-year maturities, respectively 2.51%, 2.58% and 2.54%.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

Contingent liabilities

On 24 April and 4 May 2018, the companies El.En. spa and Cutlite Penta srl received a writ of summons before the Superior Court of Hartford (Connecticut) for product liability for damages that occurred at a customer's plant destroyed by fire. According to the plaintiff, three laser systems manufactured by Cutlite Penta were present at the time of the fire.
El.En. and Cutlite Penta vehemently reject any assumption that they were involved, even marginally, in the responsibility for the event.
At present, the case is still at a preliminary stage during which, in accordance with US procedural law, information has been gathered in the form of written questioning about the course of contractual relations and the content of the companies' obligations under the contracts for the sale of laser systems.
The complexity of the case, the high and continuous volume of documents produced and the delays caused by the Covid-19 pandemic led to continuous schedule slippage.
At present, written *discovery* activities by the parties and preliminary depositions of the defendants, which have been completed, and some plaintiffs are in progress. Those relating to some of the plaintiffs remain.
The plaintiffs, in light of the preliminary depositions, are attempting to find a mediation, and have already met for this purpose on 10 October 2023 and 27 February 2024. The outcomes are not known to date.
If no mediation is reached, the Court will have to set the timetable for further work, including the expert opinion and possible amendments to the applications. The actual trial phase is not expected to start before 3 September 2024.

At present, therefore, there is insufficient evidence to assess the possibility and extent of an economic risk for the two companies. In fact, no evidence was produced nor was a direct quantification of the damages claimed. Further evaluations will be possible after further investigations, in particular by experts.
In any case, the companies, as a precautionary measure, promptly activated their product liability insurance coverage, which provides for a limit of Euro 15,000,000 per claim. The insurance company took over the claim and appointed a US lawyer at its expense to protect the insured's rights.

Therefore, in the financial statements as at 31 December 2023, there are no provisions in connection with the contingent liability related to the summons described above.

Financial debts and liabilities and other non-current liabilities (Note 18)

Financial m/l term debts	31/12/2023	31/12/2022	Variation	Var. %
Amounts owed to banks	18.654.197	27.632.286	-8.978.089	-32,49%
Amounts owed to leasing companies	10.128.428	10.127.419	1.009	0,01%
Amounts owed to other financiers	196.278	102.547	93.731	91,40%
Other non-current liabilities	7.632.624	6.884.290	748.334	10,87%
Total	**36.611.527**	**44.746.542**	**-8.135.015**	**-18,18%**

Details of amounts owed to banks outstanding as at 31 December 2023 are shown in the table below:

Company	Bank	Currency	Current amount	Non-current amount	First instalment	Last instalment	Interest rate	Terms of payment (monthly, quarterly)	Guarantees
Esthelogue Srl	Intesa San Paolo	Euro	374.961	571.645	28/08/2022	28/05/2028	1,30%	Quarterly instalments	90% from Mediocredito Centrale
Asclepion GmbH	Baudarlehen Deutsche Bank	Euro	444.444	1.370.373	02/05/2018	31/12/2027	1,40%	Monthly instalments	Mortgage
Asclepion GmbH	Kfw Darlehen CB	Euro	375.000	187.500	03/07/2020	30/06/2025	2,00%	Quarterly instalments	-
Asclepion GmbH	Kfw Darlehen DB	Euro	375.000	187.500	09/07/2020	30/06/2025	2,00%	Quarterly instalments	-
ASA S.r.l.	Unicredit	Euro	239.929	1.105.223	30/11/2019	31/05/2029	Eurirs 12 months +0,5%	Half-year instalments	Mortgage
ASA S.r.l.	Intesa San Paolo	Euro	749.951	1.139.349	24/09/2022	24/06/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	80.000.000	-	29/12/2023	31/01/2024	1,14%	Monthly instalments	
With Us Co., Ltd	The Shoko Chukin Bank, Ltd. - Tokyo	Yen	7.104.000	73.360.000	05/04/2021	05/04/2035	1,17%	Monthly instalments	Tokyo Credit Guarantee Corporation
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	21.420.000	119.655.000	26/08/2023	26/07/2030	0,95%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
With Us Co., Ltd	Higashi-Nippon Bank, Ltd.	Yen	36.114.000	5.548.000	31/03/2022	28/02/2025	0,98%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.

With Us Co., Ltd	Mizuho Bank, Ltd.	Yen	12.504.000	36.454.000	10/12/2023	10/12/2027	0,85%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
Penta Laser (Wuhan) Co., Ltd.	CEB	RMB	10.000.000	-	30/06/2024	30/06/2024	3,40%	Single instalment	Mortgage
Penta laser (Zhejiang)co., ltd	CCB	RMB		10.000.000	30/06/2025	30/06/2025	3,50%	Single instalment	Mortgage
Penta laser (Zhejiang)co., ltd	Intesa San Paolo	RMB	2.760.000		29/04/2022	28/06/2024	4,65%-4,60%	Half-year instalments	-
Penta laser (Zhejiang)co., ltd	CCB	RMB	500.000		08/02/2024	08/02/2024	3,45%	Single instalment	-
Penta laser (Zhejiang)co., ltd	NB	RMB	3.000.000		07/06/2024	07/06/2024	3,40%	Single instalment	-
Penta laser (Zhejiang)co., ltd	ABC	RMB	100.000		09/02/2024	09/02/2024	2,00%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	NB	RMB	20.000.000		14/05/2024	14/05/2024	2,10%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	NB	RMB	10.000.000		25/01/2024	25/01/2024	2,40%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	CMB	RMB	5.000.000		04/06/2024	04/06/2024	3,50%	Single instalment	Guarantee from PENTA LASER(ZHEJIANG)
Shenzhen KBF Laser Tech Co., Ltd	BOB	RMB	10.000.000		14/06/2024	14/06/2024	3,90%	Single instalment	Guarantee from General Manager
Cutlite Penta Srl	Credem	Euro	628.865		26/10/2021	26/07/2024	0,55%	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	2.200.000	3.850.000	28/10/2021	28/07/2026	Euribor rate 3 months + SPREAD 1,06%	Quarterly instalments	Elen SpA
Cutlite Penta Srl	Credem	Euro	841.216	509.873	04/08/2022	04/07/2025	Euribor rate 3 months + SPREAD 0,85%	Monthly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	1.249.919	1.898.916	28/08/2022	28/05/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
Cutlite Penta Srl	Intesa San Paolo	Euro	1.829.974	927.040	28/10/2022	28/04/2025	1,75%	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	1.285.714	-	02/01/2023	30/06/2024	2,95%	Quarterly instalments	Sace S.p.A
Cutlite Penta Srl	Intesa San Paolo	Euro	1.666.667	2.083.333	30/06/2023	31/03/2026	EURIBOR 3 months + 0,55% SPREAD hedged with IRS	Quarterly instalments	-
Cutlite Penta Srl	Monte Paschi di Siena	Euro	955.016	2.044.984	31/03/2024	31/12/2026	4,56%	Quarterly instalments	-

Amounts owed to leasing companies already refer from previous years mostly to the subsidiary Cutlite Penta S.r.l., which purchased under finance lease a new building for the performance of production activities and therefore treated for accounting purposes in accordance with IFRS 16 in place of the already applied IAS 17. The contract signed by Cutlite Penta Srl has a duration of 12 years and expires in January 2031; the outstanding debt as at 31 December 2023 amounts to 3.3 million euros. The latter then entered into another leasing contract in 2021 for the purchase of a new building adjacent to the other with a term of 12 years and expiring in January 2033; the remaining debt as at 31 December 2023 amounted to approximately 3.3 million euros.
The other amounts in this item result from the application of IFRS 16 for the first time in the financial year 2019.

Amounts owed to other financiers comprise, inter alia, amounts due after one year of:

a) Loan disbursed by Mediocredito to the subsidiary Lasit for a research project for a total of 272 thousand euros at an annual rate of 0.36% repayable in annual instalments starting from March 2018, last instalment 8 March 2025;
b) Loans disbursed by BPER to the subsidiary Lasit for the purchase of new equipment for a residual total of 38 thousand euros as at 31 December 2023, which were repaid in staggered instalments, last instalment due on 15 August 2025;

The item Other non-current liabilities includes, inter alia:

- the debt to the former minority shareholder of Penta Laser Zhejiang Co., Ltd in the amount of Renminbi 40 million (about 5 million euros), to be possibly paid due to the *earn-out* clause included in the sale agreement if an IPO of Penta Laser Zhejiang Co., Ltd is carried out within 5 years from the purchase date;
- the amount of accounts payable due beyond 12 months or with payment terms due beyond one year in the amount of 1,545 thousand euros.

Current liabilities

Financial debts (Note 19)

Details of short-term financial liabilities are set out below:

Financial short term debts	31/12/2023	31/12/2022 Restated	Variation	Var. %
Amounts owed to banks	28.441.900	27.867.609	574.291	2,06%
Amounts owed to leasing companies	2.968.064	3.819.578	-851.514	-22,29%
Amounts owed to other financiers	13.245.350	13.368.359	-123.009	-0,92%
Total	**44.655.314**	**45.055.546**	**-400.232**	**-0,89%**

	31/12/2023	31/12/2022	Variation	Var. %
Current liabilities for derivative financial instruments	31.457		31.457	
Total	**31.457**		**31.457**	

Details of short-term amounts owed to banks are given in the previous note.

The item "amounts owed to leasing companies" includes the short-term portions also of the leases described in the previous note.

The item "amounts owed to other financiers" includes, in addition to the short-term portions of the loans described in the previous note, the financial payable to Chinese private equity, as already described in the section on the restatement of balances in the previous year.

The item "Current liabilities for derivative financial instruments" included, as of 31 December 2023, the *fair value* measurement in accordance with IFRS 9 of the *interest rate swap* derivative contract to hedge the interest rate on the Intesa San Paolo loan signed during the year by the subsidiary Cutlite Penta for 5 million euros.

Accounts payable (Note 20)

	31/12/2023	31/12/2022	Variation	Var. %
Accounts payable	153.230.610	170.862.992	-17.632.382	-10,32%
Amounts owed to associated companies		329	-329	-100,00%
Total	**153.230.610**	**170.863.321**	**-17.632.711**	**-10,32%**

We also report the break down of accounts payable from third parties by currency for the financial year:

Accounts payable in:	31/12/2023	31/12/2022
Euros	88.534.290	98.003.768
USD	6.484.742	6.513.012
Other currencies	58.211.578	66.346.212
Total	**153.230.610**	**170.862.992**

The euro value reported in the table of payables originally denominated in USD or other currencies represents the currency amount converted at the exchange rates of 31 December 2023 and at the exchange rate of 31 December 2022.

Income tax payables /Other current payables (Note 21)

The “income tax payables” accrued on certain Group companies amounted to 4,344 thousand euros as at 31 December 2023 and are recorded net of the related down payments paid and withholding taxes incurred.

The breakdown of Other payables is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Social security debts				
Debts to INPS	5.436.083	4.311.413	1.124.670	26,09%
Debts to INAIL	368.908	320.848	48.060	14,98%
Debts to other Social Security Institutions	919.822	753.532	166.290	22,07%
Total	**6.724.813**	**5.385.793**	**1.339.020**	**24,86%**
Other debts				
Debts to the tax authorities for VAT	3.000.334	2.237.112	763.222	34,12%
Debts to the tax authorities for withholding	3.828.983	3.251.488	577.495	17,76%
Other tax liabilities	92.663	428.120	-335.457	-78,36%
Debts to staff for wages and salaries	20.845.134	21.581.880	-736.746	-3,41%
Down payments	30.588.151	54.105.698	-23.517.547	-43,47%
Other debts to associated companies	1.100.000		1.100.000	
Other debts	17.165.207	18.552.805	-1.387.598	-7.48%
Total	**76.620.472**	**100.157.103**	**-23.536.631**	**-23,50%**
Total Social security debts e Other debts	**83.345.285**	**105.542.896**	**-22.197.611**	**-21,03%**

“Debts to staff” include among other things the payable of deferred salaries accrued by employees as at 31 December 2023.

The item “Down payments” mostly represents payments on account received from customers for orders in their portfolios and mainly refer to the parent company Elen SpA, the Italian subsidiary Cutlite Penta Srl, and the Chinese subsidiaries.

The item “other payables” includes deferred income calculated on government contributions received by the subsidiary Penta Laser Zhejiang Co., Ltd.

Debt analysis by maturity

	31/12/2023			31/12/2022 restated		
	<= 1 year	**>1 year <= 5 years**	**> 5 years**	**<= 1 year**	**>1 year <= 5 years**	**> 5 years**
Amounts owed to banks	28.441.900	15.361.800	3.292.397	27.867.609	24.359.920	3.272.366
Amounts owed to leasing companies	2.968.064	7.039.598	3.088.830	3.819.578	6.600.122	3.527.297
Current liabilities for derivative financial instruments	31.457					
Amounts owed to other financiers	13.245.350	196.278		13.368.359	102.547	
Accounts payable	153.230.610	1.545.280		170.862.992	717.819	
Amounts owed to associated companies	1.100.000			329		
Income tax payables	4.343.983			8.150.730		
Social security debts	6.724.813			5.385.793		
Other debts	75.520.472	6.087.344		100.157.103	6.166.471	
Total	**285.606.649**	**30.230.300**	**6.381.227**	**329.612.493**	**37.946.879**	**6.799.663**

Segment reporting under IFRS8

Within the El.En. Group, the segments identified in application of IFRS 8 are those indicated below together with their associated financial statement values.

31/12/2023		Total	Medical	Industrial	Other
Revenues		694.942	392.434	300.266	2.242
Intersectorial revenues		(2.652)		(410)	(2.242)
Net Revenues		692.290	392.434	299.856	
Other revenues and income		7.358	2.955	3.842	562
Gross Margin		261.430	183.880	76.988	562
	Inc.%	*37%*	*47%*	*25%*	*100%*
Margin		93.319	81.060	11.697	562
	Inc.%	*13%*	*21%*	*4%*	*100%*
Not assigned charges		20.584			
EBIT		72.736			
Net financial income (charges)		(1.533)			
Share of profit of associated companies		(69)	76	(133)	(12)
Other Income (expense) net		0			
Income (loss) before taxes		71.134			
Income taxes		21.068			
Income (loss) before minority interest		50.067			
Minority interest		1.827			
Net income (loss)		48.239			

31/12/2022		Total	Medical	Industrial	Other
Revenues		676.186	382.063	292.169	1.954
Intersectorial revenues		(2.605)		(651)	(1.954)
Net Revenues		673.581	382.063	291.518	
Other revenues and income		6.225	2.508	3.718	
Gross Margin		249.695	170.517	79.178	
	Inc.%	*37%*	*44%*	*27%*	*0%*
Margin		100.959	79.805	21.154	
	Inc.%	*15%*	*21%*	*7%*	*0%*
Not assigned charges		19.958			
EBIT		81.001			
Net financial income (charges)		(1.934)			
Share of profit of associated companies		(79)	(70)		(8)
Other Income (expense) net		0			
Income (loss) before taxes		78.988			
Income taxes		19.953			
Income (loss) before minority interest		59.036			
Minority interest		3.925			
Net income (loss)		55.111			

31/12/2023	Total	Medical	Industrial
Assets assigned	653.367	322.103	331.264
Equity investments	2.695	1.765	930
Assets not assigned	63.148		
Total assets	719.209	323.867	332.194
Liabilities assigned	313.172	81.187	231.985
Liabilities not assigned	30.579		
Total liabilities	343.752	81.187	231.985

31/12/2022	Total	Medical	Industrial
Assets assigned	674.773	310.880	363.893
Equity investments	951	782	168
Assets not assigned	60.167		
Total assets	735.891	311.662	364.061
Liabilities assigned	347.680	85.586	262.095
Liabilities not assigned	44.756		
Total liabilities	392.436	85.586	262.095

31/12/2023	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	(1.587)	924	(2.511)
- not assigned	(563)		
Total	(2.150)	924	(2.511)

31/12/2022	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	20.537	4.131	16.405
- not assigned	712		
Total	21.249	4.131	16.405

Information by geographical area

31/12/2023	Total	Italy	Europe	Row
Revenues	692.290	151.755	157.014	383.521

31/12/2022	Total	Italy	Europe	Row
Revenues	673.581	149.928	144.699	378.954

31/12/2023	Total	Italy	Europe	Row
Assets assigned	716.284	483.159	61.638	171.487
Equity investments	2.926	2.164	0	762
Total assets	719.209	485.323	61.638	172.249
Liabilities assigned	343.752	199.198	22.500	122.053
Total liabilities	343.752	199.198	22.500	122.053

31/12/2022	Total	Italy	Europe	Row
Assets assigned	733.809	472.184	54.712	206.913
Equity investments	2.082	2.082	0	(0)
Total assets	735.891	474.266	54.712	206.913
Liabilities assigned	392.436	216.976	23.666	151.794
Total liabilities	392.436	216.976	23.666	151.794

31/12/2023	Total	Italy	Europe	Row
Changes in fixed assets:				
- assigned	(2.150)	691	329	(3.169)
Total	(2.150)	691	329	(3.169)

31/12/2022	Total	Italy	Europe	Row
Changes in fixed assets:				
- assigned	21.249	7.895	(296)	13.650
Total	21.249	7.895	(296)	13.650

Information on the consolidated Income Statement

Revenues (Note 22)

Below is a breakdown of the Group's revenues from contracts with customers as at 31 December 2023 and 2022:

	31/12/2023	31/12/2022	Variation	Var. %
Total medical systems	322.340.438	318.120.666	4.219.772	1,33%
Total industrial systems	279.441.490	273.800.907	5.640.583	2,06%
Total service	90.507.815	81.659.249	8.848.566	10,84%
Total revenue	**692.289.743**	**673.580.822**	**18.708.921**	**2,78%**

Breakdown of Revenues by geographical areas

Medical sector

	31/12/2023	31/12/2022	Variation	Var. %
Italy	37.527.669	38.370.243	-842.574	-2,20%
Europe	117.685.832	113.171.044	4.514.788	3,99%
ROW	237.220.434	230.521.601	6.698.833	2,91%
Total Medical	**392.433.935**	**382.062.888**	**10.371.047**	**2,71%**

Industrial sector

	31/12/2023	31/12/2022	Variation	Var. %
Italy	114.227.722	111.557.386	2.670.336	2,39%
Europe	39.328.005	31.527.848	7.800.157	24,74%
ROW	146.300.074	148.432.706	-2.132.632	-1,44%
Total Industrial	**299.855.801**	**291.517.940**	**8.337.861**	**2,86%**

Breakdown of revenues based on Revenue Recognition Timing

	31/12/2023	31/12/2022	Variation	Var. %
Goods transferred at a specific time	685.299.917	666.028.309	19.271.608	2,89%
Services transferred over time	6.989.826	7.552.513	-562.687	-7,45%
Total revenue	692.289.743	673.580.822	18.708.921	2,78%

Overall growth reached almost 3%.

For further details, please refer to the Management Report.

Other income (Note 23)

The analysis of other income is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Other income due to Insurance refunds	264.431	173.484	90.947	52,42%
Recovery of expenses	2.421.039	1.839.651	581.388	31,60%
Capital gains on disposal of fixed assets	90.788	34.665	56.123	161,90%
Other income	4.582.086	4.177.667	404.419	9,68%
Total	**7.358.344**	**6.225.467**	**1.132.877**	**18,20%**

The item "Expense recovery" refers mostly to the recovery of transport costs.
In the item "Other income", state contributions in the amount of 2,392 thousand euros were recorded, mostly from the Chinese subsidiaries Penta Laser Zhejiang Co., Ltd and Penta Laser Technology (Shangdong) Co., Ltd.

Costs for the purchase of goods (Note 24)

The analysis of purchases is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Purchases of raw materials and finished products	373.872.832	396.774.635	-22.901.803	-5,77%
Packaging	3.729.198	3.955.499	-226.301	-5,72%
Shipping charges on purchases	3.081.650	3.112.244	-30.594	-0,98%
Other purchase expenses	1.707.953	1.589.896	118.057	7,43%
Other purchases	5.229.855	6.937.470	-1.707.615	-24,61%
Total	**387.621.488**	**412.369.744**	**-24.748.256**	**-6,00%**

Costs for the purchase of goods and related charges as at 31 December 2023 amounted to 387,621 thousand euros compared to 412,370 thousand euros in the previous year, a decrease of 6%. Net of changes in inventories, the incidence of cost of goods was 54.4%, compared to 54.8% in the previous year.

Direct services/Operating services and charges (25)

The item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Direct services				
Outsourced processing	26.657.742	30.271.426	-3.613.684	-11,94%
Technical services on products	7.129.885	5.426.305	1.703.580	31,39%
Shipment charges on sales	7.616.494	6.853.408	763.086	11,13%
Sale commissions	16.920.027	16.237.134	682.893	4,21%
Royalties	280.800	302.400	-21.600	-7,14%
Travel expenses for technical assistance	1.657.301	1.511.780	145.521	9,63%
Other direct services	1.119.743	523.724	596.019	113,80%
Total	**61.381.992**	**61.126.177**	**255.815**	**0,42%**
Other operating services and charges				
Maintenance and technical assistance on equipment	1.989.707	1.434.545	555.162	38,70%
Commercial services and consulting	3.882.031	3.332.605	549.426	16,49%
Legal and administrative services and consulting	1.883.356	1.691.999	191.357	11,31%
Audit fees	411.432	557.207	-145.775	-26,16%
Insurances (no staff cost)	1.314.943	1.250.718	64.225	5,14%
Travel and accommodation expenses	5.283.161	4.052.926	1.230.235	30,35%
Trade shows	7.610.119	4.590.755	3.019.364	65,77%
Promotional and advertising fees	5.315.271	5.527.271	-212.000	-3,84%
Expenses related to real estate	4.346.544	4.723.696	-377.152	-7,98%
Other taxes	1.096.286	1.355.634	-259.348	-19,13%
Vehicles maintenance expenses	2.539.102	2.550.416	-11.314	-0,44%
Office supplies	582.475	572.719	9.756	1,70%
Hardware and Software assistance	2.709.149	2.303.679	405.470	17,60%
Bank charges	437.919	420.694	17.225	4,09%
Leases and rentals	2.691.352	2.095.079	596.273	28,46%
Salaries and indemnity to the Board of Directors and Board of Auditors	3.345.791	3.735.315	-389.524	-10,43%
Temporary employment	1.791.295	1.624.806	166.489	10,25%
Other services and charges	12.206.008	14.429.988	-2.223.980	-15,41%
Total	**59.435.941**	**56.250.052**	**3.185.889**	**5,66%**

Other operating services and charges amounted to 59,436 thousand euros, up from 56,250 thousand euros as at 31 December 2022.
The increases are mainly in the costs for travel and for trade shows.

In the item "Other services and charges", the main items refer to technical-scientific consulting in the amount of 3,065 thousand euros and studies and research in the amount of about 749 thousand euros.

With regard to research and development activities and costs, please refer to what has already been described in the Management Report.

Staff costs (Note 26)

This item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Wages and salaries	83.921.457	75.740.929	8.180.528	10,80%
Social security contributions	20.065.408	17.424.048	2.641.360	15,16%
Severance indemnity	2.703.877	2.442.951	260.926	10,68%
Staff costs for stock options/stock based compensation	3.484.586	1.553.390	1.931.196	124,32%
Other costs	953.403	1.032.228	-78.825	-7,64%
Total	**111.128.731**	**98.193.546**	**12.935.185**	**13,17%**

At 111,129 thousand euros, staff costs were up from 98,194 thousand euros of last year.
As at 31 December 2023, "staff costs for *stock options/stock-based compensation*" includes notional costs for stock options and stock-based compensation granted by the parent company El.En. SpA and the subsidiary Penta Laser Zhejiang to certain group employees.

Depreciation, amortization and other accruals (Note 27)

This item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Amortisation of intangible assets	1.469.237	1.034.571	434.666	42,01%
Depreciation of tangible assets	7.543.681	6.451.631	1.092.050	16,93%
Depreciation of tangible assets right of use	2.821.610	2.601.508	220.102	8,46%
Devaluation (Reval.) of fixed assets	10.684	107.858	-97.174	-90,09%
Accrual for bad debts	2.876.488	2.304.269	572.219	24,83%
Accrual for risks and charges	3.408.207	1.749.999	1.658.208	94,75%
Total	**18.129.907**	**14.249.836**	**3.880.071**	**27,23%**

The accrual for risks and charges is mainly attributable to the amount set aside for lawsuits by some group companies.

Financial income and charges and exchange gain (loss)(note 28)

The details of the two items are as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Financial income				
Interests income on bank and postal deposits	939.179	433.072	506.107	116,86%
Dividends from other investments	19.000		19.000	
Financial income from associated companies	16.826	3.939	12.887	327,16%
Interests income from current securities and financial assets	215.398	168.053	47.345	28,17%
Capital gain and other income from current securities and financial assets	277.453	26.661	250.792	940,67%
Other financial income	297.532	225.605	71.927	31,88%
Total	**1.765.388**	**857.330**	**908.058**	**105,92%**
Financial charges				
Interests on bank debts and on short term loans	246.684	138.589	108.095	78,00%
Interests on bank debts and on other m/l term loans	720.967	271.449	449.518	165,60%
Capital losses and other charges on current securities and financial assets	8.875	279.822	-270.947	-96,83%
Other financial charges	1.768.861	782.427	986.434	126,07%
Total	**2.745.387**	**1.472.287**	**1.273.100**	**86,47%**
Exchange gain (loss)				
Exchange gains	1.563.471	4.753.348	-3.189.877	-67,11%
Exchange losses	-2.116.434	-6.072.429	3.955.995	-65,15%
Other exchange gains (losses)	-2		-2	
Total	**-552.965**	**-1.319.081**	**766.116**	**-58,08%**

"interest income from current securities and financial assets" refers mostly to the accrual of interest on insurance policies taken out by the parent company.
"Interests on bank debts and on short-term loans" refers mainly to overdrafts granted by Credit Institutions to some Italian and foreign subsidiaries.
The item "other financial charges" includes, for about 138 thousand euros, the recognition of interest expenses arising from the application of IAS 19, for 147 thousand euros the recognition of interest expense for leases arising from the application of IFRS 16, and for 825 thousand euros the interest accrued on payables to Chinese private equity.
It should be noted that there is no significant amount of unpaid or uncollected interest.

Share of profit of associated companies (Note 29)

The income (loss) for the financial period was mainly driven by the performance of Elesta SpA and ZheJiang Monochr Laser Intelligent Equipment Co., ltd.

Income taxes (Note 30)

	31/12/2023	31/12/2022	Variation	Var. %
IRES and other foreign income taxes	20.354.682	20.551.850	-197.168	-0,96%
Income taxes - IRAP	3.280.711	3.343.879	-63.168	-1,89%
Deferred income taxes - IRES and for foreign companies	-1.775.238	-2.467.873	692.635	-28,07%
Deferred income taxes - IRAP	55.837	65.543	-9.706	-14,81%
Income tax receivable	-760.404	-1.678.848	918.444	-54,71%
Other income tax	-10.987	-10.987		0,00%
Previous years tax	-76.924	149.332	-226.256	-151,51%
Total	**21.067.677**	**19.952.896**	**1.114.781**	**5,59%**

The cost for current and deferred taxes for the year amounted to 21,068 thousand euros: the overall tax rate was 29.6%, up from 25.3% of last year.

The following table illustrates the reconciliation between the theoretical tax rate and the effective tax rate, limited to the Corporate Income Tax (IRES) and similar.

	2023	2022
Profit/loss before taxes	71.134.199	78.988.479
Theoretical IRES Aliquot	24,00%	24,00%
Theoretical IRES	17.072.208	18.957.235
Higher (lower) fiscal incidence of the foreign companies with respect to the theoretical aliquot	1.450.494	(909.120)
One time income tax charges	(76.924)	167.227
Tax credits	(760.404)	(1.678.848)
Higher (lower) fiscal incidence of Italian companies with respect to the theoretical aliquot	47.787	(428.837)
Higher (lower) fiscal incidence due to the effects of consolidation	(2.032)	435.817
Actual IRES	17.731.129	16.543.474
Actual IRES aliquot	24,93%	20,94%

Earnings per share (Note 31)

The weighted average number of shares outstanding during the year following the exercise of stock options granted and net of treasury stock held was 79,890,369 ordinary shares. Earnings per share as at 31 December 2023 is therefore 0.60 euro. Diluted earnings per share, which also take into account stock options granted, amounted to 0.59 euro.

Distributed dividends (Note 32)

The Shareholders' Meeting of El.En. SpA held on 27 April 2023 resolved to distribute a dividend, equal to Euro 0.22 (zero point twenty-two) gross per outstanding share, to the shares in circulation on the ex-dividend date. The dividend distributed was 17,573,198 euros.

Other components of the statement of comprehensive income (Note 33)

With reference to 31 December 2023, it should be noted that there are no “Other components of the statement of comprehensive income” worthy of note.

Non-recurring significant, atypical and unusual events and operations (Note 34)

Pursuant to Consob Communication of 28 July 2006 no. DEM/6064293, it should be noted that the Group did not engage in any significant non-recurring, atypical and/or unusual transactions, as defined in the Communication itself, during the year and in the previous year.

Related parties disclosures (Note 35)

Related parties are identified as defined in international accounting standard IAS 24. In particular, the following parties are considered to be related parties:
- subsidiaries and associated companies;
- the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and, where applicable, the other parent company executives with strategic responsibilities;
- the natural persons shareholders of the parent company El.En. S.p.A.;
- legal persons in which a significant shareholding is held by one of the major shareholders of the parent company, a member of the Board of Directors of the parent company, a member of the Board of Statutory Auditors, the General Manager and executives with strategic responsibilities.

One of the Managing directors, a major shareholder of the parent company, owns a 25% stake in Immobiliare del Ciliegio S.r.l., also a shareholder of the parent company.

All ordinary transactions with related parties took place at ordinary market conditions.

In particular, we highlight the following:

Members of the Board of Directors, Board of Statutory Auditors and General Manager of the parent company
Pursuant to Consob Resolution No. 11971/99 (Issuers’ Regulation), the fees paid to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and the equity investments held by them during the year are analytically illustrated in the tables attached to the “Report on Remuneration and remuneration paid pursuant to Art. 123-*ter* Consolidated Law on Finance and 84-*quater* Consob Reg. 11971/1999” which is made available within the terms of the law and can be consulted on the website www.elengroup.com - “Investor relations/governance/corporate documents” section.

Subsidiaries
As a rule, mutual transactions and balances between group companies included in the scope of consolidation are eliminated when preparing the consolidated financial statement; therefore, they are not described here.

Associated companies

All debt and credit relationships, all costs and revenues, all loans and any guarantees granted to associated companies during the financial year 2023, are set out clearly and in detail.
Transfer prices are established with reference to what normally occurs on the market. These transactions, therefore, reflect the trend in market prices, from which they may slightly differ depending on the Group's business policies.

The following tables analyse the transactions with associated companies during the period, both at the level of trade and at the level of debit and credit balances.

	Financial Receivables		Accounts receivable	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Actis Srl	30.000		4.844	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA	320.000		166.834	
Accure Inc.			176.898	
Total	**381.565**	**-**	**348.576**	**-**

	Financial Payables		Other payables		Accounts Payable	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Accure Inc.			1.100.000		-	
Total	**-**	**-**	**1.100.000**	**-**	**-**	**-**

Associated companies:	**Sales**	**Service**	**Total**
Elesta SpA	337.282	69.578	406.860
Accure Inc	2.253.746	36.408	2.290.154
ZheJiang Monochr Laser Intelligent Equipment Co.,Ltd	39.614		
Total	**2.630.642**	**105.986**	**2.736.628**

Associated companies:	**Other revenues**
Elesta SpA	23.974
Actis Srl	1,200
Accure Inc.	96.411
Total	**121.585**

Associated companies:	**Purchase of raw materials**	**Services**	**Other**	**Total**
Accure Inc.		20.818		20.818
Total	**-**	**20.818**	**-**	**20.818**

The amounts shown on the charts above refer to transactions which are inherent to the ordinary operations of the company.

The table below shows the impact of related party transactions on the group's economic and financial position.

Impact of related parties transactions	**Total**	**related parties**	**Inc %**
Impact of related parties transactions on the statement of financial position			
Equity investments	2.925.873	1.864.054	63,71%
Receivables LT	314.679	-	0,00%
Accounts receivable	173.382.737	348.576	0,20%
Other current receivables	16.419.521	381.565	2,32%
Non current financial liabilities	28.978.903	-	0,00%
Current financial liabilities	44.686.771	-	0,00%
Accounts payable	153.230.610	-	0,00%
Other current payables	83.345.285	1.100.000	1,32%
Other non current liabilities	7.632.624	-	0,00%
Impact of related parties transactions on the income statement			
Revenues	692.289.743	2.736.628	0,40%
Other revenues and income	7.358.344	121.585	1,65%
Purchase of raw materials	387.621.488	-	0,00%
Direct services	61.381.992	20.818	0,03%
Other operating services and charges	59.435.941	-	0,00%
Financial charges	2.745.387	-	0,00%
Financial income	1.765.388	16.826	0,95%
Income taxes	21.067.677	-	0,00%

Risk factors and procedures for the management of financial risks (Note 36)

The main risk elements to which the Parent Company and its subsidiaries (the Group) are exposed are described below, identifiable by type: operational and financial.

Financial risk management procedures
The Group's main financial instruments include current accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has accounts receivable and accounts payable arising from its operations.
The main financial risks the Group is exposed to concern exchange rate, credit, liquidity and interest rate.

Exchange rate risk
The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.
Since the Parent Company prepares its consolidated financial statements in euros, fluctuations in the exchange rates used to convert the financial statement data of subsidiaries originally expressed in foreign currencies could adversely affect the Group's results, consolidated financial position and consolidated shareholders' equity as expressed in euros in the Group's consolidated financial statements.

Credit risk
As far as business transactions are concerned, the Group deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to turnover and do not require to be appropriately hedged and/or covered by insurances (no staff cost). There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents almost 6% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the relevant note in the Consolidated Financial Statement.

Concerning guarantees given to third parties:

In December 2019, upon the completion of the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. provided a guarantee in favour of the selling shareholder for the possible payment under the *earn-out* clause of 40 Million Renminbi (approximately 5 million euros) if an IPO of Penta Laser Zhejiang is carried out within 5 years from the date of purchase. This debt is recorded under non-current liabilities.
El.En. spa issued in July 2021 a surety in favour of Cutlite Penta Srl on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las S.r.l. issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta S.r.l. for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a final judgment sentencing it to pay damages with reference to the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-HHD-CV17-6084684-S. In addition, the parent company El.En. spa also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las is found to be in default. There are no updates to date on the status of the dispute.

In July 2020, Esthelogue Srl obtained a guarantee from Mediocredito Centrale on the 1.5 million euro loan provided by Intesa San Paolo. The guaranteed amount amounts to 1.35 million euros.

In July 2020, Cutlite Penta Srl obtained a guarantee from Mediocredito Centrale on the 5 million euro loan provided by Intesa San Paolo. The guaranteed amount amounts to 4.5 million euros.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25 million, of which RMB 10 million was drawn by 31 December 2023. It also granted guarantees to its subsidiary Penta Laser Technology (Shangdong) to obtain a credit line of up to RMB 15 million, of which RMB 5 million was drawn by 31 December 2023.

The Chinese subsidiary Penta Laser (Wuhan) took out mortgages to obtain a credit line of up to RMB 10 million, fully drawn by 31 December 2023. It also granted guarantees to the parent company Penta Laser Zhejiang for RMB 36 million against promissory notes issued by the latter for payment of supplies to third parties.

The Chinese subsidiary Penta Laser Technology (Shangdong) took out mortgages to obtain credit lines of up to RMB 28 million, which had not yet been utilised as at 31 December 2023.

The Chinese subsidiary Shenzhen KBF Laser obtained a guarantee from the General Manager against a credit line of up to RMB 10 million, fully drawn by 31 December 2023.

The subsidiary ASA S.r.l. signed a loan agreement to finance the construction of the new plant by taking out a mortgage for a total value of 4.8 million euros. In June 2020, the company obtained a guarantee from Mediocredito Centrale on the 3 million euro loan obtained from Intesa San Paolo. The guaranteed amount amounts to 2.7 million euros.

The German subsidiary Asclepion signed a loan agreement during 2018 to finance the construction of the new factory, taking out a mortgage for a total value of 4 million euros.

The German subsidiary Lasit Laser Deutschland signed a bank guarantee for 25 thousand euros in favour of a customer for a down payment received on a sale.

The Spanish subsidiary Lasit Iberica also signed two bank guarantees for 45 thousand euros due on 29 February 2024 and 20 thousand euros due on 31 December 2023 in favour of customers for down payments received on two sales.

Liquidity and interest rate risk
With regard to the Group's exposure to liquidity and interest rate risk, it should be noted that the Group's liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

The subsidiary Cutlite Penta Srl entered into a forward contract during the year to partially hedge the interest rate risk on a mortgage.

Operation	Notional value	*Fair value*
Interest rate swap	€3.749.999	-€ 31.457
Total	**€3.749.999**	**-€ 31.457**

Capital management
The objective of the Group's capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

Financial Instruments (Note 37)

Fair value

Below is a comparison of the book value and fair value by category of all of the Group's financial instruments:

	Book value 31/12/2023	Book value 31/12/2022 Restated	Fair value 31/12/2023	Fair value 31/12/2022 Restated
Financial assets				
Equity investments in other companies	1.061.819	1.061.819	1.061.819	1.061.819
Non current financial receivables	314.679	683.080	314.679	683.080
Current financial receivables	910.318	101.234	910.318	101.234
Securities and other non-current financial assets	23.774.613	23.455.926	23.774.613	23.455.926
Securities and other current financial assets	4.315.184	2.311.175	4.315.184	2.311.175
Cash and cash equivalents	131.040.584	162.814.265	131.040.584	162.814.265
Financial debts and liabilities				
Non current financial liabilities	28.978.903	37.862.252	28.978.903	37.862.252
Current financial liabilities	44.686.771	45.055.546	44.686.771	45.055.546

Fair value - hierarchy

The Group uses the following hierarchy to determine and document the fair value of financial instruments based on measurement techniques:

Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities;
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques using inputs that have a significant effect on recorded fair value that are not based on observable market data.

At 31 December 2023, the Group held the following securities measured at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		23.774.613		23.774.613
Mutual funds/Bonds	4.313.917			4.313.917
Interest rate swap		-31.457		-31.457
Other equity investments			1.061.819	1.061.819
Total	**4.313.917**	**23.743.156**	**1.061.819**	**29.118.892**

Other information (Note 38)

Information on public financing under the Law of 4 August 2017, no. 124 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, as amended, introduced transparency obligations in the system of public financing; in fact, it is provided that companies must disclose in the notes to the annual financial statements and in the consolidated notes to the financial statements, if any, where prepared, information on the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed to them by public administrations and other specifically indicated entities.

Consequently, the consideration for the supply of goods and services relating to transactions carried out within the scope of one's own activity, in the presence of synallagmatic relationships managed according to market rules, the general measures usable by all enterprises falling within the general structure of the reference system defined by the state (e.g. Example ACE), selective economic advantages, received in application of an aid scheme, accessible to all companies that meet certain conditions, on the basis of predetermined general criteria (tax and social security contribution benefits, including for hiring disabled persons), training contributions received from inter-professional provisions, such as Fondimpresa as entities financed by contributions from the companies themselves.

It is also recalled, with reference to State aid and *de minimis* aid, that the transparency of the same is safeguarded by the publication, even if it does not follow the cash principle, of the same in the National Register of State Aid, active since August 2017, by the entities granting the aid and to which we refer.

That said, evidence is provided of what is required by the regulations:

El.En. spa

Granting body	Issuing Body	Title of the concession	Description	Amount
Ministry of Economic Development now Ministry of Enterprise and Made in Italy	Mediocredito Centrale spa	Contribution to expenditure on research and development project	SVATT: Development and pre-clinical validation of a THERANOSTIC treatment for melanoma tumours based on the use of immune system cells, T Cells, reinforced by loading with magnetic nanoparticles allowing the delivery of specific drugs, the application of localised hyperthermia, and advanced MRI diagnostics	562.183

Asa srl

Date	Contract no.	Company name	Contract description	Amount
21/03/2007 - renewal 11/02/2021	AGR 00549	Department of Experimental and Clinical Biomedical Sciences, University of Florence	With a contract dated 21/03/2007, a joint laboratory was set up between the Department of Experimental and Clinical Biomedical Sciences of the University of Florence and the company ASA Srl named: *ASACAMPUS JOINT RESEARCH LABORATORY.* The laboratory aims to study the effects of physical stresses, in particular gravitational, mechanical, photomechanical and magnetic fields, at the cellular and molecular level. It has premises and equipment made available by the University of Florence; the company Asa srl provides its staff, space and equipment as indicated in the agreement.	Value of benefits cannot be quantified

The following table, drawn up pursuant to art. 149-duodecies of the Consob Issuers' Regulation, shows the fees accrued in 2023 for audit and non-audit services rendered by EY spa to the parent company and certain Italian and foreign subsidiaries.

	Company providing the service	Receiver	notes	2023 fees (Euros)
Audit	EY SpA	El.En S.p.A		70.500
	EY SpA	Italian subsidiaries		68.500
	EY Network	Foreign subsidiaries		170.575
Certification services	EY SpA	El.En S.p.A	(1)	20.500
	EY SpA	Foreign subsidiaries		15.000
Other services	EY SpA	El.En S.p.A	2)	23.000
Other services	EY Network	Foreign subsidiaries	3)	28.721
				396.796

(1) Summary examination of the Non-Financial Statement, Review of the Statement of Expenditure on Research and Development.
(2) Examination of the differences between the Group's current NFS reporting and the new reporting requirements introduced by the CSRD.
(3) Interim agreed review procedures

The fees shown in the table, for Italian companies, include the annual adjustment according to the ISTAT (Italian National Statistics Institute) index; they are also net of reimbursements for expenses incurred and the supervisory contribution to Consob.

Average number of employees

Personnel	Average of the period	31/12/2023	Average of previous period	31/12/2022	Variation	Var. %
Total	**2.094**	**2.082**	**2.004**	**2.105**	**-23**	**-1,09%**

SUBSEQUENT EVENTS

In February 2024, a customer of Penta Laser Zhejiang initiated litigation by asserting claims for reimbursement and damages, for which it obtained the seizure of certain current accounts of Penta Laser Zhejiang. In light of the initial status of the litigation and the uncertainties as to the likelihood of losing the case, the company, with the support of its legal advisors, decided to conservatively set aside a total amount of Rmb 25 million (approximately 3.2 million euros), which was recognised in the financial statement in the fourth quarter of 2023.

Since 2022, the group has undertaken preparatory activities for the possible filing of an IPO application on a regulated market in China, which is functional to its ambitious growth targets in the sector.
The results accrued in 2023 in China are below expectations and, despite the excellent results in Italy and Western markets, the business unit exhibits overall inadequate results for a successful IPO. In the course of 2023, the listing project was therefore put on hold until the countermeasures taken in China again outlined growth and profitability prospects capable of supporting the listing aspirations.
In the first few weeks of 2024, having found it impossible to proceed with an IPO application with reference to the 2023 results, the private equity funds that had invested in Penta Laser Zhejiang during 2022 submitted the contractually stipulated withdrawal request in their favour. Meetings are underway in which the funds are considering extending their membership, subject to commitments and guarantees being negotiated. The confirmation of the exit of the funds would result in the discontinuation of the IPO process and the need to identify alternative solutions for the *business unit*.

CURRENT OUTLOOK

In the course of 2023, demand pressure normalised and the Group returned to operating according to the standards that have characterised its business historically. The sales and order collection results for the first two months of 2024 outline a slowing start to the year, with a gradual acceleration in the months and quarters to follow, such that EL.EN. is able to indicate a growth forecast for turnover and EBIT for the entire year. Achieving these results also depends on whether the plans defined for the industrial sector in China, which has shown high instability and unpredictability in the recent past, can be met.

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

Declaration of the consolidated financial statement in conformity with Art. 81-ter CONSOB Regulation No. 11971 of 14 May 1999 and later modifications and additions

1. The undersigned Andrea Cangioli, in his capacity as Managing Director, and Enrico Romagnoli, in his capacity as executive officer responsible for the preparation of the financial statements of El.En. S.p.A.., attest, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree of 24 February 1998, no.58:

- adequacy in relation to the characteristics of the company and
- the effective application of administrative and accounting procedures for the preparation of the consolidated financial statement during 2023.

2. The following major issues emerged in this regard:

Confirming the decision already made during the preparation of the condensed interim consolidated financial statement for the six months ended 30 June 2023, the Group revised the determination made as at 31 December 2022 relating to the representation, under international financial reporting standards, of the capital increase of Penta Laser Zhejiang subscribed between October and December 2022 by four Chinese private equity funds. In reviewing the timing of the project for the possible IPO of the cutting division on a Chinese stock market, the possible effects of the contractual clauses relating to the capital entry agreements of the four private equity funds were again assessed, clauses that are, moreover, common in transactions of this type and already examined with the legal, accounting and auditors' advisors during the financial statements as at 31 December 2022.
Considering the presence of clauses that provide for the possibility of exercising the withdrawal option upon the occurrence of events that are not under the full control of the Group's management as they are also dependent on exogenous factors, the Group has identified as correct a different accounting approach from the one adopted in the consolidated financial statement for the year ended 31 December 2022, and consequently, the amounts previously recognised in the Group's equity have been reclassified as financial liabilities. The accounting approach applied for the consolidated financial statement as at 31 December 2022 stemmed from the prevalence of the practice adopted by Chinese companies in accounting for capital increases preparatory to IPOs and the effects of repurchase options usually provided for in such circumstances, a practice endorsed and required by the CSRC, the Chinese stock market regulator.

For further details, please refer to the paragraph in the Notes to the Financial Statements entitled: Restatement of prior period balances in accordance with IAS8 paragraphs 41-42.

3. It is further attested that:

3.1 the consolidated financial statement as at 31 December 2023:

a) is prepared in accordance with the applicable international financial reporting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) corresponds to the entries in the accounting books and records;
c) is capable of giving a true and fair view of the assets and liabilities, economic and financial position of the issuer and the group of companies included in the consolidation.

3.2 The Management Report includes a reliable analysis of the development and results of operations, as well as the situation of the issuer and the undertakings included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Calenzano, 14 March 2024

The Managing Director	Executive officer responsible for the preparation of the financial statements
Mr Andrea Cangioli	Mr. Enrico Romagnoli

SEPARATE FINANCIAL STATEMENT OF EL.EN. S.p.A. AS AT 31 DECEMBER 2023

FINANCIAL CHARTS AND NOTES

Statement of financial position

Assets	Notes		31/12/2023		31/12/2022
Intangible assets	1		407.751		465.254
Tangible assets	2		19.944.597		19.798.758
Equity investments	3				
- in subsidiary companies		20.835.254		19.874.007	
- in associated companies		1.200.328		1.188.905	
- other		1.024.498		1.024.498	
Total Equity investments			23.060.080		22.087.410
Deferred tax assets	4		2.273.777		2.214.484
Other non-current assets	4				
- third parties		13.132.298		12.979.811	
- subsidiary companies		22.950.018		18.597.015	
- associated companies		-		320.000	
Total Other non-current assets			36.082.316		31.896.826
Total non current assets			**81.768.521**		**76.462.732**
Inventories	5		46.337.457		51.897.124
Accounts receivable	6				
- third parties		13.984.494		12.108.327	
- subsidiary companies		32.098.550		40.425.215	
- associated companies		171.678		337.200	
Total Accounts receivable			46.254.722		52.870.742
Tax receivables	7		5.694.106		4.834.065
Other receivables	7				
- third parties		1.236.776		2.225.080	
- subsidiary companies		4.738.719		3.310.827	
- associated companies		381.565		61.565	
Total Other receivables			6.357.060		5.597.472
Securities and other current financial assets	8		-		-
Cash and cash equivalents	9		32.970.159		28.472.051
Total current assets			**137.613.504**		**143.671.454**
Total Assets			**219.382.025**		**220.134.186**

Liabilities	Notes		31/12/2023		31/12/2022
Share capital	10		2.598.872		2.594.727
Additional paid in capital	11		47.329.202		46.927.795
Other reserves	12		110.231.715		94.328.962
Treasury stock	13		(380.401)		(468.633)
Retained earnings / (accumulated deficit)	14		(935.590)		(997.571)
Net income / (loss)			28.122.000		31.472.330
Total shareholders' equity			**186.965.798**		**173.857.610**
Severance indemnity fund	15		634.151		547.421
Deferred tax liabilities	16		534.452		405.301
Other accruals	17		850.607		937.302
Financial debts and liabilities	18				
- third parties		190.114		186.896	
Total Financial debts and liabilities			190.114		186.896
Other non current liabilities					
Accounts payable third parties - non current		185.949		185.949	
Other payables - non current		543.865		1.062.731	
Total Other non current liabilities	18		729.814		1.248.680
Total non current liabilities			**2.939.138**		**3.325.600**
Financial liabilities	19				
- third parties		145.909		177.894	
Total Financial liabilities			145.909		177.894
Accounts payable	20				
- third parties		14.711.363		25.891.604	
- subsidiary companies		877.713		1.418.589	
- associated companies		-		329	
Total Accounts payable			15.589.076		27.310.522
Income tax payables	21		-		3.815.513
Other current payables	21				
- third parties		12.852.810		11.607.322	
- subsidiary companies		889.294		39.725	
Total Other current payables			13.742.104		11.647.047
Total current liabilities			**29.477.089**		**42.950.976**
Total Liabilities and Shareholders' equity			**219.382.025**		**220.134.186**

Income statement

Income Statement	Notes	31/12/2023		31/12/2022	
Revenues	22				
- third parties		67.425.140		78.523.877	
- subsidiary companies		69.877.107		76.004.857	
- associated companies		406.860		721.142	
Total Revenues			137.709.107		155.249.876
Other revenues and income	23				
- third parties		1.356.066		841.562	
- subsidiary companies		732.498		654.256	
- associated companies		25.174		23.482	
Total Other revenues and income			2.113.738		1.519.300
Revenues and income from operating activity			**139.822.845**		**156.769.176**
Purchase of raw materials	24				
- third parties		54.190.616		82.628.256	
- subsidiary companies		2.562.047		3.348.639	
Total Purchase of raw materials			56.752.663		85.976.895
Changes in inventory of finished goods			1.374.636		(6.892.328)
Change in inventory of raw material			3.967.884		(8.378.489)
Direct services	25				
- third parties		20.450.716		24.854.866	
- subsidiary companies		56.820		41.336	
Total Direct services			20.507.536		24.896.202
Other operating services and charges	25				
- third parties		10.017.632		8.860.300	
- subsidiary companies		93.875		190.285	
- associated companies		-		6.000	
Total Other operating services and charges			10.111.507		9.056.585
Staff cost	26		24.368.065		22.430.624
Depreciation, amortization and other accruals	27		2.547.199		2.075.659
EBIT			**20.193.355**		**27.604.028**
Financial charges	28				
- third parties		(35.925)		(22.978)	
- subsidiary companies		(113.882)		(89.145)	
Total Financial charges			(149.807)		(112.123)
Financial income	28				
- third parties		553.564		207.179	
- subsidiary companies		13.397.100		11.544.280	
- associated companies		16.826		3.939	
Total Financial income			13.967.490		11.755.398
Exchange gain (loss)	28		(205.826)		(2.196.100)
Other income	29		-		1.251.347
Income (loss) before taxes			**33.805.212**		**38.302.550**
Income taxes	30		5.683.212		6.830.220
Net income (loss)			**28.122.000**		**31.472.330**

Statement of comprehensive income

	Notes	31/12/2023	31/12/2022
Reported net (loss) income (A)		28.122.000	31.472.330
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		-28.076	119.586
Total other income/(loss), net of fiscal effects (B)		-28.076	119.586
Total comprehensive (loss) income (A)+(B)		28.093.924	31.591.916

Cash flow statement

Cash flow statement	Notes	31/12/23	related parties	31/12/22	related parties
Operating activity					
Income (loss) for the financial period		**28.122.000**		**31.472.330**	
Amortisations and depreciations	27	2.407.174		2.269.811	
Interest income	28	1.312.490		405.398	
Interest Expense	28	(36.986)		(95.665)	
Income tax paid		(9.255.652)		(9.306.780)	
Gain/Loss from sale of Securities and Equity investments	29	0		(457.855)	
Stock Option and Share payment loss		1.070.448		0	
Severance indemnity	15	49.788		(89.597)	
Provisions for risks and charges	17	(86.695)		(836.914)	
Bad debt reserve	6	215.378	175.000	(290.039)	(283.959)
Deferred income tax assets	4	(50.427)		(253.013)	
Deferred income tax liabilities	16	129.151		48.323	
Inventories	5	5.559.667		(14.758.433)	
Accounts receivable	6	6.400.642	8.317.187	(7.198.298)	(8.043.213)
Tax receivables / payables	7-21	4.632.925		8.933.592	
Other receivables	7	987.943	1.070.636	(1.799.663)	(128.076)
Accounts payable	20	(11.721.446)	(541.205)	1.093.830	195.499
Other payables	21	2.079.216	849.569	(4.975.561)	(114.118)
Cash flow generated by operating activity		**31.815.616**		**4.161.466**	
Investment activity					
Tangible assets	2	(2.407.558)		(2.267.161)	
Intangible assets	1	(238.094)		(558.159)	
Equity investments, securities and other financial assets	3-4-8	(163.908)	(11.421)	(3.429.685)	(3.719.527)
Financial receivables	7	(7.093.024)	(6.851.531)	497.184	525.635
Cash flow generated by investing activity		**(9.902.584)**		**(5.757.821)**	
Financing activity					
Non current financial liabilities	18	(365.506)		862.292	
Current financial liabilities	19	(31.985)		(142.877)	
Capital increase	10	405.552		87.996	
(Purchase) Sell Treasury shares	13	88.232		(468.633)	
Dividends paid	31	(17.573.198)		(15.958.902)	
Cash flow generated by financing activity		**(17.476.905)**		**(15.620.124)**	
Change in cumulative translation adjustment reserve and other no monetary changes		**61.981**		**(13.288)**	
Increase/(decrease) in cash and cash equivalents		**4.498.108**		**(17.229.767)**	
Cash and cash equivalents at the beginning of the financial period		**28.472.051**		**45.701.818**	
Cash and cash equivalents at the end of the financial period		**32.970.159**		**28.472.051**	

Total cash and cash equivalents consist of the cash balance and the balance of bank accounts.

Changes in the Shareholders' equity

Total shareholders' equity	**31/12/2021**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2022**
Share capital	2.593.828			899		2.594.727
Additional paid in capital	46.840.698			87.097		46.927.795
Legal reserve	537.302					537.302
Treasury stock				-468.633		-468.633
Other reserves:						
Extraordinary reserve	80.579.145	24.044.358	-15.958.902			88.664.601
Special reserve for grants received	426.657					426.657
Other reserves	4.580.816				119.586	4.700.402
Retained earnings / (accumulated deficit)	-984.283			-13.288		-997.571
Net income / (loss)	24.044.358	-24.044.358			31.472.330	31.472.330
Total shareholders' equity	158.618.521		-15.958.902	-393.925	31.591.916	173.857.610

Total shareholders' equity	**31/12/2022**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2023**
Share capital	2.594.727			4.145		2.598.872
Additional paid in capital	46.927.795			401.407		47.329.202
Legal reserve	537.302					537.302
Treasury stock	-468.633			88.232		-380.401
Other reserves:						
Extraordinary reserve	88.664.601	13.899.132				102.563.733
Special reserve for grants received	426.657					426.657
Other reserves	4.700.402			2.031.697	-28.076	6.704.023
Retained earnings / (accumulated deficit)	-997.571	17.573.198	-17.573.198	61.981		-935.590
Net income / (loss)	31.472.330	-31.472.330			28.122.000	28.122.000
Total shareholders' equity	173.857.610		-17.573.198	2.587.462	28.093.924	186.965.798

NOTES TO THE SEPARATE FINANCIAL STATEMENT

CORPORATE INFORMATION

El.En. S.p.A. is a joint stock company incorporated and domiciled in Italy. The company's headquarters is in Calenzano (Florence) Via Baldanzese 17.
The ordinary shares are listed on Euronext STAR Milan ("STAR") managed by Borsa Italiana S.p.A.
The financial statements of El.En. S.p.A. were examined and approved by the Board of Directors on 14 March 2023.

The financial statements are drawn up in euros, which is the presentation and functional currency of the company, unless otherwise indicated.

DRAFTING PRINCIPLES AND ACCOUNTING STANDARDS

DRAFTING PRINCIPLES

The 2023 financial statements, which represent the financial statement of El.En. S.p.A., are prepared in accordance with the historical cost principle, with the exception of certain categories of financial instruments, which have been measured at *fair value*.
The company has prepared its financial statements on the assumption that the requirement of going concern is maintained.

This financial statement consists of:

- the Statement of Financial Position - The presentation of the statement of financial position is made through the separate disclosure of current and non-current assets and current and non-current liabilities;
- the Income statement - The income statement shows items by nature, as it is considered the one that provides the most explanatory information;
- the Statement of comprehensive income - The statement of comprehensive income statement includes items recognised directly in shareholders' equity when the IFRS allow it;
- the Cash Flow Statement - The cash flow statement presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby the income (loss) for the financial period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and revenue items or expense associated with cash flows from investing or financing activities;
- the Changes in the Shareholders' Equity;
- these Explanatory Notes.

The economic information is provided with reference to the financial year 2023 and the financial year 2022. Financial information is instead provided with reference to 31 December 2023 and 31 December 2022.

EXPRESSION IN ACCORDANCE WITH IFRS

The financial statements as at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The explanatory notes to the financial statements have been supplemented with the additional information required by Consob and the Italian Civil Code. IFRS also includes the International Accounting Standards (IAS) still in force, as well as all interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as the Standing Interpretations Committee ("SIC").

ACCOUNTING STANDARDS AND EVALUATION CRITERIA

The accounting standards adopted in the preparation of these financial statements are consistent with the accounting standards adopted in the preparation of the financial statements as of 31 December 2022, except for the adoption of the new or revised standards of the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, as set forth in the consolidated financial statement of the El.En. Group in the specific chapter entitled "IFRS Accounting standards, amendments and interpretations applied as of 1/1/2023", to which reference should be made.

USE OF ESTIMATES

The preparation of the Financial Statement, in application of IFRSs, requires the making of estimates and assumptions that affect the values of assets and liabilities in the financial statements and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based. Estimates are used to record provisions for credit risks, stock obsolescence, devaluation of fixed assets and goodwill, and provisions for guarantees or disputes. Estimates and assumptions are reviewed periodically and the effects of any variation are reflected in the income statement.

The main valuation process and the key assumptions used in the process that may have a significant effect on the amounts recognised in the Financial Statement or for which there is a risk that value adjustments to the book value of assets and liabilities may arise in the financial year after the one to which the statement refers, are summarised below.

• **Bad debt reserve**
The bad debt reserve represents management's best estimate of potential losses on the accounts receivable portfolio. The estimate is based on expected losses determined on the basis of historical losses for similar loans, trends in past due loans, an assessment of credit quality and a projection of economic and market conditions. In particular, the company uses a model to calculate ECLs (Expected Credit Loss) for accounts receivable. Provision rates are based on the company's observed days overdue and historical default rates. Historical default rates are updated and changes in estimates are analysed based also on reference scenarios. The assessment of the correlation between historical default rates, forecast economic conditions and ECLs represents a significant estimate. The estimate made by the Administrators, although based on historical and market data, may be subject to changes in the competitive or market environment in which the company operates.

• **Reserve for inventory obsolescence**
The determination of the inventory write-down provision is a significant estimate by management and is based on assumptions developed to detect the phenomena of obsolescence, slow moving, and possible excess of inventories with respect to the possibility of future use or sale, as well as other conditions that may generate an excess of the carrying value with respect to the realisable value, also considering the rapid evolution of the technologies underlying the company's products. Stocks of slow-moving raw materials and finished products are periodically analysed on the basis of historical data and the possibility of their sale at lower values than normal market transactions. If these analyses result in the need to reduce the value of inventories, a special allowance for inventory write-downs is recognised. The value of the reserve for inventory obsolescence is determined on the basis of historical and market data; changes in reference scenarios and market trends may significantly alter the criteria used to determine the underlying estimates.

• **Leases**
The determination of the value of usage rights arising from lease agreements and the related financial liabilities is an estimate by management. The determination of the lease term takes into account the expiry dates of the contract entered into as well as any renewal clauses that the company deems reasonably certain to be exercised. The *incremental borrowing* rate is constructed by considering the type of asset being leased, the jurisdiction in which it is acquired, and the currency in which the lease is denominated. Possible changes in reference scenarios and market trends may require revisiting the components described.

• **Equity investments**
The procedure for determining the recoverable amount of equity investments, should there be any evidence of impairment, involves, in estimating the equity value, assumptions concerning the expected cash flows of the identified *cash generating units* (CGU), making reference to plans for the next three years, the determination of an appropriate discount rate (WACC) and long-term growth rate (*g-rate*). Possible changes in reference scenarios and market trends may require revisiting the components described.

• **Risk of losing law suits**
The company recognises a liability for ongoing legal and tax disputes and litigation when it believes it is probable that a financial outlay will be incurred and when the amount of resulting losses can be reasonably estimated. Given the uncertainties inherent in the outcome of these proceedings, it is difficult to predict with certainty the disbursement that will result from such disputes, and it is therefore possible that the value of funds for legal proceedings may change as a result of future developments in ongoing proceedings. The company monitors the status of pending lawsuits and proceedings and consults with its legal and tax advisors.

• **Warranty reserve**
The warranty reserve is determined to cover possible technical warranty work on products and is determined on the basis of the Company's existing commercial agreements.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

• Deferred tax assets and liabilities
Deferred taxes are recognised on temporary differences between statutory and tax values and on tax loss carry-forwards. Administrators are required to make a discretionary assessment to determine the amount of deferred taxes that may be accounted for and which are recognised to the extent that it is probable that there will be adequate future taxable profits against which temporary differences and tax losses can be utilised.

• Employee Benefits – Severance indemnity
Actuarial valuation requires making assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. All recruitment is reviewed annually.

• *Fair value* measurement
The Company measures financial instruments *at fair value* at each financial statement closing.
Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A *fair value* measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the main market of the asset or liability;
  or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Company.
The *fair value* of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.
The Company uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure *fair value*, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which *fair value* is measured or disclosed in the financial statements are categorised according to the *fair value* hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data are not observable for the asset or liability.

The *fair value* measurement is classified entirely in the same level of the *fair value* hierarchy in which the lowest level input used for the measurement is classified.
For assets and liabilities recognised in the financial statements at *fair value* on a recurring basis, the Company determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the *fair value* measurement in its entirety) at each financial statement closing.
At each financial statement closing, the Company analyses changes in the values of assets and liabilities for which revaluation or restatement is required under accounting standards.
For the purposes of *fair value* disclosures, the Company determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as illustrated above.

ACCOUNTING POLICIES

A) INTANGIBLE ASSETS WITH FINITE AND INDEFINITE LIVES

Intangible assets are assets with no identifiable physical substance and capable of producing future economic benefits. They are recorded at historical cost of acquisition and stated net of amortisation carried over during the years and charged directly to individual items. The company uses cost, as an alternative to *fair value*, as the accounting policies for intangible assets. If, regardless of the depreciation already entered, there is a loss in value, the asset will be devalued. If reasons for that devaluation no longer exist in the following years, the value will be restored within the limits of the original value, adjusted only for amortisations.

Intangible assets with a finite useful life are valued at purchase or production cost and amortised on a straight-line basis over their estimated useful life.

Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least an annual recoverability test (*impairment test*). If the recoverable amount is estimated to be less than the relevant book value, it is reduced to the lower recoverable amount. An impairment loss is recognised immediately in the income statement. For goodwill, any devaluations are not subject to subsequent reversals.

An intangible asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal fee and the book value of the asset) is included in the income statement.

Costs incurred internally for the development of new products and services constitute internally generated intangible assets or internally generated tangible assets, as the case may be, and are only capitalised if all of the following conditions are met:

1) the existence of the technical possibility and intention to complete the asset so as to make it available for use or sale;
2) the company's ability to use or sell the asset;
3) the existence of a market for the products and services resulting from the activity or the usefulness for internal purposes;
4) the ability of the asset to generate future economic benefits;
5) the existence of adequate technical and financial resources to complete the development and sale or internal use of the resulting products and services;
6) the reliability in assessing the costs attributable to the asset during its development.

Capitalised development costs include only those expenses incurred that can be directly attributed to the development process. Research costs are charged to the Income statement in the period in which they are incurred.

B) TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, including ancillary expenses, net of amortisations and any impairment losses. Ordinary maintenance expenses were fully charged to the income statement. Incremental operation and maintenance costs were attributed to the asset to which they related and amortised according to the residual possibility of utilizing the asset.

The Company uses the cost method, as an alternative to *fair value*, as accounting policies for tangible fixed assets.

The depreciation rates used are as follows:

Description	*Depreciation percentage*
Buildings	
- buildings	3,00%
Plants and machinery	
- generic plants and machinery	10,00%
- specific plants and machinery	10,00%
- other plants and machinery	15,50%
Industrial and commercial equipment	
- miscellaneous and minute equipment	25,00%
- kitchen equipment	25,00%
Other goods	
- motor vehicles	25,00%
- forklift	20,00%
- lightweight constructions	10,00%
- electronic office equipment	20,00%
- furniture	12,00%

An asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefit is expected from its use or disposal. The resulting profit/loss is recognised in the income statement.

C) FINANCIAL CHARGES

Financial charges are recognised as an expense in the year in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

D) LOSSES IN VALUE OF ASSETS

At each reporting date, tangible and intangible assets with a finite life are analysed to identify any indicators of impairment. The recoverable amount of intangible assets with indefinite lives, when present, is estimated at each reporting date. If there is an indication of impairment, the recoverable amount is estimated.
The estimated realisable value is the higher of the net sales price and the value in use. In determining the value in use, the expected future cash flows are discounted using a discount rate, which reflects the current market valuation of the cost of money relative to the investment period and the specific risks of the asset. For an asset that does not generate largely independent cash flows, realisable value is determined in relation to the *cash-generating unit* to which that asset belongs. An impairment loss is recognised in the income statement if the book value of the asset, or of the related *cash-generating unit* to which it is allocated, is greater than its estimated realisable value. For assets other than goodwill, impairments are reversed if the reasons for the impairment no longer apply.

E) FINANCIAL ASSETS: EQUITY INVESTMENTS

According to IAS 27, equity investments in subsidiaries, jointly controlled entities and associates not classified as held for sale (IFRS 5) must be accounted for at cost or in accordance with IFRS 9. In the financial statement of El.En. S.p.A., the cost criterion was adopted. Since the prerequisites were met, the consolidated financial statement was drawn up.
With regard to equity investments in subsidiaries, where there is objective evidence of impairment, recoverability is tested by comparing the book value of the investment with the relevant recoverable amount represented by the higher of *fair value*, net of disposal costs, and value in use. The Company determines the value in use by discounting the expected cash flows from the investment. Expected cash flows are determined on the basis of reasonable and demonstrable assumptions representative of the best estimate of future economic conditions, giving greater weight to external indications. Discounting is performed at a rate that reflects current market assessments of the time value of money and asset-specific risks not reflected in cash flow estimates. When the reasons for previously recognised devaluation cease to apply, equity investments are revalued to the extent of the devaluation made, with the effect recognised in the income statement.
With reference to 2023, there are no subsidiaries with lasting impairment indicators.

F) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Upon initial recognition, financial assets are classified according to the contractual cash flow characteristics of the financial assets and the business model the company uses to manage them.

Based on their characteristics, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at *fair value* recognised in statement of comprehensive income (OCI) with reclassification of cumulative profits and losses to the income statement upon sale (debt instruments);
- Financial assets at *fair value* recognised in statement of comprehensive income (OCI) with no cumulative profits and losses to the income statement upon derecognition (equity instruments);
- Financial assets at *fair value* through income statement.

Upon initial recognition, the company measures a financial asset at its *fair value* plus, in the case of a financial asset not at *fair value* through income statement, transaction costs.
After initial recognition, the company measures financial assets at amortised cost, at *fair value* through other the statement of comprehensive income and at *fair value* through the income statement.

The company measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets for the purpose of collecting contractual cash flows;
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Profits and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
The company's financial assets at amortised cost include accounts receivable and security deposits.

A reclassification of a financial asset only occurs when there is a change in the terms of the contract that significantly alters the otherwise expected cash flows or when the company changes its business model for managing financial assets. Reclassification must be applied prospectively from the date of reclassification, without the need to restate previously recognised profits, losses and interests.

A financial asset is derecognised in the first place when:

- the rights to receive cash flows from the asset are extinguished, or
- the company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Accounts receivable
Receivables are initially recorded at *fair* value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their presumed realisable value by means of an adjustment provision.
The Company determines the impairment on accounts receivable by considering the amount of doubtful receivables, analysing the specific conditions of the Company's customers, any guarantees given in favour of the Company, appropriately assessing existing disputes and the possibility of recovering overdue receivables, and determining the expected insolvency rate by analysing the average rate of losses on receivables recorded in recent years. The Company recognises a write-down for expected credit losses (ECL).
Receivables in currencies other than the currency of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the year-end exchange rate. The profit or loss from the conversion is charged to the income statement.

Cash and cash equivalents
Included under this heading are cash and bank accounts and other high liquidity short-term financial investments, that are readily convertible into cash at no significant risk of variation in value.

Treasury stock
Treasury stock are recognised at cost and deducted from the shareholders' equity. No profit/loss is recognised in the income statement for the purchase, sale, issue or cancellation of treasury stock.

Accounts payable
Accounts payable, the maturity of which falls within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value).

Financial liabilities
Financial liabilities are classified upon initial recognition as "financial liabilities at *fair value* through income statement", as "mortgages and loans", or as "derivatives designated as hedging instruments".
All financial liabilities are initially recognised at *fair value* plus, in the case of mortgages, loans and debts, directly attributable transaction costs.
The Company's financial liabilities include accounts payable and other long-term payables, mortgages and loans, including overdrafts and derivative financial instruments.
For the purposes of subsequent valuation, financial liabilities are classified into two categories:
• Financial liabilities at *fair value* through income statement
• Financial liabilities at amortised cost (loans and borrowings).
Financial liabilities at *fair value* through income statement include liabilities held for trading and financial liabilities initially recognised at *fair value* through income statement.
Profits or losses on liabilities held for trading are recognised in the income statement.
Financial liabilities at amortised cost (loans and borrowings) after initial recognition are measured at amortised cost using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the depreciation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Depreciation at the effective interest rate is included in financial charges in the income statement.

Derivative instruments and accounting of hedging operations for exchange rate and interest rate risks
Fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the profit or loss arising from subsequent changes in the fair value of the hedging instrument is recognised in the profit or loss account. The profit or loss on the hedged item attributable to the hedged risk changes the carrying value of that item and is recognised in the income statement.

Cash flow hedge: where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect the income statement, the effective portion of any profit or loss on the financial instrument is recognised in the shareholders' equity. The cumulative gain or loss is removed from the shareholders' equity and recognised in the income statement in the same period in which the hedged transaction is recognised. The profit or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in the income statement immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative profits and losses, which up to that point have been recognised in shareholders' equity, are recognised in the income statement when the related transaction is realised. If the hedged transaction is no longer considered probable, unrealised profits or losses suspended in shareholders' equity are recognised immediately in the income statement.

Held for trading: these are derivative financial instruments for speculative or trading purposes; they are measured at *fair value* with changes recognised in the income statement.

G) INVENTORIES
Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value.
The costs incurred in bringing each asset to its present location and condition are recognised as follows:
- raw materials: purchase cost calculated using the weighted average cost method;
- finished and semi-finished products: direct material and labour costs and indirect production costs (variable and fixed).

Write-down provisions are also set aside for obsolete or slow-moving materials, finished goods, spare parts and other supplies, taking into account their expected future use and realisable value.

H) EMPLOYEE BENEFITS
SEVERANCE INDEMNITY FUND (TFR).
Until 31 December 2006, the severance indemnity fund (TFR) was considered a defined benefit plan. The regulation of this provision was amended by Law No. 296 of 27 December 2006 (2007 Budget Law) and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this institution is now to be considered a defined benefit plan solely for the portions accrued before 1 January 2007 (and not yet settled in the financial statements), while for the portions accrued after that date it is assimilated to a defined contribution plan.
For defined benefit plans, the amount already accrued is projected to estimate the amount to be paid upon termination of employment and then discounted, using the "*Projected unit credit method*". This actuarial methodology is based on demographic and financial assumptions to make a reasonable estimate of the amount of benefits that each employee has already accrued for his or her services.
Through the actuarial valuation, the current service cost, which defines the amount of the rights accrued during the year by employees, is charged to the income statement under "labour cost", and the *interest cost*, which constitutes the notional charge that the company would incur by asking the market for a loan in an amount equal to the severance indemnity, is charged to the "Financial income/expenses".
For defined contribution plans, the company pays contributions to public or private pension funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, no further obligations arise for the company. Contributions paid are entered in the income statement under labour costs when due.

STOCK OPTION PLANS
The cost of services rendered by employees and remunerated through *stock option* plans is determined on the basis of the *fair value* of options granted to employees at the grant date.

Taking into account the presence of two tranches, with two different *vesting* and *exercise* periods, the plan actually provides for two distinct options. Given the structure of this plan, valorisation of the Fair Value of the plan assigned by El.En. can instead be traced back to a Bermudian option. Bermudian options provide that the option may be exercised at a number of specifically identified dates within the life of the option, usually interspersed with periods when the option cannot be exercised. They are considered a hybrid version between European and American ones, hence their name. To quantify the Fair Value of the Bermudian, we used a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the strike price and requires the estimation of the volatility of the security, the risk free interest rate and the expected dividend rate of the security.

In accordance with the dictates of the International Accounting Standard IFRS2, all significant parameters of the model were estimated by observing the conditions of the financial markets and the performance of the El.En. share on the date the option rights were granted.

I) PROVISIONS FOR LIABILITIES AND CONTINGENCIES

The company recognises provisions for future risks when, in the presence of a legal or constructive obligation to third parties, it is probable that company resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Changes in estimates are reflected in the income statement for the period in which the variation occurs.
The Company provides guarantees for general repairs of defects existing at the time of sale, as required by law. Provisions for such guarantees are recognised when the product is sold or the service is rendered to the customer. The initial survey is based on historical experience. The cost estimate for warranty work is reviewed annually.

L) REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers is recognised when control of goods and services is transferred to the customer in an amount that reflects the fee the company expects to receive in exchange for those goods or services.

Sale of goods

Revenues from the sale of finished goods and merchandise are recognised when control of the goods passes to the customer.
The Company considers whether there are other promises in the contract that represent obligations to do on which a portion of the transaction fee is to be allocated. In determining the price of the sales transaction, the Company considers the effects of any variable prices, significant financing components, non-monetary fee and fee payable to the customer.

Variable prices

If the fee promised in the contract includes a variable amount, the company estimates the amount of the fee to which it will be entitled in return for the transfer of the goods to the customer.
Variable prices are estimated at the time the contract is entered into and cannot be recognised until it is highly probable that they will be realised.
Volume and other contractual discounts give rise to variable fees.

Financing component

The company grants payment extensions to customers on sales. If there is a significant financing component to these contracts, in view of the time lag between the date on which the payment is collected from the customer and the transfer of the system, the transaction price for these contracts is discounted, using the implicit interest rate of the contract.
The amount of the promised fee is not adjusted for financial items if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

Installation services

The company provides installation services that are sold separately or together with the sale of systems to a customer. Installation services do not customise or significantly modify laser equipment.
Contracts providing both the sale of equipment and installation services are composed of two obligations to do, since the equipment and the installation services are both sold separately and are distinct within the contract. Consequently, the company allocates the transaction price according to the relative stand-alone selling prices of the systems and installation service.
The company recognises revenues from installation services over time as the customer simultaneously receives and consumes the benefits that are provided.

M) ENTRIES IN FOREIGN CURRENCY

Currency assets and liabilities, with the exception of fixed assets, are recorded at the spot exchange rate on the closing of the financial statements. Realised exchange rate differences or those arising from the conversion of monetary items are recognised in the income statement.

N) GRANTS

Contributions, whether from public bodies or private third parties, are recognised when there is reasonable certainty that they will be received and that the conditions for obtaining them will be met. Contributions received for specific expenses are recognised as other liabilities and credited to the Income statement when the conditions for recognition are met. Grants received in respect of specific assets whose value is recorded under tangible and intangible assets are recognised either as a direct reduction of the assets themselves or under other liabilities, and credited to the Income statement in relation to the depreciation period of the assets to which they relate. Operating contributions are recognised in full in the Income statement when the conditions for recognition are met.

O) LEASE

The Company assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a fee.

Lease and rental agreements are accounted for in accordance with IFRS 16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single accounting model. The company adopts the two exemptions provided by the standard in respect of leases relating to "low value" assets and short-term leases (e.g. contracts with a maturity of 12 months or less).

In contracts in which the company is the lessee, a liability is recognised at the lease commencement date for rental payments under the lease and an asset representing the right to use the underlying asset for the lease term (the right of use). The company accounts separately for interest expenses on the lease liability and depreciation of the right to use the asset. The company also remeasures the lease liability upon the occurrence of certain events (e.g. a change in the terms of the lease, a change in future lease payments resulting from a change in an index or rate used to determine those payments). In such cases, the amount of the re-measurement of the lease liability is generally recognised as an adjustment of the right to use the asset.

P) TAXES

Income taxes include current and deferred taxes calculated on the company's taxable income. Current taxes represent the estimated amount of income tax calculated on the taxable income for the period. Deferred income tax assets and liabilities are calculated on the temporary differences between the asset values and the corresponding values recognised for tax purposes by applying the tax rate in force or substantially in force at the reporting date. Deferred tax assets are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. The recoverability of deferred tax assets is reviewed at each period end.

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ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED SINCE 1/1/23

With regard to the accounting standards, amendments and interpretations applicable from 1 January 2023, please refer to the corresponding section of the consolidated financial statement.

STOCK OPTION PLANS

El.En. S.p.A.

Below is some information on the stock option plans approved by El.En. S.p.A., plans designed to provide the Company with an incentive and loyalty instrument.

Plan 2016-2025

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	31/12/2023	31/12/2023	(*)
Plan 2016-2025	31-dic-25	138.032			31.883		106.149	106.149	€ 3,18

(*) the price for exercising the option varied after the stock split operation voted by the shareholders' assembly on July 20th, 2021 in which every old share was replaced by four new ordinary shares.

This plan, taking into account the presence of two tranches that have two different *vesting* and *exercise periods*, is conceptually comparable to two separate options that could be defined as "*American forward start*".
The *fair value* of an "*American forward start*" option can be obtained by combining a *risk-neutral* approach to determine the expected value of the stock at the beginning of the *exercise period* and then using a *binomial tree* type model to value the American option.

The following assumptions were made in order to determine the *fair value*:
- *risk-free* rate: 0,338492%
- historical volatility: 0,28489
- time interval used for volatility calculation: last trading year

Plan 2026-2031

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	01/01/2023 - 31/12/2023	31/12/2023	31/12/2023	
Plan 2026-2031	31-dic-31		1.414.000				1.414.000		€ 13,91

This plan, taking into account the presence of two tranches that have two different *vesting* and *exercise periods*, is conceptually comparable to two separate options.
The *fair value* was determined using a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the *strike price* and requires the estimation of the volatility of the security, the *risk free* interest rate and the expected dividend rate of the security.

The following assumptions were made in order to determine the *fair value*:
- risk-free rate: 2,9444074%
- historical volatility: 0,3709335939
- time interval used for volatility calculation: last trading year

During 2023, the average price recorded by the El.En. S.p.A. share was about 11.4 euros.

With regard to the characteristics of the stock option plans, as well as the capital increase approved to service them, please refer to the description in Note (10) to this document.

Information on the Statement of financial position - Assets

Non-current assets

Intangible assets (Note 1)

The following changes in intangible assets occurred in the period:

	31/12/2022	Increase	Decrease	Revaluation / Devaluation	Other movements	Depreciation	31/12/2023
Goodwill							
Development costs	300.127	216.484			-25.186	-209.604	281.821
Patents and rights to use patents of others	6.664					-3.332	3.332
Concessions, licenses, trade marks and similar rights	46.069	1.404			2	-34.012	13.463
Other intangible assets	57.904	34.130			53.290	-48.649	96.675
Intangible assets under construction and advance payments	54.490	11.260			-53.290		12.460
Total	**465.254**	**263.278**			**-25.184**	**-295.597**	**407.751**

The item "development costs" includes the costs incurred for the development of new prototypes, while the item "concessions, licences, trademarks and similar rights" includes the costs incurred for the purchase of new software licences. The item "other intangible assets" includes the capitalisation of the total costs incurred (a portion of which was recognised in 2022 under intangible assets under construction and advance payments) for the realisation of a software project dedicated to the quality management system.

Tangible fixed assets (Note 2)

Movements in tangible fixed assets during the year were as follows:

Cost	31/12/2022	Increase	(Disposals)	Revaluation / Devaluation	Other movements	31/12/2023
Lands and buildings	17.954.821	578.621			-210.340	18.323.102
Plants & machinery	7.309.925	249.172			84.193	7.643.290
Industrial and commercial equipment	7.546.871	584.409	-68.559		-156.954	7.905.767
Other assets	3.938.563	536.488	-88.945		-67.896	4.318.210
Tangible assets under construction and advance payments	723.224	481.463			-279.247	925.440
Total	37.473.404	2.430.153	-157.504		-630.244	39.115.809
Lands and buildings right of use	54.888	990				55.878
Plants & machinery right of use	43.997				-29.947	14.050
Industrial and commercial equipment right of use	64.410	13.776			-46.293	31.893
Other assets right of use	828.169	156.425			-245.093	739.501
Total	991.464	171.191			-321.333	841.322
Total	**38.464.868**	**2.601.344**	**-157.504**		**-951.577**	**39.957.131**

Accumulated depreciation	31/12/2022	Depreciations	(Disposals)	Revaluation / Devaluation	Other movements	31/12/2023
Lands and buildings	5.651.475	446.989			-37.102	6.061.362
Plants & machinery	3.541.653	536.601			-2.255	4.075.999
Industrial and commercial equipment	6.344.895	578.901	-58.249		-175.164	6.690.383
Other assets	2.486.224	365.590	-91.340		-88.309	2.672.165
Tangible assets under construction and advance payments						
Total	18.024.247	1.928.081	-149.589		-302.830	19.499.909
Lands and buildings right of use	26.163	9.840			-1	36.002
Plants & machinery right of use	37.362	4.683			-29.947	12.098
Industrial and commercial equipment right of use	44.880	13.749			-44.514	14.115
Other assets right of use	533.458	155.224			-238.272	450.410
Total	641.863	183.496			-312.734	512.625
Total	**18.666.110**	**2.111.577**	**-149.589**		**-615.564**	**20.012.534**

Net value	31/12/2022	Increase	(Disposals)	Revaluation / Devaluation / Depreciations	Other movements	31/12/2023
Lands and buildings	12.303.346	578.621		-446.989	-173.238	12.261.740
Plants & machinery	3.768.272	249.172		-536.601	86.448	3.567.291
Industrial and commercial equipment	1.201.976	584.409	-10.310	-578.901	18.210	1.215.384
Other assets	1.452.339	536.488	2.395	-365.590	20.413	1.646.045
Tangible assets under construction and advance payments	723.224	481.463			-279.247	925.440
Total	19.449.157	2.430.153	-7.915	-1.928.081	-327.414	19.615.900
Lands and buildings right of use	28.725	990		-9.840	1	19.876
Plants & machinery right of use	6.635			-4.683		1.952
Industrial and commercial equipment right of use	19.530	13.776		-13,749	-1.779	17.778
Other assets right of use	294.711	156.425		-155.224	-6.821	289.091
Total	349.601	171.191		-183.496	-8.599	328.697
Total	**19.798.758**	**2.601.344**	**-7.915**	**-2.111.577**	**-336.013**	**19.944.597**

The item “Lands and Buildings” and related rights of use includes the real estate complex in Via Baldanzese in Calenzano (FI) where the Company and the subsidiaries Deka M.E.L.A. S.r.l., Esthelogue S.r.l., Pharmonia S.r.l. and Merit Due S.r.l. currently operate, the real estate complexes in Via Dante Alighieri, also in Calenzano, the third of which was purchased during the financial year, and the building located in the municipality of Torre Annunziata, purchased in 2006, intended for the research, development and production activities of the subsidiary Lasit S.p.A.

The increases recorded in the Plants and Machinery and Equipment categories relate to restructuring processes also carried out in the context of Industry 4.0 incentives.

The increases in the item “Other assets” and related rights of use mainly concern the purchase of motor vehicles, lightweight constructions, furniture and fixtures, and electronic machines.

Amounts recorded under the item “Tangible assets under construction and advance payments” mostly refer to further improvement and renovation works in progress at the date of these financial statements, which are carried out at the real estate complex in Via Baldanzese in Calenzano.

The “Other movements” column of the various items includes both the transfers made to the respective categories from fixed assets under construction upon completion and the scrapping and/or demolition carried out on certain categories of assets.

As of the financial statement closing, there were no indicators of impairment deriving either from internal sources (company strategies) or external sources (regulatory, economic, technological context in which the Group operates) relating to tangible fixed assets as a whole.

Equity investments (Note 3)

Equity investments in subsidiaries

Company name	Headquarters	Percentage held	Book value	Equity 31/12/2023	Result 31/12/2023	Share of equity	Difference
Ot-Las S.r.l.	Calenzano (ITA)	98,89%	3.474.626	22.963.675	-802.237	22.708.778	19.234.152
Deka Mela S.r.l.	Calenzano (ITA)	85,00%	1.605.183	25.750.517	5.791.692	21.887.939	20.282.756
Esthelogue S.r.l.	Calenzano (ITA)	50,00%	3.578.737	7.981.174	11.467	3.990.587	411.850
Deka Sarl	Lyon (FRA)	100,00%	35.921	665.709	493.269	665.709	629.788
Lasit S.p.A.	Torre Annunziata (ITA)	70,00%	1.145.902	14.887.308	1.426.666	10.421.116	9.275.214
Quanta System S.p.A.	Milan (ITA)	100,00%	8.455.347	76.702.834	22.161.129	76.702.834	68.247.487
Asclepion GmbH	Jena (GER)	50,00%	1.318.506	39.127.677	5.746.667	19.563.839	18.245.333
BRCT Inc.	New York (USA)	100,00%	1.128.446	-114.028	-22.178	-114.028	-1.242.474
Deka Japan Co., Ltd	Tokyo (JAP)	55,00%	42.586	1.401.837	80.082	771.010	728.424
Pharmonia S.r.l.	Calenzano (ITA)	100,00%	50,000	276.245	3.499	276.245	226.245
Total			20.835.254	192.391.482	36.226.382	159.575.013	138.739.759

In the case of BRCT Inc., it should be considered that it holds equity investments valued at cost, the *fair value* of which would be significantly higher, such that the negative difference between the book value and the fraction of Shareholders' equity would be amply covered.

Equity investments in associated companies

Name	Headquarters	Percentage owned	Book value	Shareholders' equity as of 31/12/2023	Result as of 31/12/2023	Share of Equity	Difference
Actis S.r.l. (*)	Calenzano (ITA)	12,00%	1.240	326.939	4.806	39.233	37.993
Elesta S.p.A.	Calenzano (ITA)	30,84%	924.888	2.926.590	246.618	902.560	-22.328
Immobiliare Del.Co. S.r.l.	Solbiate Olona (ITA)	30,00%	274.200	-40.847	-38.534	-12.254	-286.454
Total			1.200.328	3.212.682	212.890	929.539	-270.789

(*) Data as at 31 December 2022

The figures for the associated company "Immobiliare Del.Co. S.r.l.", show a difference between the purchase cost and the corresponding share of shareholders' equity attributable to the higher implicit value of the lands and buildings owned, as also emerged at the time of the voluntary revaluation of these buildings carried out by the associated company in accordance with Italian Legislative Decree 185/08.

The following table shows some summary data of the associated companies:

Company	Total Assets	Total liabilities	Net income (Loss)	Revenues and other income	Charges and expenses
Actis Active Sensors Srl (*)	414.347	87.408	4.806	19.802	14.996
Elesta SpA	4.970.988	2.044.398	246.618	3.291.220	3.044.602
Immobiliare Del.Co. Srl	747.625	788.473	-38.534	174.131	212.665

(*) Data as at 31 December 2022

Equity investments - balance composition

Equity investments	31/12/2022			Movements of the period			31/12/2023		
	Cost	Reval./(Deval.)	Balance 31/12/2022	Changes	Reval./(Deval.)	Other movements	Balance 31/12/2023	Reval./(Deval.)	Cost
- in subsidiary companies									
Deka Mela S.r.l.	1.533.341		1.533.341	71.842			1.605.183		1.605.183
Ot-Las S.r.l.	3.534.362	-309.746	3.224.616	250.010			3.474.626	-309.746	3.784.372
Esthelogue S.r.l.	5.365.739	-1.815.739	3.550.000	28.737			3.578.737	-1.815.739	5.394.476
Deka Sarl	3.738.720	-3.738.720		35.921			35.921	-3.738.720	3.774.641
Lasit S.p.A.	1.117.166		1.117.166	28.736			1.145.902		1.145.902
Quanta System S.p.A.	8.053.031		8.053.031	402.316			8.455.347		8.455.347
BRCT Inc.	1.128.446		1.128.446				1.128.446		1.128.446
Asclepion GmbH	1.174.821		1.174.821	143.685			1.318.506		1.318.506
Deka Japan Co., Ltd	42.586		42.586				42.586		42.586
Pharmonia S.r.l.	50.000		50.000				50.000		50.000
Total	25.738.212	-5.864.205	19.874.007	961.247	0	0	20.835.254	-5.864.205	26.699.459

Equity investments	31/12/2022			Movements of the period			31/12/2023		
	Cost	Reval./(Deval.)	Balance 31/12/2022	Changes	Reval./(Deval.)	Other movements	Balance 31/12/2023	Reval./(Deval.)	Cost
- in associated companies									
Actis S.r.l.	1.240		1.240				1.240		1.240
Elesta S.p.A.	1.542.213	-628.747	913.466			11.423	924.889	-628.747	1.553.636
Immobiliare Del.Co. S.r.l.	274.200		274.200				274.200		274.200
Total	1.817.653	-628.747	1.188.905	0	0	11.423	1.200.328	-628.747	1.829.076

Equity investments	31/12/2022			Movements of the period			31/12/2023		
	Cost	Reval./(Deval.)	Balance 31/12/2022	Changes	Reval./(Deval.)	Other movements	Balance 31/12/2023	Reval./(Deval.)	Cost
- other									
Concept Laser Solutions GmbH	19.000		19.000				19.000		19.000
Consorzio Energie Firenze	1.000		1.000				1.000		1.000
CALEF	3.402		3.402				3.402		3.402
R&D	516		516				516		516
R.T.M. S.p.A.	364.686	-364.686					0	-364.686	364.686
Hunkeler.it S.r.l.	112.100		112.100				112.100		112.100
EPICA International Inc.	888.480		888.480				888.480		888.480
Total	1.389.184	-364.686	1.024.498	0	0	0	1.024.498	-364.686	1.389.184

The item “equity investments in other companies” is mostly attributable to the shareholding held in “Epica International Inc” for a counter-value of 888 thousand euros. With regard to the measurement of this investment, the Administrators considered that, as the equity instrument is not listed on a regulated market, and as there is a wide range of possible *fair value* measurements related to different subscriptions, cost represents the best estimate of *fair value* in this range, also in consideration of the average subscription share price.

Financial charges recognised within amounts stated under assets

No financial charge was attributed to asset items.

Financial receivables/Deferred tax assets and Other non-current assets and receivables (Note 4)

Other non-current assets	31/12/2023	31/12/2022	Variation	Var. %
Financial receivables - subsidiaries	22.950.018	18.597.015	4.353.003	23,41%
Financial receivables - associated		320.000	-320.000	-100,00%
Deferred tax assets	2.273.777	2.214.484	59.293	2,68%
Other non-current assets	13.132.298	12.979.811	152.487	1,18%
Total	**38.356.093**	**34.111.310**	**4.244.783**	**12,44%**

Financial receivables from subsidiaries mainly refer to the loan disbursed in 2020 to the subsidiary Otlas Srl for a total of 19 million euros, repayable in semi-annual instalments in arrears, at an annual ECB rate + 0.25%, disbursed for the purpose of acquiring minority interests in the subsidiary Penta Laser Zhejiang Co., Ltd, and the loan disbursed during the year to the subsidiary Esthelogue Srl for a total of 4 million euros, repayable in semi-annual instalments in arrears, at an annual ECB rate + 0.25%.

Financial receivables from associated companies in 2022 referred to the loan granted to the associated company Elesta SpA for a total of 320 thousand euros, repayable in a single instalment by 30 June 2024, at an annual ECB rate + 1%, which is therefore classified as a current assets in 2023, note (7).

The conditions applied to such loans are also specified in note (7).

The item “Other non-current assets” relates to temporary investments of liquidity, made in previous years by the company in life insurance policies underlying a segregated management in securities with guaranteed capital and with the possibility of exercising total or partial surrender during the contractual term provided that at least one year has elapsed since the inception of the policies. Since it is a medium-term investment, the company has decided to classify it as an asset held for trading in non-current assets, recording the *fair* value of the policies as an asset and the revaluation of the same in the income statement, and consequently to exclude it from the net financial position.

For an analysis of “Deferred tax assets”, please refer to the chapter below on “Deferred tax assets and liabilities”.

Current assets

Inventories (Note 5)

The analysis of inventories is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Raw materials, consumables and supplies	26.836.084	30.803.968	-3.967.884	-12,88%
Work in progress and semi finished products	14.850.854	14.997.617	-146.763	-0,98%
Finished products and goods	4.650.519	6.095.539	-1.445.020	-23,71%
Total	**46.337.457**	**51.897.124**	**-5.559.667**	**-10,71%**

The comparison of closing inventories shows a decrease of almost 11%, due to the lower production volume and consequently lower purchases. Relations with the *supply chain* were normalised, after considerable supply chain difficulties in 2022 had forced the company to significantly increase stocks to ensure smooth production.

It should be noted, however, that the values expressed above are net of the write-down provision, as shown in the table below:

	31/12/2023	31/12/2022	Variation	Var. %
Gross amount of Inventory	54.464.247	59.724.567	-5.260.320	-8,81%
Devaluation provision	-8.126.790	-7.827.443	-299.347	3,82%
Total	**46.337.457**	**51.897.124**	**-5.559.667**	**-10,71%**

The write-down provision is calculated to align the stock value with its estimated realisable value, recognising obsolescence and slow moving where necessary. The amount of the provision increased by approximately 299 thousand euros compared to 31 December 2022 and its incidence on the gross amount of inventory increased from 13% in 2022 to 15% in 2023.

Accounts receivable (Note 6)

Receivables were as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Accounts receivable from third parties	13.984.494	12.108.327	1.876.167	15,49%
Accounts receivable from subsidiaries	32.098.550	40.425.215	-8.326.665	-20,60%
Accounts receivable from associated	171.678	337.200	-165.522	-49,09%
Total	**46.254.722**	**52.870.742**	**-6.616.020**	**-12,51%**

Accounts receivable from third parties	31/12/2023	31/12/2022	Variation	Var. %
Italy	4.166.211	2.592.911	1.573.300	60,68%
EEC	1.569.202	1.851.274	-282.072	-15,24%
ROW	8.602.609	7.977.292	625.317	7,84%
minus: bad debt reserve	-353.528	-313.150	-40.378	12,89%
Total	**13.984.494**	**12.108.327**	**1.876.167**	**15.49%**

Accounts receivable from subsidiaries and associated companies are related to typical management operations.

Below are the movements in the bad debt reserve set aside for accounts receivable from third parties occurred during the financial year:

	2023
At the beginning of the period	313.150
Provision	56.625
Amounts utilized and unused amounts reversed	-16.247
At the end of the period	**353.528**

The breakdown of accounts receivable from third parties by currency is shown below:

Accounts receivable in:	31/12/2023	31/12/2022
Euros	6.290.098	4.603.658
USD	7.694.396	7.504.669
Total	**13.984.494**	**12.108.327**

The euro value reported in the table for receivables originally denominated in USD represents the currency amount converted at the exchange rates of 31 December 2023 and 31 December 2022, respectively.

We also report the analysis of accounts receivable from third parties and subsidiaries for the financial year 2023 and for the financial year 2022:

Accounts receivable from third parties	31/12/2023	31/12/2022
To expire	9.003.067	9.155.171
Overdue:		
0-30 days	2.745.819	1.797.220
31-60 days	815.909	348.095
61-90 days	147.879	137.904
91-180 days	1.153.909	325.443
Over 180 days	117.911	344.494
Total	**13.984.494**	**12.108.327**

Accounts receivable from subsidiaries	31/12/2023	31/12/2022
To expire	16.320.984	22.021.338
Overdue:		
0-30 days	4.627.982	4.747.808
31-60 days	694.746	873.507
61-90 days	705.618	1.112.250
91-180 days	2.183.508	3.476.496
Over 180 days	7.565.712	8.193.816
Total	**32.098.550**	**40.425.215**

For a more detailed analysis of accounts receivable to subsidiaries and associated companies, please refer to the chapter on “related parties”.

Tax receivables/Other receivables (Note 7)

The breakdown of tax receivables and other receivables is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Tax receivables				
VAT receivables	1.659.945	3.257.235	-1.597.290	-49,04%
Income tax receivables	4.034.161	1.576.830	2.457.331	155,84%
Total	**5.694.106**	**4.834.065**	**860.041**	**17,79%**

Current financial receivables				
Financial receivables - third parties	270.471	28.978	241.493	833,37%
Financial receivables - subsidiaries	4.738.719	2.262.188	2.476.531	109,48%
Financial receivables - associated	381.565	61.565	320.000	519,78%
Total	**5.390.755**	**2.352.731**	**3.038.024**	**129,13%**
Other current receivables				
Security deposits	32.138	118.177	-86.039	-72,81%
Advance payments to suppliers	313.502	1.463.170	-1.149.668	-78,57%
Other receivables	620.665	614.755	5.910	0,96%
Other receivables from subsidiary companies		1.048.639	-1.048.639	-100.00%
Total	**966.305**	**3.244.741**	**-2.278.436**	**-70,22%**

Total Current financial receivables and Other current receivables	**6.357.060**	**5.597.472**	**759.588**	**13,57%**

The amount entered under "tax receivables" relating to the VAT receivables derives from the share of exports that characterises the company's turnover.
"Income tax receivables" include tax credits recognised to support research, development and innovation activities and those replacing benefits recognised in past years in the form of hyper and super depreciation, as well as tax credits arising from the down payments of taxes in excess of the current tax liability at year-end.

Financial receivables mostly relate to short-term loans granted to subsidiaries and associated companies to meet normal operating needs. The main loans granted to subsidiaries including those indicated in Note (4) are as follows:

Group companies	m/l term amount (/1000)	Short term amount (/1000)	Currency	Annual interest rate
Otlas Srl	18.050	-	Euro	ECB + 0,25%
Elesta SpA	-	320	Euro	ECB + 1%
Esthelogue Srl	4.375	1.290	Euro	ECB + 1% (on 1.665 thousand euro), + 0,25% (on 4 million)
Asclepion GmbH	-	2.872	Euro	ECB + 0,75%
BRCT Inc.	-	576	USD	2,50%

For further details on financial receivables to subsidiaries and associated companies, please refer to the chapter on "related parties" below.

The item "other receivables from subsidiaries" recognised under "other current receivables" in 2022 relates to receivables claimed by the parent company from Deka Mela Srl and Otlas Srl, as part of the adhesion to the national fiscal consolidation (procedure pursuant to articles 117 et seq. of the Income Tax Consolidation Act and the implementing Italian Ministerial Decree of 1 June 2018).

Securities and other current financial assets (Note 8)

The company's financial statements as at 31 December 2023 did not include securities and other current financial assets.

Cash and cash equivalents (Note 9)

Cash and cash equivalents are broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Bank and postal current accounts	32.965.617	28.466.448	4.499.169	15,81%
Cash on hand	4.542	5.603	-1.061	-18,94%
Total	**32.970.159**	**28.472.051**	**4.498.108**	**15,80%**

For the analysis of changes in cash and cash equivalents, please refer to the cash flow statement.

Net financial position as at 31 December 2023

The net financial position as at 31 December 2023 is broken down as follows (in thousands of euros):

	Net financial position	31/12/2023	31/12/2022
A	Cash and cash equivalents	32.970	28.472
B	Cash equivalents	-	-
C	Other current financial assets	270	29
D	**Liquidity (A + B + C)**	**33.241**	**28.501**
E	Current financial debt	(3)	(3)
F	Current portion of non-current financial debt	(143)	(175)
G	**Current financial indebtedness (E + F)**	**(146)**	**(178)**
H	**Net current financial position (D + G)**	**33.095**	**28.323**
I	Non-current financial debt	-	-
J	Debt instruments	(190)	(187)
K	Non-current trade and other payables	(730)	(1.249)
L	**Non-current financial indebtedness (I + J + K)**	**(920)**	**(1.436)**
M	**Net Financial Position (H + L)**	**32.175**	**26.888**

The net financial position increased by about 5.3 million euros during the year. After a year, 2022, characterised by an increase in the volume of purchases to overcome *supply chain* difficulties and a reduction in the timing of payments to suppliers, the normalisation of demand and also of the supply of components made it possible to restore the normal financial cycles of the business to the benefit of liquid positions.

It should also be noted that in previous years, as much as Euro 11.5 million, liquidity was invested in insurance-type financial instruments that, due to their nature, require recognition as non-current financial assets; although this amount constitutes an investment of liquidity, it is not part of the net financial position. At the end of the year, the *fair value* of the investment was 13.1 million euros.

Excluded from the net financial position are financial receivables from subsidiaries and associates in the amount of 28,070 thousand euros, as they are related to financial support policies of group companies (for details see the disclosure on related parties).
In continuity with past practice, it was therefore deemed appropriate not to include these loans in the net financial position shown above.

Information on the Statement of financial position - Liabilities

Capital and Reserves

The main shareholders' equity items are as follows:

Share capital (Note 10)

As at 31 December 2023, the share capital of El.En. was:

Authorised (to stock option plan service)	Euros	2.658.626
Underwritten and deposited	Euros	2.598.872

Nominal value of each share - Euros — ***without nominal value***

Category	31/12/2022	Increase	Decrease	31/12/2023
No. of Ordinary Shares	79.837.760	127.532	0	79.965.292
Total	**79.837.760**	**127.532**	**0**	**79.965.292**

The shares are nominal and indivisible; each share grants the right to one vote at all ordinary and extraordinary shareholders' meetings as well as other property and administrative rights in accordance with the law and the Articles of Association. At least 5% of the net profit for the year must be allocated to the legal reserve, within the limits of Article 2430 of the Italian Civil Code. The residue shall be distributed among the shareholders, unless the shareholders' meeting resolves otherwise. The Articles of Association do not provide for the distribution of down payments on dividends. Dividends not collected within five years from the day on which they became payable shall be forfeited in favour of the Company. There are no special clauses in the articles of association concerning the shareholders' participation in the remaining assets in the event of liquidation. There are no clauses in the articles of association conferring particular privileges.

Capital increases to service stock option plans

The Extraordinary Shareholders' Meeting of El.En. s.p.a. of 12 May 2016 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.

On 13 September 2016, the Board of Directors of the company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2016-2025 ("2016-2025 Stock Option Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.

The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V, of the Italian Civil Code, the share capital of Euro 104,000.00 through the issue of 800,000 ordinary shares (following the split resolved by the shareholders' meeting of 20 July 2021 no. 3,200,000 ordinary shares) that can be subscribed by administrators, collaborators and employees of El.En. S.p.A. and its subsidiaries, who are assigned options under the aforesaid Plan.

The options may be exercised, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.

The Plan will end on 31 December 2025, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.

Following the exercise by some of the beneficiaries of the 2016-2025 Stock Option Plan, the parent company issued 127,532 ordinary shares (post-split) in 2023 for proceeds of 406 thousand euros including capital increase and share premium.

The Extraordinary Shareholders' Meeting of El.En. s.p.a. of 15 December 2022 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 65,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023, the Board of directors of the company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2026-2031 ("2026-2031 *Stock Option* Plan" or "Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to Euro 45,955.00 through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assignees of the options under the aforesaid Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
For further information on the plan, please refer to the detailed information in "Significant events which occurred during the financial year 2023".

Finally, it should be noted that the market capitalisation of the Company is currently higher than the values implied in the shareholders' equity as of 31 December 2023.

Additional paid in capital (Note 11)

As of 31 December 2023, the additional paid in capital reserve amounted to 47,329 thousand euros, up from 46,928 thousand euros as of 31 December 2022 as a result of the stock options exercised during the year, as mentioned in the previous note.

Other reserves (Note 12)

	31/12/2023	31/12/2022	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	102.563.733	88.664.601	13.899.132	15,68%
Stock option/ stock based compensation reserve	6.785.055	4.753.358	2.031.697	42,74%
Special reserve for grants received	426.657	426.657		0,00%
Other reserves	-81.032	-52.956	-28.076	53,02%
Total	**110.231.715**	**94.328.962**	**15.902.753**	**16,86%**

As at 31 December 2023, the "extraordinary reserve" amounted to 102,564 thousand euros; the increase compared to 31 December 2022 relates to the destination of the net income of the 2022 financial year, as per the resolution passed at the Shareholders' Meeting of the company held on 27 April 2023.

The reserve for "*stock options/stock-based compensation"* includes the balancing entry for the notional costs determined in accordance with IFRS 2 of the *Stock option* plans granted by the company.

The special reserve for grants received is to be considered a revenue reserve and is unchanged from 31 December 2022.

The item "other reserves" includes, inter alia, the reserve for the valuation of the severance indemnity fund in accordance with IAS 19.

Treasury stock (13)

On 27 April 2021, the Shareholders' Meeting of El.En. spa had authorised the Board of Directors, within 18 months from the date of the resolution, to purchase treasury stock, of which no. 39,120 remain on 1 January 2023.

On 27 April 2023, the Shareholders' Meeting of El.En. S.p.A. authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already extensively described in the significant events which occurred during the financial year.

During the year, the company therefore purchased no. 15,000 treasury stock for a total counter-value of approximately 129 thousand euros; furthermore, on 31 July 2023, the company announced that it had assigned to the general manager 18,150 of the shares held in its portfolio as an in-kind portion of the 2022 annual fee. Therefore, as of 31 December 2023, the treasury stock held by the company amounted to no. 35.970.

Retained earnings (Note 14)

This item includes adjustments to shareholders' equity as a result of the adoption of international financial reporting standards and the recognition of a reserve on capital gains realised on the sale of treasury stock in February 2005 and, to a lesser extent, on the sale of treasury stock in October 2012.

Availability and distribution of reserves

SHAREHOLDERS' EQUITY:	**31/12/2023**	**Possibility of utilisation**	**Portion available**	**Utilised in the previous two periods for covering losses**	**Utilised in the previous two periods for other purposes**
Share capital	2.598.872				
Additional paid in capital	47.329.202	ABC	47.329.202		
Legal reserve	537.302	B	537.302		
Other reserves:					
Extraordinary reserve	102.563.733	ABC	102.563.733		23.928.276
Treasury shares	-380.401		-380.401		
Reserve for contribution on capital account	426.657	ABC	426.657		
Retained earnings	-935.590	ABC	-935.590		
Other reserves	6.704.023	AB	13.392		
			149.554.295	**0**	**23.928.276**
Portion not distributable			281.821		
Portion distributable			**149.272.474**		

Legend: A) increase in capital; B) for covering losses; C) for distribution to partners

Non-current liabilities

Severance indemnity fund (Note 15)

The following table highlights the movements that occurred during the accounting period:

31/12/2022	Provision	(Utilisation)	Payment to complementary pension forms, to INPS fund and other movements	31/12/2023
547.421	886.900	-275.555	-524.615	634.151

The severance indemnity represents the allowance that employees accrue during their working life and is paid to them when they leave.

For the purposes of international financial reporting standards, the payment of the severance indemnity represents a “long-term benefit following the end of employment”; it is a “defined benefit” obligation that results in the recognition of a liability similar to that arising in defined benefit pension plans.
Following the changes made to the severance indemnity by Law 27/12/2006 (and subsequent amendments), only the liability relating to the accrued severance indemnity remaining in the company has been valued for the purposes of IAS 19, since the accrued portion has been paid to a separate entity (supplementary pension fund). Even for employees who explicitly decided to keep their severance indemnity in the company, the severance indemnity accrued since 1 January 2007 has been paid into the Treasury fund managed by Inps. This provision, based on the 2007 Budget Law guarantees employees in the private sector the payment of severance indemnity for the portion corresponding to the payments made to them.

The present value of the obligation for the severance indemnity fund remaining in the company as at 31 December 2023 was 677 thousand euros.

The assumptions adopted in determining the plan are summarised in the table below:

Financial hypotheses	Year 2022	Year 2023
Annual implementation rate	3,34%-3,53%-3,57%-3,63%-3,77% (*)	3,15%-2,98%-2,95%-3,08%-3,17% (***)
Annual inflation rate	4,27%-2,35%, 2% (**)	2,3%-2,00% (****)
Annual increase rate of salaries (including inflation)	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%

(*) 3,34% for the first three years, 3,53% from the fourth to the fifth, 3,57% from the sixth to the seventh, 3,63% from the eighth to the tenth and 3,77% up to the thirtieth year.

(**) 4,27% for the first year, 2,35% for the second year, 2% from the third year.
(***) 3,15% for the first three years, 2,98% from the fourth to the fifth, 2,95% from the sixth to the seventh, 3,08% from the eighth to the tenth and 3,17% up to the thirtieth year.

(****) 2,3% for the first year, 2% for subsequent years.

To ensure consistency with the source of past valuation returns, the returns that S&P records and publishes on 1Y-3Y, 3Y-5Y, 5Y-7Y, 7Y-10Y and finally 10+Y maturities were used to construct an iBoxx Corporate AA “rate curve” as of 31 December 2023 as summarised in the table above.

Analysis of deferred tax assets and liabilities (Note 4) (Note 16)

Deferred tax assets and liabilities are accrued on the temporary differences between the assets and liabilities recognised for tax purposes, and those recognised in the financial statements.

The analysis is as follows:

	31/12/2022	Provision	(Utilisation)	Other movements	31/12/2023
Deferred tax assets on inventory devaluation	1.849.197	62.158			1.911.355
Deferred tax assets on warranty reserve	182.400		(16.800)		165.600
Other deferred tax assets and on IAS adjust.	182.887	5.070	-	8.865	196.822
Total	**2.214.484**	**67.228**	**(16.800)**	**8.865**	**2.273.777**
Deferred tax liability on advance depreciations	124.470				124.470
Deferred tax liability on grants on capital account	28.655	98.387			127.042
Other deferred tax liabilities and on IAS adjust.	252.176	30.764			282.940
Total	**405.301**	**129.151**	**-**	**-**	**534.452**
Net	1.809.183	(61.923)	(16.800)	8.865	1.739.325

Deferred tax assets amount to about 2.3 million euros. The main changes during the year include the increase in deferred tax assets calculated on the inventory write-down, as well as the decrease in the receivable associated with the warranty reserve.
Deferred tax assets are recognised to the extent that it is probable that there will be adequate future taxable profits against which the temporary differences can be utilised. In this regard, the Company estimates the likely timing and amount of future taxable profits.

Deferred tax liabilities amount to about 534 thousand euros and refer, among other things, to the deferral of the taxation of certain capital contributions received, which, for tax purposes, have been accrued in accordance with current legislation.

The column other movements includes, among other things, deferred taxes on value adjustments made to the severance indemnity fund and recognised directly in *Other Comprehensive Income* ("OCI").

Other accruals (Note 17)

The following table highlights the movements during the year:

	31/12/2022	Provision	(Utilisation)	Other movements	31/12/2023
Reserve for pension costs and similar	86.101	24.405		-19.500	91.006
Warranty reserve on the products	760.001		-70.000		690.001
Reserve for risks and charges	91.200		-21.600		69.600
Total	**937.302**	**24.405**	**-91.600**	**-19.500**	**850.607**

The item "reserve for pension costs and similar" includes the provision for administrators' severance indemnity (TFM) and the provision for agents' customer indemnity.

According to IAS 37, the amount due to agents is to be calculated using discounting techniques in order to estimate, as best as possible, the total cost to be incurred in providing benefits after the end of their employment.

The technical evaluations were carried out on the basis of the assumptions described below:

Financial hypotheses	Year 2022	Year 2023
Annual implementation rate	3,68%-3,37%-3,27%-3,20%-3,17%-3,16%-3,12%-3,06% (*)	2,51%-2,58%-2,54%(***)
Annual inflation rate	4,27%-2,35%, 2% (**)	2,3%-2,00% (****)

(*) 3,68% for the first year, 3,37% for the second, 3,27% for the third, 3,20% for the fourth, 3,17% for the fifth, 3,16% for the sixth, 3,12% from the seventh to the fourteenth and 3,06% from the fifteenth year.

(**) 4,27% for the first year, 2,35% for the second year, 2% from the third year.

(***) 2,51% on maturities of 10 years, 2,58% up to 15 years, 2,54% up to 20 years.

(****) 2,3% for the first year, 2% for subsequent years.

For the valuation of the liability, the interest rate was derived from the values of the EUR IRS recorded at 31.12.2023 on 10, 15 and 20-year maturities, respectively 2.51%, 2.58% and 2.54%.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

Other payables and contingent liabilities

On 24 April and 4 May 2018, the companies El.En. spa and Cutlite Penta srl received a writ of summons before the Superior Court of Hartford (Connecticut) for product liability for damages that occurred at a customer's plant destroyed by fire. According to the plaintiff, three laser systems manufactured by Cutlite Penta were present at the time of the fire.
El.En. and Cutlite Penta vehemently reject any assumption that they were involved, even marginally, in the responsibility for the event.
At present, the case is still at a preliminary stage during which, in accordance with US procedural law, information has been gathered in the form of written questioning about the course of contractual relations and the content of the companies' obligations under the contracts for the sale of laser systems.
The complexity of the case, the high and continuous volume of documents produced and the delays caused by the Covid-19 pandemic led to continuous schedule slippage.
At present, written *discovery* activities by the parties and preliminary depositions of the defendants, which have been completed, and some plaintiffs are in progress. Those relating to some of the plaintiffs remain.
The plaintiffs, in light of the preliminary depositions, are attempting to find a mediation, and have already met for this purpose on 10 October 2023 and 27 February 2024. The outcomes are not known to date.
If no mediation is reached, the Court will have to set the timetable for further work, including the expert opinion and possible amendments to the applications. The actual trial phase is not expected to start before 3 September 2024.

Therefore, at present, there is insufficient evidence to assess the possibility and extent of an economic risk for the two companies. In fact, no evidence was produced nor was a direct quantification of the damages claimed. Further evaluations will be possible after further investigations, in particular by experts.
In any case, the companies, as a precautionary measure, promptly activated their product liability insurance coverage, which provides for a limit of Euro 15,000,000 per claim. The insurance company took over the claim and appointed a US lawyer at its expense to protect the insured's rights.

Therefore, in the financial statements as at 31 December 2023, there are no provisions in connection with the contingent liability related to the summons described above.

Financial debts and liabilities (Note 18)

Payables are listed in detail below:

Financial m/l term debts	31/12/2023	31/12/2022	Variation	Var. %
Amounts owed to leasing companies	190.114	186.896	3.218	1,72%
Other non-current liabilities	729.814	1.248.680	-518.866	-41,55%
Total	**919.928**	**1.435.576**	**-515.648**	**-35,92%**

The amount recorded under the item “Amounts owed to leasing companies” derives from the application of IFRS 16.

The amount recorded under “Other non-current liabilities” refers to payables to suppliers and other liabilities that are due after 12 months or are due for payment after one year.

Current liabilities

Financial debts (Note 19)

Financial short term debts	31/12/2023	31/12/2022	Variation	Var. %
Amounts owed to banks	2.565	2.578	-13	-0,50%
Amounts owed to leasing companies	143.344	169.605	-26.261	-15,48%
Amounts owed to other financiers		5.711	-5.711	-100,00%
Total	**145.909**	**177.894**	**-31.985**	**-17,98%**

The item "amounts owed to leasing companies" includes the short-term portions of payables described in the previous note.

Accounts payable (Note 20)

	31/12/2023	31/12/2022	Variation	Var. %
Accounts payable	14.711.363	25.891.604	-11.180.241	-43,18%
Amounts owed to subsidiary companies	877.713	1.418.589	-540.876	-38,13%
Amounts owed to associated companies		329	-329	-100,00%
Total	**15.589.076**	**27.310.522**	**-11.721.446**	**-42,92%**

For a more detailed analysis of accounts payable to subsidiaries and associated companies, please refer to the chapter on "related parties".

We also break down accounts payable from third parties by currency:

Accounts payable in:	31/12/2023	31/12/2022
Euros	13.087.964	23.614.016
USD	1.585.384	2.245.966
Other currencies	38.015	31.622
Total	**14.711.363**	**25.891.604**

The euro value reported in the table of payables originally denominated in USD or other currencies represents the currency amount converted at the exchange rates of 31 December 2023 and 31 December 2022, respectively.

Income tax payables /Other current payables (Note 21)

"Income tax payables" were zero as at 31 December 2023, as more down payments were made than payables and are therefore recorded as a reduction of the same down payments in note (4).

Other payables were broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Social security debts				
Debts to INPS	2.062.145	1.748.560	313.585	17,93%
Debts to INAIL	134.778	124.531	10.247	8,23%
Debts to other Social Security Institutions	215.525	200.419	15.106	7,54%
Total	**2.412.448**	**2.073.510**	**338.938**	**16,35%**
Other debts				
Debts to the tax authorities for withholding	1.254.311	1.170.853	83.458	7,13%
Other tax liabilities	855	31.486	-30.631	-97,28%
Debts to staff for wages and salaries	4.628.298	3.689.235	939.063	25,45%
Down payments	2.918.961	3.128.988	-210.027	-6,71%
Other debts to subsidiary companies	889.294	39.725	849.569	2138,63%
Other debts	1.637.937	1.513.250	124.687	8,24%
Total	**11.329.656**	**9.573.537**	**1.756.119**	**18,34%**
Total Social security debts e Other debts	**13.742.104**	**11.647.047**	**2.095.057**	**17,99%**

"Debts to staff for wages and salaries" include among other things the payable of deferred salaries accrued by employees as at 31 December 2023.

The item "other debts to subsidiaries" relates to the parent company's payables to Deka Mela Srl, Otlas Srl, and Esthelogue Srl accrued as part of the adhesion to the national fiscal consolidation scheme (procedure pursuant to articles 117 et seq. of the Income Tax Consolidation Act and the implementing Italian Ministerial Decree of 1 June 2018).

Analysis of debts by maturity

	31/12/2023			31/12/2022		
	<= 1 year	>1 year <= 5 years	> 5 years	<= 1 year	>1 year <= 5 years	> 5 years
Amounts owed to banks	2.565			2.578		
Amounts owed to leasing companies	143.344	187.382	2.732	169.605	186.896	
Amounts owed to other financiers				5.711		
Accounts payable	14.711.363	185.949		25.891.604	185.949	
Amounts owed to subsidiary companies	1.767.007			1.458.314		
Amounts owed to associated companies				329		
Income tax payables				3.815.513		
Social security debts	2.412.448			2.073.510		
Other debts	10.440.362	543.865		9.533.812	1.062.731	
Total	**29.477.089**	**917.196**	**2.732**	**42.950.976**	**1.435.576**	**-**

Information on the Income Statement

Revenues (Note 22)

Below is a breakdown of the company's revenues from contracts with customers as at 31 December 2023 and 2022:

	31/12/2023	31/12/2022	Variation	Var. %
Total medical systems	107.386.270	127.159.618	-19.773.348	-15,55%
Total industrial systems	8.351.757	8.909.084	-557.327	-6,26%
Total service	21.971.080	19.181.174	2.789.906	14,55%
Total revenue	**137.709.107**	**155.249.876**	**-17.540.769**	**-11,30%**

Breakdown of Revenues by geographical areas

Medical sector

	31/12/2023	31/12/2022	Variation	Var. %
Italy	60.146.823	65.089.342	-4.942.519	-7,59%
Europe	16.137.389	27.231.175	-11.093.786	-40,74%
ROW	45.290.742	46.928.541	-1.637.799	-3,49%
Total Medical	**121.574.954**	**139.249.058**	**-17.674.104**	**-12,69%**

Industrial sector

	31/12/2023	31/12/2022	Variation	Var. %
Italy	12.045.400	10.103.404	1.941.997	19,22%
Europe	2.584.990	3.824.578	-1.239.588	-32,41%
ROW	1.503.763	2.072.836	-569.073	-27,45%
Total Industrial	**16.134.153**	**16.000.818**	**133.335**	**0,83%**

Breakdown of revenues based on Revenue Recognition Timing

	31/12/2023	31/12/2022	Variation	Var. %
Goods transferred at a specific time	137.346.378	154.922.985	-17.576.607	-11,35%
Services transferred over time	362.729	326.891	35.838	10,96%
Total revenue	**137.709.107**	**155.249.876**	**-17.540.769**	**-11,30%**

The company recorded a turnover of almost 138 million euros, a decrease of 11.3% compared to 2022.

After the historical record in turnover in 2022, the company was affected by the normalisation of demand in the medical sector during the year under review. In fact, in 2022, the intensity of demand had strained the company's operational structures called upon to respond to peaks in demand in the face of great difficulty in timely procurement of the components needed for production. In 2023, demand remained solid but with less pressure from certain markets such as the US and the Middle East, which are served indirectly via the subsidiary DEKA M.E.L.A., resulting in a reduction in turnover.

Other income (Note 23)

The analysis of other income is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Other income due to Insurance refunds	12.021	162.917	-150.896	-92,62%
Recovery of expenses	198.689	582.295	-383.606	-65,88%
Capital gains on disposal of fixed assets	71.596	4.408	67.188	1524,23%
Other income	1.831.432	769.680	1.061.752	137,95%
Total	**2.113.738**	**1.519.300**	**594.438**	**39,13%**

The item "other income" includes income of about 562 thousand euros as a contribution to the research project called "SVATT: Development and pre-clinical validation of a THERANOSTIC treatment for melanoma tumours based on the use of immune system cells, T Cells, reinforced by loading with magnetic nanoparticles allowing the delivery of specific drugs, the application of localised hyperthermia, and advanced MRI diagnostics" granted by the Ministry of Economic Development now Ministry of Enterprise and Made in Italy.

Costs for the purchase of goods (Note 24)

The analysis of purchases is as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Purchases of raw materials and finished products	54.596.422	83.237.660	-28.641.238	-34,41%
Packaging	1.196.888	1.667.880	-470.992	-28,24%
Shipping charges on purchases	421.314	599.470	-178.156	-29,72%
Other purchase expenses	426.564	420.269	6.295	1,50%
Other purchases	111.475	51.616	59.859	115,97%
Total	**56.752.663**	**85.976.895**	**-29.224.232**	**-33,99%**

Direct services/other operating services and charges (25)

The item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Direct services				
Outsourced processing	19.185.399	23.691.210	-4.505.811	-19,02%
Technical services on products	189.652	147.603	42.049	28,49%
Shipment charges on sales	406.889	535.094	-128.205	-23,96%
Sale commissions	74.940	80.889	-5.949	-7,35%
Royalties	280.800	302.400	-21.600	-7,14%
Travel expenses for technical assistance	152.470	130.439	22.031	16,89%
Other direct services	217.386	8.567	208.819	2437,48%
Total	**20.507.536**	**24.896.202**	**-4.388.666**	**-17,63%**
Other operating services and charges				
Maintenance and technical assistance on equipment	847.096	563.537	283.559	50,32%
Commercial services and consulting	268.230	275.362	-7.132	-2,59%
Legal and administrative services and consulting	366.696	442.421	-75.725	-17,12%
Audit fees	101.760	149.675	-47.915	-32,01%
Insurances (no staff cost)	330.948	353.525	-22.577	-6,39%
Travel and accommodation expenses	442.556	299.253	143.303	47,89%
Trade shows	205.758	128.484	77.274	60,14%
Promotional and advertising fees	205.837	169.461	36.376	21,47%
Expenses related to real estate	1.171.531	1.429.795	-258.264	-18,06%
Other taxes	109.674	104.536	5.138	4,92%
Vehicles maintenance expenses	403.894	407.170	-3.276	-0,80%
Office supplies	62.381	80.490	-18.109	-22,50%
Hardware and Software assistance	647.132	619.803	27.329	4,41%
Bank charges	68.449	55.560	12.889	23,20%
Leases and rentals	284.235	275.971	8.264	2,99%
Salaries and indemnity to the Board of Directors and Board of Auditors	1.027.887	1.189.422	-161.535	-13,58%
Temporary employment	145.978	175.491	-29.513	-16,82%
Other services and charges	3.421.465	2.336.629	1.084.836	46,43%
Total	**10.111.507**	**9.056.585**	**1.054.922**	**11,65%**

Other operating services and charges amounted to 10,112 thousand euros, up from 9,057 thousand euros last year. The increase was mainly due to notional costs for *stock options* granted during the year to administrators with proxies and collaborators and not present in 2022 (cost included in the item “Other costs and services”), costs for maintenance of the Calenzano plants and for staff travel, while energy costs decreased from the maximum recorded in 2022.

The item “other services and charges”, in addition to the already mentioned costs for *stock options* in the amount of 402 thousand euros, includes costs for technical-scientific consultancy and studies and research in the amount of 604 thousand euros. With regard to research and development activities and costs, please refer to what has already been described in the consolidated Management Report.

Staff costs (Note 26)

Staff costs are broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Wages and salaries	17.628.829	16.702.717	926.112	5,54%
Social security contributions	5.205.140	4.896.446	308.694	6,30%
Severance indemnity	865.964	831.461	34.503	4,15%
Staff costs for stock options/stock based compensation	668.132		668.132	
Total	**24.368.065**	**22.430.624**	**1.937.441**	**8,64%**

At 24,368 thousand euros, staff expenses were up from 22,431 thousand euros last year. The increase is due to the increase in the number of employees from 324 as at 31 December 2022 to 329 as at 31 December 2023, and the salary adjustment under the national metalworkers' contract.
During the year, notional costs of 668 thousand euros were also recognised for the granting of *stock options* to employees.

Depreciation, amortization and other accruals (Note 27)

The item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Amortisation of intangible assets	295.597	286.139	9,458	3,31%
Depreciation of tangible assets	1.928.081	1.802.754	125.327	6,95%
Depreciation of tangible assets right of use	183.496	180.918	2.578	1,42%
Accrual for bad debts	231.625	-170.152	401.777	-236,13%
Accrual for risks and charges	-91.600	-24.000	-67.600	281,67%
Total	**2.547.199**	**2.075.659**	**471.540**	**22,72%**

The negative value relating to the accrual for risks and charges refers to the re-measurement of the relevant provisions at the end of the year.

Financial income and charges and exchange gain (loss)(note 28)

The item is broken down as follows:

	31/12/2023	31/12/2022	Variation	Var. %
Financial income				
Interests income on bank and postal deposits	401.075	39.166	361.909	924,04%
Dividends	12.655.000	11.350.000	1.305.000	11,50%
Financial income from subsidiary companies	742.100	194.280	547.820	281,97%
Financial income from associated companies	16.826	3.939	12.887	327,16%
Interests income from current securities and financial assets	152.488	168.013	-15.525	-9,24%
Other financial income	1		1	
Total	**13.967.490**	**11.755.398**	**2.212.092**	**18,82%**
Financial charges				
Financial charges - subsidiary companies	113.882	89.145	24.737	27,75%
Other financial charges	35.925	22.978	12.947	56,35%
Total	**149.807**	**112.123**	**37.684**	**33,61%**
Exchange gain (loss)				
Exchange gains	589.306	1.311.522	-722.216	-55,07%
Exchange losses	-795.132	-3.507.622	2.712.490	-77,33%
Total	**-205.826**	**-2.196.100**	**1.990.274**	**-90,63%**

During the year, dividends from subsidiaries in the amount of 12,655 thousand euros were recognised, distributed by the subsidiaries Deka Mela, Quanta System and Lasit.

Interests income from current securities and financial assets relate to liquidity investments.

The item “other financial charges” includes the recognition of interest expenses resulting from the application of the accounting standard IAS 19 to the severance indemnity of about 21 thousand euros.

Other income and charges (Note 29)

	31/12/2023	31/12/2022	Variation	Var. %
Other income				
Capital gains on equity investments		457.855	-457.855	-100,00%
Decrease of the reserve for losses in group companies		793.492	-793.492	-100,00%
Total		**1.251.347**	**-1.251.347**	**-100.00%**

The item “Capital gains on equity investments” in 2022 related to the capital gain realised on the sale of the subsidiary Cutlite do Brasil Ltda to the subsidiary Cutlite Penta Srl.

The item “Decrease of the reserve for losses in group companies” in the previous year related to the reversal of the amounts accrued in previous years for the subsidiaries Cutlite do Brasil Ltda and Deka Sarl as a result of the sale of the Cutlite do Brasil investment and the positive result achieved by Deka Sarl in 2022, respectively.

Income taxes (Note 30)

	31/12/2023	31/12/2022	Variation	Var. %
IRES and other foreign income taxes	4.751.745	6.414.094	-1.662.349	-25,92%
Income taxes - IRAP	937.029	1.202.448	-265.419	-22,07%
Deferred income taxes - IRES and for foreign companies	76.075	-219.268	295.343	-134,69%
Deferred income taxes - IRAP	2.648	14.579	-11.931	-81,84%
Income tax receivable	-364.627	-577.289	212.662	-36,84%
Charges (Income) for IRES from tax consolidation	234.548		234.548	
Other income tax	-4.987	-4.987		0,00%
Previous years tax	50.781	643	50.138	7797,51%
Total	**5.683.212**	**6.830.220**	**-1.147.008**	**-16,79%**

The tax cost for the year was 5,683 thousand euros compared to 6,830 thousand euros last year.
The tax rate for the year was 16.8%, down from 17.8% last year.

The following table illustrates the reconciliation between the theoretical tax rate and the effective tax rate, limited to the Corporate Income Tax (IRES).

	2023	2022
Profit/loss before taxes	33.805.212	38.302.550
Theoretical IRES Aliquot	24,00%	24,00%
Theoretical IRES	8.113.251	9.192.612
One time income tax charges	50.781	
Tax credit	(364.627)	(577.289)
Charges (income) for IRES from fiscal consolidation	234.548	
Dividends	(2.885.340)	(2.587.800)
Higher (lower) fiscal incidence with respect to the theoretical aliquot	(405.078)	(414.330)
Actual IRES	4.743.535	5.613.193
Actual IRES aliquot	14,03%	14,65%

The breakdown of deferred tax assets and liabilities is set out in the previous note (16). Income taxes include the balance for the financial period.

Distributed dividends (Note 31)

The Shareholders' Meeting of El.En. SpA held on 27 April 2023 resolved to distribute a dividend, equal to Euro 0.22 (zero point twenty-two) gross per outstanding share, to the shares in circulation on the ex-dividend date. The dividend distributed was 17,573,198 euros.

Non-recurring significant, atypical and unusual events and operations (Note 32)

For the financial year 2023 and for the same period last year, the Company did not enter into any significant non-recurring, atypical and/or unusual transactions pursuant to Consob Communication of 28 July 2006, no. DEM/6064293.

Related party disclosures (Note 33)

Related parties are identified as defined in international accounting standard IAS 24. In particular, the following parties are considered to be related parties:
- subsidiaries and associated companies;
- the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and, where applicable, the other executives with strategic responsibilities;
- the natural persons shareholders of El.En. S.p.A.;
- legal persons in which a significant shareholding is held by one of the major shareholders of El.En. S.p.A., a member of the Board of Directors, a member of the Board of Statutory Auditors, the General Manager and executives with strategic responsibilities.

One of the Managing directors, a major shareholder of El.En. S.p.A, owns a 25% stake in Immobiliare del Ciliegio S.r.l., also a shareholder of the company.

All ordinary transactions with related parties took place at ordinary market conditions.

In particular, we highlight the following:

<u>Members of the Board of Directors, Board of Statutory Auditors and General Manager</u>
Pursuant to Consob Resolution No. 11971/99 (Issuers' Regulation), the fees paid to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and the equity investments held by them during the year are analytically illustrated in the tables attached to the "Report on Remuneration and remuneration paid pursuant to Art. 123-*ter* Consolidated Law on Finance and 84-*quater* Consob Reg. 11971/1999" which is made available within the terms of the law and can be consulted on the website www.elengroup.com - "Investor relations/governance/corporate documents" section.

<u>Subsidiaries and associated companies</u>
El.En. S.p.A. controls a Group of companies operating in the same laser macro sector, each of which has its own application niche and a particular market function.
The integration of the various products and services offered by the Group generates frequent commercial transactions between the Group companies. The subject of most intercompany business relations is the production by El.En. S.p.A. of medium- and high-power CO_2 laser sources, which constitute a fundamental element for the production of Ot-las S.r.l. (formerly Cutlite Penta S.r.l.) and Lasit S.p.A.. Other intercompany business relations consist of the production of medical laser equipment by El.En. S.p.A., which, in part, are sold to Deka M.E.L.A. S.r.l., to Esthelogue S.r.l., to Deka Sarl, to ASA S.r.l. and to Asclepion Laser Technologies GmbH, which, in turn, distribute them.
Transfer prices are established with reference to what normally occurs on the market. These intercompany transactions, therefore, reflect the trend in market prices, from which they may slightly differ depending on the company's business policies.
It should be noted that in October 2002 El.En. S.p.A. acquired, free of charge, from Deka Mela S.r.l. the licence to use the trademark of the same name for the marketing of laser equipment produced by El.En. for the medical and aesthetic dental sector in some European and non-European countries.

The following tables analyse the transactions with subsidiaries and associated companies during the period, both at the level of trade and at the level of debit and credit balances.

Subsidiary companies:	Financial receivables		Other receivables		Accounts receivable	
	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Asclepion Laser Technologies GmbH	2.872.284				927.500	
Deka MELA Srl					16.203.359	
Otlas Srl		18.050.000			2.902.665	
Cutlite Penta Srl				525.018	7.800.535	
Esthelogue Srl	1.290.000	4.375.000			974.133	
Deka Sarl					2.170.395	
BRCT Inc.	576.435				46.855	
Lasit Spa					88.556	
Quanta System SpA					126.609	
ASA Srl					504.240	
Penta-Laser (Wuhan) Co., Ltd					942.909	
Pharmonia Srl					610	
- Bad debt reserve/Actualisation					-589.816	
Total	**4.738.719**	**22.425.000**		**525.018**	**32.098.550**	**0**

Associated companies:	Financial Receivables		Accounts Receivable	
	< 1 year	> 1 year	< 1 year	> 1 year
Actis Srl	30.000		4.844	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA	320.000		166.834	
Total	**381.565**	**-**	**171.678**	**-**

Subsidiary companies:	Financial payables		Other payables		Accounts Payable	
	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Asclepion Laser Technologies GmbH					45.120	
Deka MELA Srl			368.789		17.324	
Otlas Srl			344.132		11.889	
Cutlite Penta Srl					18.132	
Esthelogue Srl			176.373		2.399	
Lasit Spa					156.789	
Quanta System SpA					398.133	
ASA Srl					387	
With Us Co Ltd					3.732	
Penta-Laser (Wuhan) Co., Ltd					23.516	
Penta Laser Zhejiang Co., Ltd					200.292	
Total			**889.294**		**877.713**	

Subsidiary companies:	Purchase raw materials	Services	Other	Total
Deka MELA Srl	32.251	92.859		125.110
Otlas Srl	11.889			11.889
Cutlite Penta Srl	2.120	1.793		3.913
Esthelogue Srl	349	1.186		1.535
Lasit Spa	687.807	6.977		694.784
Quanta System SpA	1.577.544	37.162		1.614.706
Asclepion Laser Technologies GmbH	179.851	10.718		190.569
ASA Srl	514			514
With Us Co Ltd	69.722			69.722
Total	**2.562.047**	**150.695**	**-**	**2.712.742**

Subsidiary companies:	Sales	Services	Total
Deka MELA Srl	52.449.758	1.876.925	54.326.683
Otlas Srl	1.754.947	101.358	1.856.305
Cutlite Penta Srl	1.402.066	582.446	1.984.512
Esthelogue Srl	1.661.768	226.064	1.887.832
Deka Sarl	3.011.157	29.466	3.040.623
Lasit Spa	143.165		143.165
Asclepion Laser Technologies GmbH	4.173.493	212.703	4.386.196
Quanta System SpA	454.665	152.917	607.582
ASA Srl	1.365.404	2.212	1.367.617
Penta-Laser (Wuhan) Co., Ltd	4.000		4.000
Penta Laser Zhejiang Co., Ltd	130.300		130.300
Penta Laser Technology (Shangdong) Co., Ltd.	129.996		
Cutlite do Brasil Ltda	10.297		10.297
Pharmonia Srl		2.000	2.000
Total	**66.691.015**	**3.186.092**	**69.877.107**

Associated companies:	Sales	Services	Total
Elesta SpA	337.282	69.577	406.860
Total	**337.282**	**69.577**	**406.860**

Subsidiary companies:	Other revenues
Deka MELA Srl	465.626
Otlas Srl	3.642
Cutlite Penta Srl	29.775
Esthelogue Srl	47.523
Deka Sarl	31,512
Lasit Spa	105.627
Quanta System SpA	624
Asclepion Laser Technologies GmbH	48.169
Total	**732.498**

Associated companies:	Other revenues
Elesta SpA	23.974
Actis Srl	1.200
Total	**25.174**

The figures of the tables above refer to transactions concerning the company’s ordinary operations.

Other income mainly refers to rentals charged respectively to Deka M.E.L.A. srl, Esthelogue srl for the portions of the Calenzano plant occupied by them and to Lasit spa for the Torre Annunziata plant.

“Financial income” for approximately 742 thousand euros were also accounted, concerning interest income on loans granted to subsidiaries.

Finally, the amounts due to the tax-consolidated companies, Ot-las srl, Deka M.E.L.A. srl, and Esthelogue Srl, are recorded under “Other payables”.

The table below shows the impact of related party transactions on the company's economic and financial situation.

Incidence of related party transactions	**Total**	**of which with related parties**	**Inc %**
Impact of related parties transactions on the statement of financial position			
Equity investments	23.060.080	22.035.582	95,56%
MLT Loans	22.950.018	22.950.018	100,00%
Accounts receivable	46.254.722	32.270.228	69,77%
Other current receivables	6.357.060	5.120.284	80,54%
Loans and other non-current financial liabilities	190.114	-	0,00%
Loans and other current financial liabilities	145.909	-	0,00%
Accounts payable	15.589.076	877.713	5,63%
Other current payables	13.742.104	889.294	6,47%
Other non-current liabilities	729.814	-	0,00%
Impact of related parties transactions on the income statement			
Revenues	137.709.107	70.283.967	51,04%
Other revenues and income	2.113.738	757.672	35,85%
Purchase of raw materials	56.752.663	2.562.047	4,51%
Direct services	20.507.536	56.820	0,28%
Other operating services and charges	10.111.507	93.875	0,93%
Financial charges	149.807	113.882	76,02%
Financial income	13.967.490	13.413.926	96,04%
Income taxes	5.683.212	-	0,00%

Risk factors and procedures for the management of financial risks (Note 34)

The main risk elements to which the company is exposed are described below.

Financial risk management procedures
The company's main financial instruments include current accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the company has accounts payable and payables from its operations.
The main financial risks the company is exposed to concern exchange rate, credit, liquidity and interest rate.

Exchange rate risk
The company is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.

Credit risk
As far as business transactions are concerned, the company deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to turnover and do not require to be appropriately hedged and/or covered by insurances (no staff cost).
The bad debt reserve on accounts receivable from third parties, set aside at the end of the year, represented about 2.5% of total receivables. For an analysis of overdue receivables from third parties and subsidiaries, see Note (6).

As for loan receivables, they mostly refer to loans granted to associated companies and subsidiaries.

Concerning guarantees given to third parties:

In December 2019, upon the completion of the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. provided a guarantee in favour of the selling shareholder for the possible payment under the *earn-out* clause of 40 Million Renminbi (approximately 5 million euros) if an IPO of Penta Laser Zhejiang is carried out within 5 years from the date of purchase. This debt is recorded under non-current liabilities.

In July 2021, the company issued a surety in favour of Cutlite Penta Srl on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las S.r.l. issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta S.r.l. for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a final judgment sentencing it to pay damages with reference to the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-HHD-CV17-6084684-S. In addition, the parent company El.En. spa also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las is found to be in default.

Liquidity and interest rate risk
With regard to the company's exposure to liquidity and interest rate risk, it should be noted its liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

Capital management

The objective of the company's capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

Environmental risks and sustainability
The main risks that may arise from climate change and the transition to a low-carbon energy model are related to improper management of energy and emission sources, risks related to regulatory/regulatory changes associated with combating climate change, and physical risks. Among the main risk factors to which the company may be exposed are increasing reporting requirements on emissions produced, expectations regarding the use of low-impact energy sources and uncertain market signals with potential unforeseen changes in energy prices. Lastly, the risks arising from progressive changes in climatic conditions and extreme weather events that expose the company to damage to infrastructure such as industrial buildings or plants and machinery, as well as potential disruptions to essential supplies and potential reduction in production capacity. To partially mitigate this risk, the company has taken out an insurance

policy that covers direct damages from atmospheric events such as hurricanes, storms, wind, hail, floods and earthquakes. Transition risks associated with moving to a low-carbon economy also include reputational risks: not undertaking a gradual process of decarbonisation could have negative impacts on the company's reputation and consequently on its economic and financial performance.

Financial Instruments (Note 35)

Fair value

Below is a comparison of the book value and fair value by category of all of the Company's financial instruments.

	Book value	Book value	Fair value	Fair value
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial assets				
Equity investments in other companies	1.024.498	1.024.498	1.024.498	1.024.498
Non current financial receivables	22.950.018	18.917.015	22.950.018	18.917.015
Current financial receivables	5.390.755	2.352.731	5.390.755	2.352.731
Securities and other non-current financial assets	13.132.298	12.979.811	13.132.298	12.979.811
Securities and other current financial assets	-	-	-	-
Cash and cash equivalents	32.970.159	28.472.051	32.970.159	28.472.051
Financial debts and liabilities				
Non current financial liabilities	190.114	186.896	190.114	186.896
Current financial liabilities	145.909	177.894	145.909	177.894

Fair value - hierarchy

The company uses the following hierarchy to determine and document the fair value of financial instruments based on measurement techniques:

Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities.
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques using inputs that have a significant effect on recorded fair value that are not based on observable market data.

At 31 December 2023, the company held the following securities measured at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		13.132.298		13.132.298
Other equity investments			1.024.498	1.024.498
Total	**0**	**13.132.298**	**1.024.498**	**14.156.796**

Other information (Note 36)

Remuneration of Directors and Statutory Auditors

	31/12/2023	31/12/2022	Variation	Var. %
Remuneration of directors	931.947	1.094.813	-162.866	-14,88%
Remuneration of statutory auditors	76.440	75.109	1.331	0,00%
Total	**1.008.387**	**1.169.922**	**-161.535**	**-13,81%**

Information on public financing under the Law of 4 August 2017, no. 124 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, as amended, introduced transparency obligations in the system of public financing; in fact, it is provided that companies must disclose in the notes to the annual financial statements and in the consolidated notes to the financial statements, if any, where prepared, information on the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed to them by public administrations and other specifically indicated entities.

Consequently, the consideration for the supply of goods and services relating to transactions carried out within the scope of one's own activity, in the presence of synallagmatic relationships managed according to market rules, the general measures usable by all enterprises falling within the general structure of the reference system defined by the state (e.g. Example ACE), selective economic advantages, received in application of an aid scheme, accessible to all companies that meet certain conditions, on the basis of predetermined general criteria (tax and social security contribution benefits, including for hiring disabled persons), training contributions received from inter-professional provisions, such as Fondimpresa as entities financed by contributions from the companies themselves.

It is also recalled, with reference to State aid and *de minimis* aid, that the transparency of the same is safeguarded by the publication, even if it does not follow the cash principle, of the same in the National Register of State Aid, active since August 2017, by the entities granting the aid and to which we refer.

That said, evidence is provided of what is required by the regulations:

Granting body	Issuing Body	Title of the concession	Description	Amount
Ministry of Economic Development now Ministry of Enterprise and Made in Italy	Mediocredito Centrale spa	Contribution to expenditure on research and development project	SVATT: Development and pre-clinical validation of a THERANOSTIC treatment for melanoma tumours based on the use of immune system cells, T Cells, reinforced by loading with magnetic nanoparticles allowing the delivery of specific drugs, the application of localised hyperthermia, and advanced MRI diagnostics	562.183

Information pursuant to art. 149-duodecies of the Consob Issuers' Regulation

The following table, drawn up pursuant to art. *149-duodecies* of the Consob Issuers' Regulation, shows the fees for the year 2023 for audit services.

	Company providing the service	Receiver	note	2023 fees (Euros)
Audit	EY SpA	El.En. SpA		70.500
Certification servises	EY SpA	El.En. SpA	(1)	20.500
Other services	EY SpA	El.En. SpA	(2)	23.000
				114.000

(1) Other attestation services related to: Summary examination of the Non-Financial Statement, Review of the Statement of Expenditure on Research and Development.

(2) Examination of the differences between the Group's current NFS reporting and the new reporting requirements introduced by the CSRD.

The amounts specified are shown net of refunds for the expenses incurred and of the supervisory contribution to CONSOB (It. Commission for Companies and the Stock Exchange).

Average number of employees broken down by category

Personnel	Average of the period	31/12/2023	Average of previous period	31/12/2022	Variation	Var. %
Executives	17	17	17	17	0	0,00%
Middle managers	13	12	13	14	-2	-14,29%
White collar workers	147	143	149	151	-8	-5,30%
Blue collar workers	150	157	133	142	15	10,56%
Total	**327**	**329**	**312**	**324**	**5**	**1,54%**

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

Declaration of the separate financial statement in conformity with Art. 81-ter CONSOB Regulation No. 11971 of 14 May 1999 and later modifications and additions

1. The undersigned Andrea Cangioli, in his capacity as Managing Director, Enrico Romagnoli, in his capacity as executive officer responsible for the preparation of the financial statements of El.En. S.p.A.,, attest, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree of 24 February 1998, no.58:
   - adequacy in relation to the characteristics of the company and
   - the effective application of administrative and accounting procedures for the preparation of financial statement during 2023.

2. No major issues emerged in this regard

3. It is further attested that:

3.1 the financial statement as at 31 December 2023:

a) is prepared in accordance with the applicable international financial reporting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the entries in the accounting books and records;

c) is capable of giving a true and fair view of the assets and liabilities, economic and financial position of the issuer.

3.2 the Management Report includes a reliable analysis of the development and results of operations, as well as the situation of the issuer and the undertakings included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Calenzano, 14 March 2024

The Managing Director

Mr Andrea Cangioli

Executive officer responsible for the preparation of the financial statements

Mr. Enrico Romagnoli