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ELEN™
THE FUTURE IN A BEAM

Half Yearly Financial Report as of 30th June 2024

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EL.EN. S.P.A.

Headquarters in Calenzano (FI) – Via Baldanzese no. 17
Share capital underwritten and deposited 2.602.382,25 Euro(*)
Registered with the Florence Business Register no. 03137680488

(*) As of the approval date of this document

This document has been translated into English for the convenience of readers who do not understand Italian.
The original Italian document should be considered the authoritative version.
The financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

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CORPORATE BOARDS OF THE PARENT COMPANY

(on the date of approval of the half-yearly Financial Report as at 30 June 2024)

Board of Directors

CHAIRMAN AND MANAGING DIRECTOR

Gabriele Clementi

MANAGING DIRECTOR

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Roberta Pecci

Giovanna D'Esposito

Board of Statutory Auditors

CHAIRMAN

Carlo Carrera

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

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

Enrico Romagnoli

Independent Auditor

EY S.p.A.

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Ms Barbara Bazzocchi, co-founder of El.En. spa, of which she was the Honorary Chairman after having held the office of Managing Director until April 2024, passed away on 4 September 2024.
A woman of extraordinary strength and determination, she played a fundamental role both in the first steps of El.En. and in managing the group's subsequent growth, holding corporate offices in numerous companies, half of an inseparable couple with her husband, Leonardo Masotti, who left us in 2021.

El.En. Group remembers her with sincere fondness and gratitude.

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EL.EN. GROUP

HALF-YEARLY MANAGEMENT REPORT

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EXPLANATORY NOTES

1.1. Adoption of the international accounting standards

The half-yearly financial report as at 30 June 2024, approved by the Board of Directors in its session held on 11 September 2024, drafted in consolidated form pursuant to Art. 154-*ter* of Italian Legislative Decree of 24 February 1998, no. 58 (TUF), as subsequently amended and supplemented, was prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union.
The IFRS also include the International Accounting Standards (IAS) still in force, as well as all interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
This report, drafted in accordance with the provisions of IAS 34 - Interim financial reporting, adopted the same accounting standards adopted in drawing up the consolidated financial statement as at 31 December 2023 with the exception of the international accounting standards that entered in force from 1 January 2024, described in the Explanatory Notes - paragraph "Accounting standards and accounting policies".

All amounts are expressed in thousands of Euro, unless indicated otherwise.

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1.2. 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 (monochromaticity, 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, lithographs, 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 in 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), "*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 aesthetic, 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:

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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 revenues 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.
In fact, the best integration of medical *business units* is one of the goals of the General Director 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

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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. 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.

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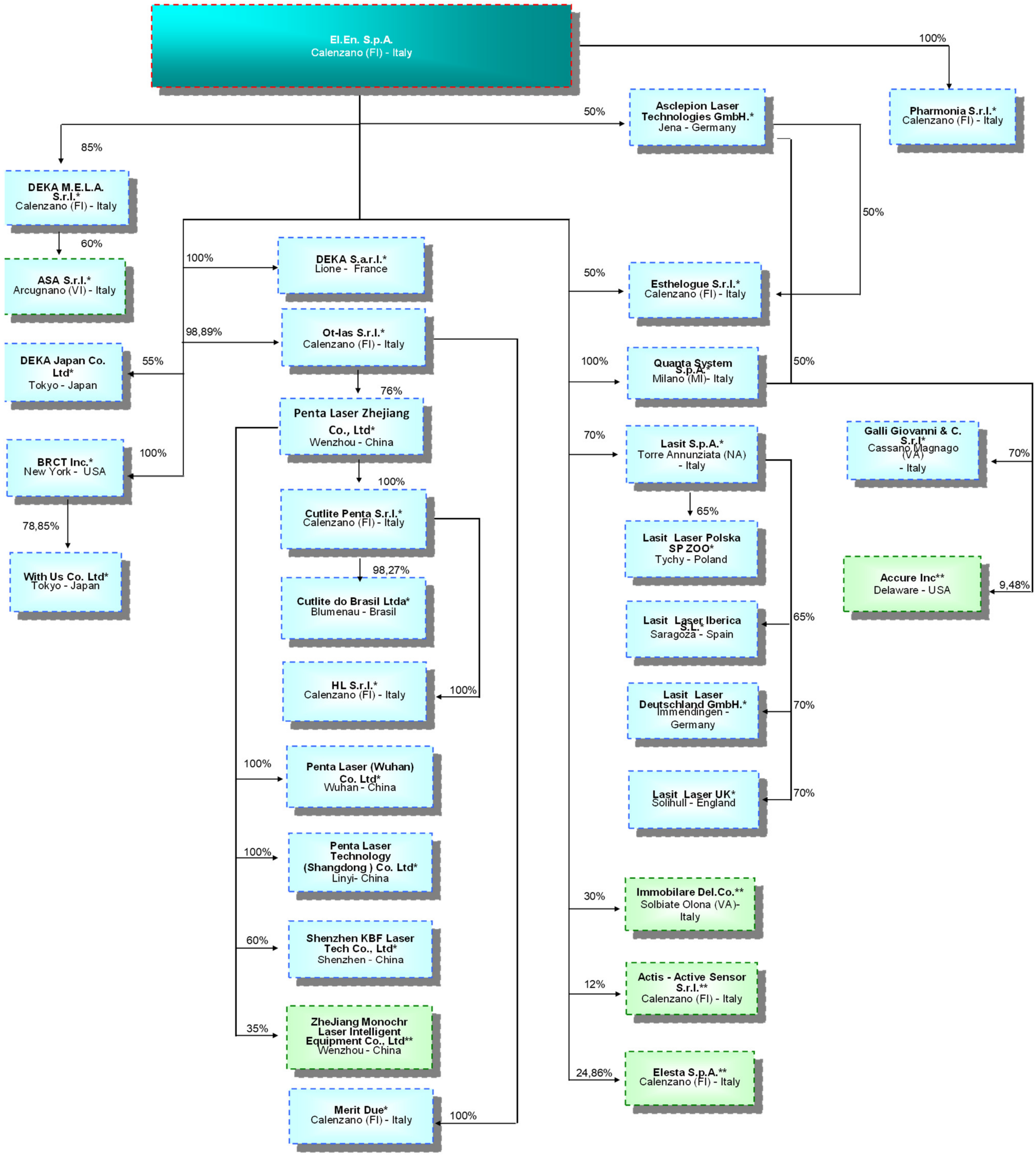
1.3. Description of the group

As at 30 June 2024, the structure of the Group is as follows:



* *Subsidiaries*
** *Associates*

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1.4. Alternative non-GAAP measures

El.En. Group uses certain alternative non-GAAP measures that are not identified as accounting measures within the IFRS, to allow for a better assessment of the performance of the Group. Therefore, the determination criteria applied by the group might not be consistent with those adopted by other groups and the results obtained might not be comparable with that determined by the latter.

These alternative non-GAAP measures, determined in compliance with what is established by the Guidelines on alternative non-GAAP measures issued by ESMA/2015/1415 and adopted by CONSOB with notice no. 92543 of 3 December 2015, only refer to the performance of the accounting period this document refers to and to the periods compared.

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

- **value of production**: determined by the sum of revenues, the variation in finished goods, semi-finished goods, work in progress and capitalisation and other revenues and income;
- **gross margin**: which is an indicator of the margins of sales determined by adding the entry “Other operating services and charges” to the Added Value;
- **added value**: determined by adding the entry “Staff costs” to the EBITDA;
- the **earnings before income taxes, devaluations, depreciations and amortizations** or “EBITDA”: it is an operational performance indicator and is determined by adding the entry “Depreciation, amortization and other accruals” to the EBIT;
- the **earnings before interest and income taxes,** or “EBIT”, represents the difference between revenues and other income, production costs, other operating costs and depreciation, amortization and other accruals;
- the impact that the various entries of the income statement had on revenues.

The Group uses the following alternative non-GAAP measures to assess its ability to meet financial obligations:

- the **net financial position** understood as: cash and cash equivalents + securities included in current assets + current financial receivables - current financial debts and liabilities - non-current financial liabilities - other non-current payables (prepared in line with the ESMA Guidelines which, as of 5 May 2021, amended the references contained in previous CONSOB communications, including the references in Communication no. DEM/6064293 of 28-7-2006 on net financial position).

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1.5. Performance indicators

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

	30/06/24	30/06/23
Profitability Ratios (*):		
ROE (Net Income / Own Shareholders' Equity)	16,5%	17,4%
ROI (EBIT / Total Asset)	9,2%	11,2%
ROS (EBIT / Sales)	10,9%	11,2%
Capital structural ratios:		
Investments Flexibility ratio (Current Asset / Total Asset)	0,80	0,76
Debt Ratio (Total Liability / Total Asset)	0,48	0,50
Leverage ((Net Equity+ Loans) / Net Equity)	1,23	1,21
Current Ratio (Current Asset / Current Lability)	1,90	1,84
Current liability coverage ((Current receivables + Cash & cash equivalent + Investments) / Current liabilities)	1,19	1,06
Quick ratio ((Cash & cash equivalent + Investments) / Current liabilities)	0,51	0,32

(*) For interim periods, the income statement amounts are annualized

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)

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1.6. Group financial highlights

The group ended the first six months of 2024 with consolidated turnover of 312,9 million, a decline of about 9% compared to the first half of 2023, and a consolidated EBIT of 34,2 million, also down from 38,9 million of the first half of 2023. The group's net income reached 27,3 million, up by 5,9% from the 25,8 million recorded in 2023.

In light of the general conditions of the markets recorded in the six-month period, we believe the results to be certainly satisfactory. Demand was rather weak on some markets that are of particular importance to us, also as shown by the results of some of our competitors and brought to light by market analyses. With regard to aesthetic medical applications, the demand of the US market, the most important market in the world, does not maintain the levels of recent years. The industrial sector in Italy strongly felt the negative effects not just of an uncertain general economic situation, but also of the lack of policies incentivising investments in industrial equipment: industry 5.0 will replace the previous and efficacious industry 4.0, but the months of delay in the implementation of the new incentives caused a net and widespread decrease in demand. The Chinese market still suffers from a structural crisis of which the impasse in the real estate sector, of particular importance for internal demand, is the most obvious manifestation. The internal Chinese market, therefore, is not developing as foreseen, and manufacturers, equipped and organised to benefit from its growth, must reduce margins to maintain production volumes, or must increasingly rely on exports to compensate the weakness of the internal market.

The "capital equipment" market of which we are a part in all our application areas is facing unfavourable general conditions at this stage. The rapid rise in interest rates, firstly, and the repeated time-shifting of decisions that must lead to their reduction, secondly, make it more expensive for our customers to purchase our systems. In most cases, customers have to resort to financing, to leasing, in order to equip themselves with our systems, and the high interest rates and the prospect of their future reduction are a disincentive to purchase. Confidence in the future prospects of the economy is an important element in investment decisions, and the events of recent quarters are not contributing to a solidly stable outlook on international relations. Neither the war in Ukraine nor the war in the Middle East are hinting at a conclusion, keeping tensions high between the blocs directly and indirectly involved and the effects of the outcome of the conflicts on international political and economic relations uncertain.

It was foreseen that the delay recorded in the first quarter of the year compared to the results of 2023 would start recovering in the second quarter of the year. The forecasts were only partly confirmed. The medical sector, which, in the second quarter, recorded better results than in 2023 both in terms of turnover and EBIT, went very well and is heading towards the wished-for recovery compared to the results of the previous year. Conversely, we have not yet overcome the difficulty of the industrial sector - and particularly of the cutting sector - whose results, in clear decline (-26% decrease in turnover in the 6 months, -34% in the second quarter), have entailed a downturn in turnover and EBIT of the entire sector and of the consolidated sectors, by extension. This notwithstanding the fact that the results of Lasit and its subsidiaries stood out in the industrial sector, able to record an increase in turnover (+10%) and EBIT (+22%) albeit in the presence of a very unfavourable general situation on the Italian machine tool market.

The changes in the mix of products sold resulted in an improvement of sales margins. In the medical sector, the margins remained substantially unchanged, but the consolidated margin benefited from the increase in the weight of medical sector sales compared to those of the industrial sector with lower margins. Conversely, the industrial sector saw a decrease in the weight of sales in the cutting segment, which show decidedly lower margins than marking systems and laser sources, that performed better in the period in terms of sales. In addition, the margin of sales in the cutting sector also improved thanks to the higher impact of sales abroad. It should also be noted that the result and gross margin for the period benefited from the recognition in income of other income due to Insurance and government refunds obtained in connection with the damage caused by the Campi Bisenzio flood of November 2023, in the amount of about 1,9 million Euro, equal to 0,6% of half-yearly consolidated turnover.

The innovative processes that enable us to improve the range of our products and to offer our customers attractive and always cutting-edge solutions are still at the centre of the group's activities, strategic focus, and investments. The group trusts that the medium-term results of our target markets will herald positive developments, and believes that making consistent investments in research & development and innovation is of the utmost importance when it comes to improving its competitiveness over time and benefitting from the growth opportunities that our markets offer a glimpse of.

El.En. Group is committed to sustainable development in which environmental and social responsibility are increasingly an integral part of its business model: in the five-year Plan 2023-2027, the Group has identified specific and measurable sustainability activities and goals, on topics deemed more sensitive, such as combating climate change, circular economy, promoting a responsible supply chain, empowering people, and contributing to the community. During the six-month period, therefore, the Group kept implementing its sustainability activities, which, for that matter, are included in the performance indicators for Management remuneration.

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From 1 January 2024, El.En. Group will report in accordance with the dictates of the new European CSRD Directive 2022/2464 (Corporate Sustainability Reporting Directive) and in accordance with the EU Taxonomy Regulation 2020/852, for the alignment of the Group's activities considered eligible against the six defined environmental objectives. The projects launched in the previous years that will enable alignment with the new regulatory requirements by the end of the financial year continued.

The following table breaks down the turnover in the first six months of 2024 in the work sectors of the group, compared with the similar division for the same period in the previous financial year.

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Medical	195.069	62,33%	198.505	57,43%	-1,73%
Industrial	117.893	37,67%	147.120	42,57%	-19,87%
Total revenue	**312.962**	**100,00%**	**345.625**	**100,00%**	**-9,45%**

Turnover decreased by about 9,5%, most markedly in the industrial sector. The overall weight of sales in the medical sector on the group's sales increased from 57,4% to 62,3%.

From the perspective of the geographical distribution of turnover, the results of the period are illustrated in the following table:

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Italy	50.702	16,20%	80.836	23,39%	-37,28%
Europe	78.580	25,11%	75.226	21,77%	4,46%
ROW	183.681	58,69%	189.563	54,85%	-3,10%
Total revenue	**312.962**	**100,00%**	**345.625**	**100,00%**	**-9,45%**

Medical sector

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Italy	16.823	8,62%	18.402	9,27%	-8,58%
Europe	59.501	30,50%	58.365	29,40%	1,95%
ROW	118.745	60,87%	121.737	61,33%	-2,46%
Total revenue	**195.069**	**100,00%**	**198.505**	**100,00%**	**-1,73%**

Industrial sector

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Italy	33.878	28,74%	62.434	42,44%	-45,74%
Europe	19.078	16,18%	16.861	11,46%	13,15%
ROW	64.937	55,08%	67.826	46,10%	-4,26%
Total revenue	**117.893**	**100,00%**	**147.120**	**100,00%**	**-19,87%**

The weakness of the Italian market, on which sales suffered a decrease of 45,7% in the industrial sector and 8,6% in the medical sector, is obvious. The industrial sector suffered the effects of the interruption of industry 4.0 benefits and of the prolonged delay of the new industry 5.0, which was announced quite a while ago but whose operating details were only specified in the summer. Also in the medical sector, the first six months were not favourable in Italy, while the results on the European markets were positive in both the medical and industrial sectors. Turnover in the ROW, in slight decline, feels the negative effects of the still weak performance of laser systems for metal cutting in China, and of a weak start to the year for the US and Middle Eastern markers, also because it is compared to very positive results in the first six months of 2023.

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Within the medical and aesthetic systems sector, which represents over 62% of the group's turnover, the sales performance of the various segments is illustrated in the following table:

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Aesthetic	110.408	56,60%	113.874	57,37%	-3,04%
Surgical	37.291	19,12%	38.482	19,39%	-3,09%
Physiotherapy	7.705	3,95%	8.102	4,08%	-4,90%
Others	651	0,33%	1.366	0,69%	-52,30%
Total medical systems	**156.056**	**80,00%**	**161.824**	**81,52%**	**-3,56%**
Medical service	39.013	20,00%	36.681	18,48%	6,36%
Total medical revenue	**195.069**	**100,00%**	**198.505**	**100,00%**	**-1,73%**

The results of sales of systems in the medical sector show a slight decline, which affected much in the same way the various application segments: aesthetic, surgery, and therapy. Conversely, revenues for services and goods record a growth of 6%, limiting the overall decline of the medical sector to 1,7%, a significant result taking into account the market's situation, which is decidedly less favourable than it was in the previous financial year. As a matter of fact, the results published by our competitors highlighted a marked weakness in the markets, especially the US market, the most important in the world.

Despite recording a decline of about 3% in half-yearly turnover, in the aesthetic segment the sales recorded an excellent recovery in the second quarter of the year, gaining ground compared to 2023.
In the field of applications for aesthetic, we continue seeing the slow-down in sales of hair removal systems, to which the North American and Middle Eastern markets continue to be less receptive, while the revenues of all technologies dedicated to *anti-ageing* are recording significant growth. These technologies include CO_2 ablative systems, such as Tetra Pro, dedicated to the rejuvenation of the face with minimally invasive techniques like *Coolpeel*, which is very successful in the USA; applications using ultra-short, nano and pico pulses, such as Discovery Pico of Quanta System for toning, doing extremely well in Far Eastern markets; and non-ablative application, such as Deka's Red Touch Pro, which is introducing a new paradigm in regenerative medicine treatments.

Following numerous quarters of growth, as at 30 June 2024 sales of systems for surgery record a slight decline.
In turnover for services we report on the services and goods sold following the system's sale. The contribution to this income item of fibre optics used as a consumable in urology operations, which represent nearly 40% of sales in this segment, remains solid.

The therapy segment, which is led in the group by Asa from Vicenza, also showed a slight decline in revenues.

The participation in international trade fairs and congresses was very significant in the period, concentrated in the first six months of the year, the occasion for the launch of new products that the expectations of sales development in the coming months are based on. At the IMCAS (International Master Course on Aging Science) in Paris at the end of January, Deka presented the additions to the PRO range: Motus Pro, an intermediate range system for hair removal; Tetra Pro, which introduces some very successful features in the United States on the CO_2 system for ablative anti ageing; Toro, the new compact system for tattoo removal and anti ageing treatments with nanosecond technology; and Smartxide Pro, which improves the ergonomics and usability of the entry-level system for dermatological and aesthetic CO_2 treatments. Also in Paris at the EAU (European Association of Urology Congress), Quanta System presented the Cyber Ho Magneto system that makes the high power of Holmium systems available for lithotripsy applications, and whose innovative potential was shared with illustrious Nobel Prize Laureates and scientists of global fame during the prestigious congress "Lumière et Laser" organised by the Nobel Prize Laureate Gérard Mourou and to which Quanta System and El.En. were invited to take part. Finally, at Cosmoprof in Bologna, Esthelogue presented the Red Edition version of the Mediostar produced for the Italian market by the German company Asclepion, a system with innovative solutions that further raise the standards of effectiveness, ergonomics and ease of use that characterise the product.

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For the sector of industrial applications, the following table details the turnover according to the market segments the group works in.

	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Cutting	90.130	76,45%	121.740	82,75%	-25,97%
Marking	13.002	11,03%	14.460	9,83%	-10,08%
Laser sources	2.289	1,94%	2.190	1,49%	4,55%
Conservation	311	0,26%	319	0,22%	-2,39%
Total industrial systems	**105.732**	**89,68%**	**138.709**	**94,28%**	**-23,77%**
Industrial service	12.161	10,32%	8.412	5,72%	44,57%
Total industrial revenue	**117.893**	**100,00%**	**147.120**	**100,00%**	**-19,87%**

The decline in sales in the industrial sector is driven by the weakness of its main target markets, such as the Italian and Chinese ones.
In Italy, an unfavourable general situation is made worse by the time lag of tax relief policies for investments, with a transversal effect on our application target markets, cutting, marking for identification, and marking for decoration. The foreseen end of the 4.0 incentive was followed by a phase that proved to be even more uncertain than could have been predicted; in fact, the announcement by the government of the establishment of the 5.0 incentive, which was not followed by its effective implementation, led potential customers to wait its availability, creating a decrease in demand higher than would have been caused by the simple cessation of the incentives. The performance of turnover and order intake, as also reported by the statistics of UCIMU, was very weak in these first six months of the year.

The extraordinary acceleration of turnover for services is the direct and delayed consequence of the large increase in the number of systems installed in the last two financial years. The base installed first grew fast and then progressively came out of the warranty period, making it possible to charge customers for maintenance and assistance services. Although in the presence of a great focus on increasing customer loyalty, i.e. not pursuing high service margins but providing services to customers at more than reasonable terms and conditions, the increase in the number of interventions and spare parts sold was such as to enable an increase in turnover of 40%. Also thanks to the decrease of turnover for systems, the impact of service turnover on the sector's total doubled in the period, from 5% to approximately 10%.

Laser source sales performed well; revenues for restoration systems declined during the period.

To give an idea of our activities, in the first months of 2024 our technologies offered invaluable help to the restoration of Palazzo Tornabuoni in Florence, London's National History Museum, the Vienna Duomo, the Palazzo Orsini in Bomarzo, the Bocca della Verità in Vicenza, the Palazzo Madama in Turin, the Fontana di Piazza della Rotonda and Trajan's Column in Roma, the Archaeological Site of the city of Hegra – Alula in Saudi Arabia, and the Saint-Nizier Church in Lyon. These are just a few examples. Below is a detail of a dripstone (gargoyle) following the cleaning made with our new active fibre laser Infinito 100w, used in London to perform cleaning operations on the facade of the Natural History Museum.

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1.7. Consolidated income statement as at 30 June 2024

Below please find the reclassified consolidated income statement for the period ended 30 June 2024, compared to the same period of the previous financial year.

Income Statement	30/06/2024	Inc %	30/06/2023	Inc %	Var. %
Revenues	312.962	100,0%	345.625	100,0%	-9,45%
Change in inventory of finished goods and WIP	6.132	2,0%	15.940	4,6%	-61,53%
Other revenues and income	5.854	1,9%	3.625	1,0%	61,48%
Value of production	**324.948**	**103,8%**	**365.191**	**105,7%**	**-11,02%**
Purchase of raw materials	173.314	55,4%	211.655	61,2%	-18,12%
Change in inventory of raw material	(4.820)	-1,5%	(10.436)	-3,0%	-53,81%
Other direct services	27.649	8,8%	32.499	9,4%	-14,92%
Gross margin	**128.806**	**41,2%**	**131.473**	**38,0%**	**-2,03%**
Other operating services and charges	31.394	10,0%	30.622	8,9%	2,52%
Added value	**97.411**	**31,1%**	**100.851**	**29,2%**	**-3,41%**
Staff cost	56.020	17,9%	55.197	16,0%	1,49%
EBITDA	**41.391**	**13,2%**	**45.654**	**13,2%**	**-9,34%**
Depreciation, amortization and other accruals	7.211	2,3%	6.780	2,0%	6,36%
EBIT	**34.180**	**10,9%**	**38.874**	**11,2%**	**-12,08%**
Net financial income (charges)	(468)	-0,1%	(1.028)	-0,3%	-54,46%
Share of profit of associated companies	(186)	-0,1%	(5)	0,0%	4022,72%
Other net income and charges	4.971	1,6%	0	0,0%	
Income (loss) before taxes	**38.497**	**12,3%**	**37.842**	**10,9%**	**1,73%**
Income taxes	11.048	3,5%	10.991	3,2%	0,52%
Income (loss) for the financial period	**27.448**	**8,8%**	**26.851**	**7,8%**	**2,22%**
Net profit (loss) of minority interest	151	0,0%	1.075	0,3%	-85,97%
Net income (loss)	**27.297**	**8,7%**	**25.776**	**7,5%**	**5,90%**

The gross margin was 128.806 thousand Euro, down by 2% compared to 131.473 thousand Euro as at 30 June 2023, despite a marked increase of the margin from 38% in the first six months of 2023 to 41,2% of the first six months of 2024. We would like to point out that the income recorded in the income statement for insurance refunds related to the damage caused by the November 2023 flood in Campi Bisenzio contributed to this improvement of the sales margin by about 1,9 million Euro, or 0,6 percentage points of turnover. Net of this income, however, the margin for the period improved by 2,5 percentage points compared to the first six months of 2023, due to a more favourable composition of sales, both in terms of product types and target markets within individual segments, and the greater relative weight of the medical sector.

Other operating services and charges amounted to 31.394 thousand Euro, up from 30.622 thousand Euro as at 30 June 2023, with the percentage of turnover increasing from 8,9% to 10%. In effect, the increase is the result of the higher sales expenditure incurred in the period, with the companies of both sectors committed to expanding their presence on the international markets. As a matter of fact, the number of international trade fair and conference events that the group participated in, in the first six months of the year, was significant and above average.
Also contributing to the increase in these costs are the notional costs for *stock option* plans for administrators which amounted to approximately 257 thousand Euro in the first six months of 2024 against 146 thousand in the first six months of 2023.

Staff costs of 56.020 thousand Euro were up by 1,5% compared to 55.197 thousand Euro as at 30 June 2023, with their impact on turnover increasing (16% in 2023, 17,9% in 2024) due to the lower volume of business in the period. The notional costs for *stock option* plans in favour of employees amount to 1.322 thousand Euro in the period against 1.589 thousand Euro in the first six months of 2023.

As at 30 June 2024, the group had 2.030 employees, down from 2.082 as at 31 December 2023. The decrease mainly affected the Chinese companies.

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A considerable amount of staff costs is absorbed by research and development, for which the Group also receives funds and reimbursements of expenses in view of specific contracts signed with the appropriate bodies.

EBITDA amounted to 41.391 thousand Euro, down by 9,3% from 45.654 thousand Euro as at 30 June 2023. The impact on turnover remains unchanged at 13,2%.

The costs for amortizations, depreciations and accruals increased, going from 6.780 thousand Euro on 30 June 2023 to 7.211 thousand Euro on 30 June 2024, and their effect on turnover rose from 2,0% to 2,3%. The increase in this cost item was determined by the increase in provisions for credit risks, both in general and especially the specific provision of 1,6 million Euro resulting from the sudden financial crisis of a key customer, a chain of hair removal centres, of the Japanese subsidiary Withus. The less favourable warranty conditions granted on the sales of laser cutting systems in China made it possible to release, in part, the warranty reserve, while the reserve for risks decreased following the settlement of certain disputes by Asclepion.

As a result, the EBIT amounted to 34.180 thousand Euro, down from 38.874 thousand Euro in the first six months of 2023, with the impact on turnover essentially remains unchanged at around 11%.

Financial charges amounted to 468 thousand Euro compared to 1.028 thousand Euro recorded in the same period of the previous financial year, thanks to the contribution of exchange rate differences, which reduced the impact of costs of charges on the financial liabilities of the group's companies, especially those operating in the laser cutting industrial sector.

The exit of the Private Equity funds from the capital of Penta Zhejiang resulted in the impossibility to complete the IPO of the company on the Chinese market. The clauses of the contract with which, in 2019, the group had bought back the quotes of Penta Zhejiang (Penta Wenzhou at the time) held by the Joint Venture's minority partner, listing by November of 2024 included the condition for payment of an "*earn out*" of 5 million Euro to the liquidated partner. The management, based on the IFRS9 standard, therefore went ahead with the "Remeasurement" of the financial liability with recognition of the related income.

Income (loss) before taxes amounted to 38.497 thousand Euro, higher than the 37.842 thousand Euro of 30 June 2023.

The income tax for the period shows a total burden of 11 million Euro: the taxes for the six-month period were calculated on the basis of the best estimate of expected tax rates for the year 2024.

The total tax rate for the period is approximately 28,7%, slightly down from the 29,1% of the same period of the previous financial year.

The first six months of the year close with a net income for the Group of 27.297 thousand Euro, up from the 25.776 thousand Euro as at 30 June 2023.

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1.8. Consolidated statement of financial position and net financial position as of 30 June 2024

The reclassified Statement of financial position below shows a comparative measurement with that of the previous financial year.

Statement of financial position	30/06/2024	31/12/2023	Variation
Intangible assets	12.743	12.616	127
Tangible assets	114.630	112.218	2.412
Equity investments	2.571	2.926	-355
Deferred tax assets	15.188	14.347	840
Other non-current assets	7.782	24.092	-16.311
Total non current assets	**152.914**	**166.200**	**-13.286**
Inventories	220.870	210.297	10.573
Accounts receivable	180.906	173.383	7.523
Tax receivables	13.796	17.554	-3.758
Other receivables	19.993	16.420	3.574
Financial instruments	9.310	4.315	4.995
Cash and cash equivalents	148.590	131.041	17.549
Total current assets	**593.465**	**553.009**	**40.456**
Total Assets	**746.380**	**719.209**	**27.170**
Share capital	2.602	2.599	4
Additional paid in capital	47.669	47.329	340
Treasury stock	-380	-380	0
Other reserves	121.658	108.565	13.093
Retained earnings / (accumulated deficit)	160.131	139.679	20.452
Net income / (loss)	27.297	48.239	-20.942
Group shareholders' equity	**358.978**	**346.030**	**12.947**
Minority interest	28.577	29.427	-850
Total shareholders' equity	**387.555**	**375.458**	**12.097**
Severance indemnity	4.554	4.758	-204
Deferred tax liabilities	3.297	3.524	-227
Reserve for risks and charges	11.032	13.252	-2.219
Financial debts and liabilities	25.888	28.979	-3.091
Other non current liabilities	2.129	7.633	-5.503
Total non current liabilities	**46.901**	**58.145**	**-11.244**
Financial liabilities	61.784	44.687	17.098
Accounts payable	166.984	153.231	13.754
Income tax payables	5.716	4.344	1.372
Other current payables	77.438	83.345	-5.907
Total current liabilities	**311.924**	**285.607**	**26.317**
Total Liabilities and Shareholders' equity	**746.380**	**719.209**	**27.170**

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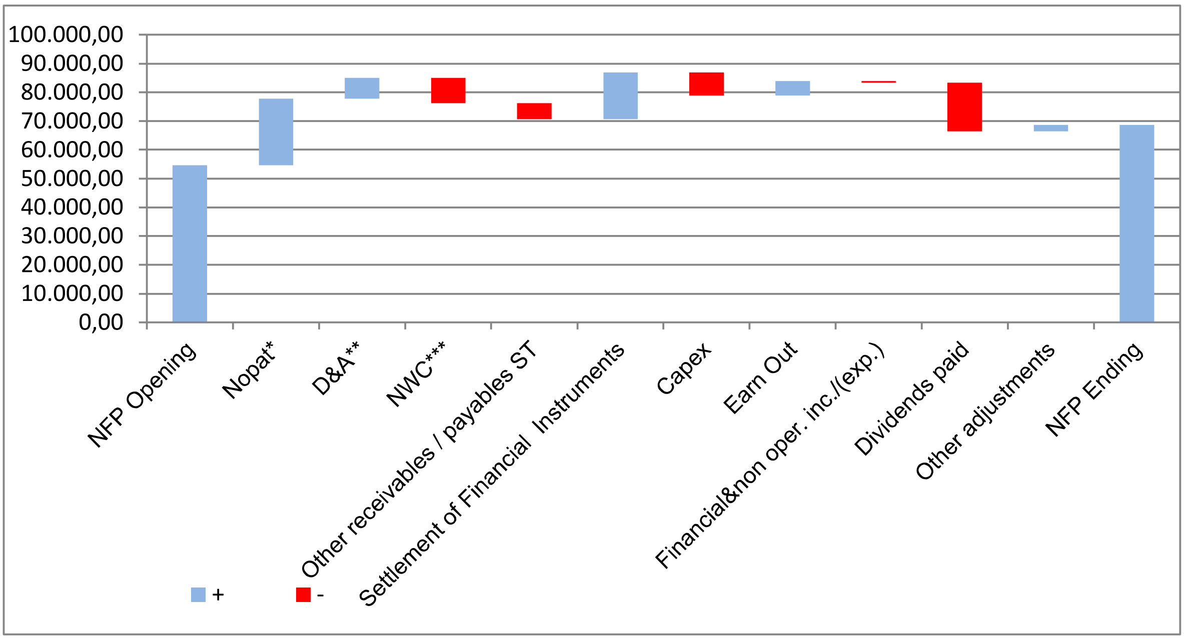
	Net financial position	30/06/2024	31/12/2023
A	Cash and cash equivalents	148.590	131.041
B	Cash equivalents	-	-
C	Other current financial assets	9.857	4.844
D	**Liquidity (A + B + C)**	**158.447**	**135.885**
E	Current financial debt	(44.460)	(28.442)
F	Current portion of non-current financial debt	(17.324)	(16.245)
G	**Current financial indebtedness (E + F)**	**(61.784)**	**(44.687)**
H	**Net current financial position (D + G)**	**96.662**	**91.198**
I	Non-current financial debt	(15.187)	(18.654)
J	Debt instruments	(10.701)	(10.325)
K	Non-current trade and other payables	(2.129)	(7.633)
L	**Non-current financial indebtedness (I + J + K)**	**(28.017)**	**(36.612)**
M	**Net Financial Position (H + L)**	**68.645**	**54.586**

The net financial position recorded an increase of approximately 14 million during the six-month period, from 54,6 million as at 31 December 2023 to 68,6 million as at 30 June 2024. The increase was achieved wholly in the second quarter period, which presents a balance increased by approximately 22,5 million.

The graph below represents the main determinants of cash flows in these first six months of 2024. The income stream from operations together with amortisation, depreciation and accruals exceeds 30 million Euro due to investments in the increase of the working capital, for approximately 14,5 million, the payment of dividends, for approximately 17 million, and fixed investments for approximately 7,5 million. The liquidation of investments in liquidity included in non-current assets contributed by 16,3 million to the balance of the NFP in the period, to which is added the positive effect of the "Remeasurement" of the financial payable for the foreseen forfeiture of the "earn out" clause which obliged Otlas to pay approximately 5 million Euro to the previous partner of the Chinese JV in the case of IPO of Penta Laser Zhejiang by the end of 2024.
The fair value of investments in liquidity still included in non-current assets amounts to 7,5 million Euro.



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

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Capital expenditure in the period totalled around 7,5 million Euro, a slight increase from the corresponding period of the previous financial year. No individual investments of particular significance were reported during the quarter. Of the investments in tangible fixed assets, approximately 2,5 million related to expansion or reorganisation works at the factories (Calenzano, Prato, Torre Annunziata, Wuhan and Samarate) and the same amount for equipment, motor vehicles and other assets. In fact, approximately 2,5 million Euro related to the registration of new investments for real estate rents and motor vehicle rental accounted for in accordance with IFRS16, affecting the net financial position but not the cash position.

It should be noted that the balance of Bank and postal current accounts of the Chinese companies includes approximately 10,6 million Euro of fixed term deposits until the expiration date of some payments to suppliers against the issue of bank notes.

Approximately 7 million Euro of Penta Zhejiang’s current accounts are unavailable due to the blockade imposed by the court in the ongoing lawsuit for the payment of an important supply by a Chinese customer.

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1.9. 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 results of the parent company El.En. S.p.A. and its subsidiaries. It is followed by brief explanatory notes on the activities of the individual companies and a comment on the results for the first half of the financial year 2024.

	Revenues 30/06/2024	Revenues 30/06/2023	Variation	EBIT 30/06/2024	EBIT 30/06/2023	Income (loss) for the financial period 30/06/2024	Income (loss) for the financial period 30/06/2023
El.En. S.p.A. S.p.A.	68.461	72.149	-5,11%	9.465	10.880	21.187	20.790
Ot-Las S.r.l.	1.350	2.742	-50,77%	437	26	5.307	(285)
Deka Mela S.r.l.	37.199	37.690	-1,30%	1.453	3.960	1.586	3.613
Esthelogue S.r.l.	6.584	7.556	-12,86%	(445)	181	(411)	141
Deka Sarl	2.817	2.966	-5,02%	214	262	211	262
Lasit S.p.A.	13.633	11.879	14,77%	1.672	1.032	1.272	309
Quanta System S.p.A.	81.133	76.374	6,23%	18.258	16.351	13.284	11.876
Asclepion GmbH	32.954	35.976	-8,40%	2.760	3.740	1.689	2.501
ASA S.r.l.	7.887	8.131	-3,00%	628	1.500	447	1.050
BRCT Inc.	-	-	0,00%	(4)	(5)	(11)	(12)
With Us Co., Ltd	5.702	6.314	-9,69%	(1.861)	101	(2.282)	8
Cutlite do Brasil Ltda	3.294	4.533	-27,33%	27	551	(61)	670
Pharmonia S.r.l.	-	-	0,00%	(40)	(4)	(30)	(4)
Deka Japan Co., Ltd	959	615	55,93%	96	(19)	75	3
Penta Laser Zhejiang Co., Ltd (*)	42.874	55.370	-22,57%	(2.245)	(4.458)	(1.984)	(4.236)
Merit Due S.r.l.	41	39	5,13%	19	17	14	12
Cutlite Penta S.r.l	56.949	70.090	-18,75%	5.164	5.140	3.084	3.403
Galli Giovanni & C. S.r.l.	532	593	-10,29%	54	84	33	53
Lasit Laser Polska	861	970	-11,24%	(240)	(24)	(242)	7
Lasit Laser Iberica, S.L.	479	206	132,52%	(22)	(54)	(22)	(54)
Lasit Laser Deutschland GmbH	1.146	10	11360,00%	40	(43)	31	(43)
HL S.r.l.	267	-	0,00%	(90)	(3)	(73)	(3)
Lasit Laser Uk Ltd	122	-	0,00%	(129)	-	(127)	-

(*) data of the Chinese sub-consolidated that includes the results of the companies: Penta Laser Zhejiang Co., Ltd, Penta Laser (Wuhan) Co., Ltd, Penta Laser Technology (Shangdong) Co., Ltd. and Shenzhen KBF Laser Tech Co., Ltd.

El.En. S.p.A.
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. In addition, in the two sectors it supplies a series of after-sales services, providing customers with technical assistance, spare parts and consulting.
Since its incorporation, El.En. S.p.A. has pursued an expansion strategy by forming an industrial group, establishing or acquiring numerous companies that have become its business partners in specific product or geographical markets. The activities of the group's companies are coordinated through the definition of supply relationships, the selection and control of management, the establishment of partnerships in research and development, and financing them with both capital and onerous loans or through the extension of supply credit.

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The coordination activity plays an important role, also by virtue of the fact that the majority of the turnover of El.En. originates from the subsidiaries in terms of customer quality and involves the commitment of important management and financial resources. A significant part of the company's resources are allocated to supporting the group's activities.
The activities of El.En. S.p.A., as in previous financial years, were carried out at the Calenzano (FI) headquarters and the local unit in Castellammare di Stabia (NA).
In the first half of 2024, there was a decline in turnover compared to 2023, with a slight decrease of EBIT, whose impact on turnover stayed however at very good levels, close to 14%. Results improved markedly in Q2 which recorded better results than Q2 2023. The forecasts for the second half of the year outline the possibility of further recovery.
In May 2024, El.En. Spa paid to its shareholders a dividend of 0,20 Euro per share, for a total disbursement of approximately 16 million.

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.
The results of the first six months of 2024 show a slight decline in revenues, further decrease in margins due to the less favourable mix of products sold and to the concentration of trade fairs and congresses with the related important expenditure. It is expected that the second half of the year will show recovery compared to the results of 2023.

Ot-Las S.r.l.
Ot-Las specialises in the design and manufacture of CO_2 laser marking systems for the decoration and processing of large surfaces made from a variety of materials. 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 first six months of 2024 did not favour the sale of innovative instrumental goods on the Italian manufacture market, and the sales felt the negative effects of this, with a decrease compared to the previous year and forecasts. Thanks to the income recorded in the financial statement for other income due to Insurance and government refunds in relation to the damage caused by the flooding of November 2023 in Campi Bisenzio, EBIT shows a positive balance in the six-month period, which we believe will be confirmed at the end of the financial year.
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 are characteristic of the financial structure of Ot-las, which partly financed the acquisition with a medium-term loan. The Company's income (loss) for the financial period feels the positive effect of the "Remeasurement" of the financial payable for the foreseen forfeiture of the "earn out" clause which obliged Otlas to pay approximately 5 million Euro to the previous partner of the Chinese JV in the case of IPO of Penta Laser Zhejiang by the end of 2024.

Cutlite Penta S.r.l.
Cutlite Penta 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 that went from a turnover of 33 million Euro in 2018 to 138 million Euro 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.

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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.

The performance of sales in the six-month period was strongly influenced by the slow-down of the Italian market, despite the excellent performance of export sales. The mix of sales, with the increasing weight of foreign high-margin sales, made it possible to significantly improve the overall margin of sales, and to achieve, in terms of absolute value, the same EBIT of the first six months of 2023. The Italian market is still weak, but the forecasts for the end of the 2024 financial year remain positive.

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 has been present in China since 2007 with the first joint venture set up in Wuhan with the aim of serving the Chinese sheet metal laser cutting market with local production, strongly characterised by European technology. Subsequently, new production sites were set up in Wenzhou and in Lin Yi, and the activities developed fast 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.
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. In our reference market, the flat sheet laser cutting systems sector, the failure of the market to expand resulted in a sharp increase in competitiveness and a consequent reduction in margins.
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.
In the first six months of 2024, the Chinese market became even weaker and the positive trend of order intake and sales abroad was not able to prevent a further decrease in turnover, of 22%. Thanks to the improved mix of sales and, especially, the reduction of operating costs, the operating loss was reduced compared to the first six months of 2023. The order intake creates optimism for further recovery in profitability in the second half of the year.

Quanta System Spa
Founded as a scientific research centre for photonics applications and part of the group since the early 1990s (controlled since 2004), it has exploited its extraordinary 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.
The results of Quanta System were excellent in the first six months of 2024: turnover, still growing, exceeded 80 million Euro and the half-yearly net result amounted to 13,2 million, up by 11% from the first six months of 2023. We also expect positive performance in the second half of the financial year.

Lasit S.p.A.
Specialising in the design, manufacture and sale of marking systems for identification and marking, 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.
The technological and application development activities enabled Lasit to expand its product range with ultra-short pulse systems and specific wavelengths that make specific processing operations on various materials possible.
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.
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

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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.
During the first six months, the subsidiaries contributed markedly to the increase in the consolidated turnover of the group led by Lasit, which, growing by 10%, exceeded 13 million in turnover. We expect positive performance also for the second half of the year.

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.
The headquarters 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.
Performance in the first six months of 2024 was not easy, due to the weakness of certain markets in the Far East. Turnover declined by 8,4%, EBIT stayed positive also thanks to the positive outcome of certain disputes for which provisions for risks had been made and which were released in the second quarter. We believe that the delay compared to the previous financial year will be (partly) recovered as the financial year progresses.

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 over time. 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 financial and operating crisis of the most important Withus customer, an important hair removal centre chain, affected the revenues of our company and made it necessary to set aside a sizeable provision, approximately two million Euro, for risks on receivables from said customer. The consequence was a considerable operating loss in the first six months. The evolution of our customer’s crisis will be of decisive importance for turnover and the outlook for this business in the near future.

ASA S.r.l.
Vicenza-based ASA celebrated 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.
Equipped with its own research and development department dedicated to the creation of semi-conductor systems and with an advanced laboratory for clinical research and experimentation (ASA Campus), ASA also makes use of Nd:YAG technology systems manufactured by the parent company El.En. and distributes them worldwide, as well as contributing to the definition of product specifications and new application protocols.
Sales at the start of 2024 were lower than forecast, with a slight decline in turnover despite the increase of operating costs. The company’s operational structures were, in fact, strengthened in the context of a strategy which envisages further growth of the company’s turnover in the medium term.

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 start of 2024 showed weaker performance compared to the corresponding period of 2023, with a decline in both turnover and net result. During the second half of the year, the company’s headquarters will be transferred (staying in Lyon) in a location that is better suited to the current turnover and growth ambitions.

Deka Japan operates in the Japanese market as a distributor of Deka-branded medical systems, using local partners. The recent redefinition of the relationship with the structures dedicated to the sale of our systems in Japan, and the authorisation, obtained from the Ministry of Health, to sell certain laser systems for aesthetic medicine applications make us optimistic for the positive evolution of this subsidiary’s activities.

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Esthelogue S.r.l. distributes the group's technologies for the professional aesthetic 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. In the first months of 2024, Esthelogue suffered from the weakness of the Italian market, which reduced its revenues and margins. We are counting on the activities implemented, at sales and product configuration level, to tackle these difficulties and improve the result in the second half of the year.

The company **Pharmonia S.r.l.** is re-launching its activity that consists in marketing aesthetic equipment in the pharmacy market.

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 operating headquarters and new machinery. The results of 2024, albeit recording a slight decline compared to the first six months of 2023, are balanced economically and financially.

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. In 2024, it is foreseen to approximate the excellent performance of 2023. The first six months were affected by delivery delays that postponed some sales for the second half of the year.

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1.10. Comment on research and development activities

Intense Research and Development activity was carried out during the first six months of 2024 according to the strategy of pursuing continual innovation, aimed at opening new laser applications or applications 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 three different patent applications were granted during the first six months of 2024, of which two protected inventions within the medical division and one related to inventions within the industrial division.
We are proud to announce that, in early July 2024, DEKA MELA obtained the MDR (Medical Device Regulation) certification for its products, thanks to the partnership with TÜV SÜD, one of the leading certification bodies at global level. This certification is an important milestone for El.En. Group, one of the first manufacturers of active medical devices in the world, also with a non-medical intended use, to receive this certification, in accordance with the requirements of Annex XVI to Reg. (EU) 745/2017.

Laser systems and applications for aesthetic medicine and surgery

The first half of 2024 was characterised by intensive research and development activities aimed to support the production ramp-up of the new product range released on the market by **DEKA** at the IMCAS (World Congress on Dermatology and Aesthetic and Plastic Surgery) 2024, 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 complement the Again PRO, RedTouch PRO and Onda PRO range launched in the second half of 2023 and 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 system **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 emission power from 30W 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.

The most important research and development activity carried out in the second half of 2024 is dedicated to the new **TORO** system, 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. The system combines traditional nanosecond emissions, in the infrared spectrum at 1064nm and in the visible spectrum 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

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maximum treatment safety with respect to possible side effects. The launch of the new product on the market is foreseen for September 2024.

Always during the first six months of 2024, research and development activity completed the development of a new platform dedicated to face treatments and intended for the US market. The new platform combines IPL (Intense Pulsed Light) technology, with two handpieces dedicated to the treatment of vascular lesions and photo-rejuvenation, respectively, and EMS/RF technology, with one handpiece with interchangeable heads, for treatments aimed at muscle electrostimulation and skin firming and toning. The new **PRISMA** platform obtained FDA clearance for both the IPL and EMS/RF modules during the first six months of 2024. We are currently in the process of manufacturing a production pre-series; the release of the product on the market is foreseen for the last quarter of 2024.

In the area of **Body Shaping** products, research and development activities continue on systems for muscle stimulation and the reduction of localised fat based on electrical excitation combined with laser light emission. The first six months of 2024 saw the successful launch of the production and marketing of the new product **PhysiQ 360°**, dedicated to the treatment of fat 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, the research and development activity dedicated to microwave technology continued during the first six months of 2024. With the goal of prolonging and expanding the success of the **ONDA** family of products and, in particular, that of the latest model ONDA PRO, research and development activity aims to design applicators dedicated to the treatment of localised fat and skin firming in new and specific areas of the body, thus completing the range of ONDA treatments that are of great interest to the market.

Research and development have continued in the field of CO_2 laser technology for **surgical applications**. We are in the process of developing a new design for the manufacture of a new-generation surgical system with dual arm and fibre functionality, which implements recent improvements obtained on the source in terms of beam quality, as well as the architectural and aesthetic innovations that have already been implemented in the PRO family.
During the second half of 2024 we continued the development of the new product for surgical applications based on blue laser at 445nm. The product will be dedicated to both outpatient use for minor surgery and for use in the operating theatre to perform ENT procedures using a fibroscope. The project has completed the prototype development stage and is currently in the production engineering stage. The product is in the process of obtaining certification in accordance with the MDR regulation, which is expected to clear within the first half of 2025.

At **Quanta System**, the research and development activity continued in the first half of 2024 with specific focus on the development of fibre laser technology's potential for applications in urology.
These developments will be completed during 2025 and will enable the company to further enrich the range of innovative solutions for lithotripsy and benign prostate hyperplasia reduction treatments.
In this same market segment, the company, during the last European Urology congress (Paris EAU, March 2024), launched the very important innovation of **Magneto™**, a low peak power holmium laser, which, thanks to a proprietary pulse modulation technique, expands the range of holmium laser use frequencies, reducing the limitations of use at low frequencies inherent in this technology to date, and enabling the lasers of Quanta System to treat all types of stones, regardless of their chemical composition, minimising or completely eliminating retropulsion issues.
In the aesthetic segment we would like to mention the launch of the **VarioPulse™** technology, a new configuration that joins the three configurations already present in the Discovery Pico family, offering Quanta Picosecond laser users greater versatility in controlling peak power and, therefore, higher adaptability to the needs of the individual patient. With the introduction of Discovery Pico VarioPulse™, Quanta System confirms its position as absolute leader of the market in this technology.
Also during the first six months of 2024, we completed the launch on the USA market of the device **ECHO™**, a high-performance diode laser with combined wavelengths at 808 nm, with an innovative laser radiation delivery system, that can approximate the use of diode lasers to that of alexandrite lasers, making them the ideal choice for hair removal, dermatology applications and for vascular treatments.
Parallel to the research and development activities, the regulatory activities aimed at obtaining certifications for all new technologies in the various markets worldwide continue uninterruptedly.

During the first six months of 2024, the subsidiary **ASA** continued the research begun in the previous period, always making sure to guarantee the same, extremely high standards in execution. The company's R&D potential is deployed in three main directions: technology/engineering, scientific, and clinical. From a technology point of view, having presented - in the last part of the financial year - a device that, for the company, is the new paradigm of development for future projects, the undertaking is now busy with the design of a range of new devices, maintaining the technological excellence of laser emission: some devices will explore new market segments, focusing on but not limited to the veterinary sector, while other devices aim to provide faster feedback to the patient and to the operator on the therapeutic efficacy of the

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treatments: this is thanks to the use of new, more advanced graphic interfaces which, combined with the possibility to connect to the network, will also be able to use certain artificial intelligence algorithms for the recognition of images. In the scientific field, research aiming to obtain insights into the action mechanisms of laser radiation in classic physiotherapy application continues, as does more research that is one-of-its-kind in the scientific panorama of the sector, also thanks to the collaboration with Organisations such as the Italian Space Agency and the European Space Agency, which make it possible to study applications in extremely challenging and innovative contexts. Lastly, from a clinical point of view, the activity aims to guarantee and maintain the perfect conformity of the equipment and of the existing protocols with the standards imposed by the new “MDR” regulation.
Lastly, the Clinical Department is striving to increase clinical evidence both in familiar fields and in fields that, to date, have not seen much activity but which are of increasing interest, such as peripheral neuropathies and post-surgical rehabilitation in human medicine, or the issues of osteoarthrosis and skin conditions in veterinary medicine.

Asclepion continued the development activity in the context of a strategy aiming to expand the range of systems available for purchase in both the aesthetic sector and in surgery. The improvements will relate to the user interface, the electronics and the design. A new surgical system for urology applications characterised by the presence of a morcellator integrated in the system and a new wavelength is in the final stages of certification and will be placed on the US market in the first quarter of 2025. 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 covering a segment of the market that is currently not being served. Additional innovative solutions in the hair removal segment are in development. They are expected to be launched on the market in the second quarter of 2025.

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.
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 continues.
In the area of galvanometric scanning systems, work continues on the efficiency of production processes and to improve long-term dynamic performance, also thanks to the development of a new control system for marking.
Work is underway to design new versatile 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 research and development 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 first six months of 2024 saw the continuation of the activity for the 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.

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On **Ot-las** marking systems, the installation of high-power laser sources, such as El.En.'s RF1555 CO_2 sources continues, together with new scanning optics specially developed to handle high average and peak power, with increasing demands for dynamic performance. The evolution of specific servo systems and of specific software, aimed at increasing the efficiency of the complete system, continues.
The development of processing operations on large dimensions (2x3 metres) with high laser powers (1.500W) for large plates made of various materials continues, aiming to meet the needs of a market that is mindful of energy consumption and low environmental impact, in order to identify innovative surface treatments that can be offered as an alternative to traditional ones.
Custom 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 provided.

The development for **Lasit** mainly involved 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.
In addition, the company is working to expand its area of interest towards laser cleaning and welding systems through research and development activities that already began last year, 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	**30/06/2024**	**30/06/2023**
Staff costs and general expenses	8.466	8.143
Equipment	194	217
Costs for testing and prototypes	1.859	1.692
Consultancy fees	221	208
Other services	33	28
Total	**10.773**	**10.288**

As shown in the table, expenditure directly attributable to research and development was higher in these six months compared to the first six months of 2023.
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 estimate of investment return times.

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. are equal to approximately 4% of its turnover.

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1.11. 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 available 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. The loss of these resources' contribution 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 our innovations or create their own. 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

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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.

Assessing the impacts of climate change

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, and 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 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.

In addition, the identification and assessment of ESG risks and opportunities was initiated, in order to identify financial materiality. This activity is part of the broader Double Materiality Analysis project introduced by the CSRD legislation, which will be completed for the financial statement as at 31 December 2024.

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.

Financial risk management procedures

The Group's main financial instruments include bank accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has accounts 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. There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents approximately 7% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the related note in the Consolidated Financial Statement.

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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. had provided a guarantee in favour of the selling shareholder for the eventual payment under the *earn-out* clause of 40 million Renminbi (approximately 5 million Euro) in the event of an IPO of Penta Laser Zhejiang within 5 years from the date of purchase. As already described in other sections of this Note, as it is not possible to successfully conclude the IPO process by the end of 2024, the debt for the possible earn-out was subject to "Remeasurement" according to IFRS9. The guarantee is therefore still formally in place and will expire in November 2024.

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 Srl had 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 possible final judgment sentencing it to pay damages with reference to definitive sentencing in 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 had also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las was found to be in default. The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the half-yearly financial statement.

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 is 1,35 million Euro.

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 is 4,5 million Euro.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25 million, of which RMB 20 million was drawn by 30 June 2024. It also granted guarantees to the subsidiary Penta Laser Technology (Shangdong) to obtain a credit line of up to RMB 15 million, of which RMB 500 thousand was drawn by 30 June 2024.

The Chinese subsidiary Penta Laser (Wuhan) took out mortgages and granted receivables as a guarantee to obtain a credit line of up to RMB 10 million, fully drawn by 30 June 2024. 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, of which 8,8 million had been drawn as at 30 June 2024. It also granted guarantees to the subsidiary Penta Laser Zhejiang to obtain a credit line of up to RMB 15 million, of which RMB 5 million was drawn by 30 June 2024.

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 30 June 2024.

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 Euro. 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 is 2,7 million Euro.

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 Euro.

In 2023, the Spanish subsidiary Lasit Iberica signed a bank guarantee for 20 thousand Euro in favour of a customer for a down payment received on a sale.

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.

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During 2023, the subsidiary Cutlite Penta Srl entered into a forward contract to partially hedge the interest rate risk on a loan.

Operation	Notional value	*Fair value*
Interest rate swap	€2.916.666	-€ 8.678
Total	**€2.916.666**	**-€ 8.678**

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.

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1.12. Governance

Pursuant to Art. 19 of the Articles of Association, the parent company is managed by a Board of Directors consisting of a variable number of members, ranging from a minimum of three to a maximum of fifteen. The current number of members was seven, set by the Shareholders' Meeting of 29 April 2024 called upon to decide on the renewal of the Board of Directors (which will remain in office until the approval of the financial statement for the financial year ending on 31 December 2026).

As at 30 June 2024, the composition of the Board of Directors is as follows:

NAME	POSITION	PLACE AND DATE OF BIRTH
Gabriele Clementi	President and managing director	Incisa Valdarno (FI), 8 July 1951
Andrea Cangioli	Managing director	Firenze, 30 December 1965
Fabia Romagnoli (*)	Board Member	Prato, 14 July 1963
Giovanna D'Esposito (*)	Board Member	Vico Equense (NA), 22 October 1969
Michele Legnaioli (*)	Board Member	Firenze, 19 December 1964
Roberta Pecci	Board Member	Firenze, 14 February 1972
Alberto Pecci	Board Member	Pistoia, 18 September 1943

(*) Independent Administrators, pursuant to Art. 148, paragraph 3, of Italian Legislative Decree 58/1998 and Art. 2(a) of the Corporate Governance Code 2020 (formerly Art. 3 of the Corporate Governance Code of Listed Companies 2018)

The members of the Board of Directors are domiciled for the purposes of their office at the headquarters of El.En. S.p.A. in Calenzano (FI) – Via Baldanzese, no. 17.

On 29 April 2024, the Board of Directors appointed the Chairman Gabriele Clementi and the Board member Andrea Cangioli as Managing Directors, assigning them, separately and with free signature, all the powers of ordinary and extraordinary administration for the performance of any activity falling within the corporate purpose, with the exception of the powers subject to prohibition of delegation pursuant to the law and the Articles of Association.

In accordance with the provisions of the Corporate Governance Code 2020 in force (and those of the previous Corporate Governance Code for Listed Companies 2018):

a) starting from 31 August 2000, the members of the Board of Directors include at least two independent administrators pursuant to Art. 2 of the Corporate Governance Code (formerly Art. 3 of the Corporate Governance Code for Listed Companies). There are currently three independent administrators: Fabia Romagnoli; Giovanna D'Esposito, engineer; and Michele Legnaioli;
b) starting from 5 September 2000, the Board of Directors set up the following committees, most of which are composed of non-executive administrators:
   1. *"Committee for nominations to the office of administrator"* which has been entrusted with the tasks set forth in Art. 4 Rec. 19 of the Corporate Governance Code 2020 (formerly Art. 5 of the Corporate Governance Code for Listed Companies 2018 cit.);
   2. "*Remuneration committee*", entrusted with the tasks set forth in Art. 5 Rec. 25 of the Corporate Governance Code 2020 (formerly Art. 6 of the Corporate Governance Code for Listed Companies 2018);
   3. *"Control and risk committee for transactions with related parties and for sustainability"* (formerly "Internal control committee") which has been entrusted with the tasks set forth in Art. 6 Rec. 32 of the Corporate Governance Code 2020 (formerly Art. 7 of the Corporate Governance Code for Listed Companies 2018) as well as those deriving from the CONSOB Related Parties Regulation on transactions with related parties; in addition, with reference to the topics of so-called sustainability pursuant to Italian Legislative Decree 254/2016, the Control and Risk Committee has the task of assisting the Board of Directors with investigative functions, of a propositional and advisory nature, in assessments and decisions related to sustainability issues connected to the company's business and its dynamics of interaction with all stakeholders, corporate social responsibility, the examination of scenarios for the preparation of the strategic plan and the corporate governance of the Company and the Group.
c) since 2000, the Board of Directors has also designated persons tasked with checking that the internal control and risk management system is operational and adequate.

The Board meets at least quarterly also to ensure that the Board of Statutory Auditors is adequately informed on the activities carried out, on the most significant transactions carried out by the Issuer and its subsidiaries, as well as, where necessary, on the execution of transactions with related parties or of particular complexity and/or importance, and, lastly, whenever the Chairman and/or the managing directors intend to share with the entire Board issues and decisions within their competence.

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The group's internal control, for the matters under purview thereof, is carried out by the parent company, also in collaboration with the staff of the subsidiaries.
In the organisational framework, the administrators of the parent company participate, as members, in the administrative bodies of the majority of subsidiaries or hold the office of single administrator. If that is not the case, the Board of Directors of the subsidiaries provides the broadest information necessary for the organisational definition of the Group's activities and the accounting information required to fulfil legal obligations: by the end of the month following the end of the quarter in question, the subsidiaries provide all the information necessary for the preparation of a consolidated economic and financial *report*.

1.13. 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 transactions with related parties" ("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 of the recommendations of the then in force Art. 9 (and in particular Application Criterion 9.C.1) of the Corporate Governance Code for Listed Companies (edition of March 2006), in light of the above-mentioned "Regulation on Transactions with Related Parties" 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 was first updated and amended by the Board of Directors at the meeting of 30 June 2021, effective 1 July 2021, following the adoption by Consob 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 extended by Italian Legislative Decree no. 49/2019 issued for the purpose of the transposition of 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 Regulation in order to bring it 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 for the year ending December 2021.
Subsequently, at the end of an evaluation process, El.En. spa's RPT Regulation was 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 were exceeded.
The changes made relate to:
a) provision that in the case of transactions of greater significance, the Committee for Transactions with Related Parties 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 conferment of the power to the entire board of statutory auditors instead of only to the chairman of the supervisory body when it comes to issuing the definitive opinion;
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 transaction relating to the acquisition, 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 regulation governing transactions with related parties 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 El.En. Group.

1.14. Atypical and unusual transactions

Pursuant to CONSOB communication of 28 July 2006 no. DEM/6064293, it should be noted that, in the first half of 2024, the group did not engage in any atypical or unusual transactions, as defined in the communication.

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1.15. Opt-out regime

Please note that on 3 October 2012 the El.En. S.p.A. Board of Directors decided to join the opt-out regime envisaged respectively by articles 70, paragraph 8 and 71, paragraph 1-bis of 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.

1.16. Significant events which occurred during the first six months of 2024

On 29 April, the Ordinary Shareholders' Meeting of the parent company approved the financial statement for the year 2023, which showed a net income of 28.122.000,00 Euro, and also resolved:
- to distribute to the shares outstanding on the ex-dividend of coupon no. 3 on 20 May 2024 - in compliance with what is set forth by Art. *2357-ter*, second paragraph, of the Italian Civil Code, a dividend, equal to 0,20 Euro gross per outstanding share for a total amount as of the date of the resolution of 16.006.440,40 Euro, 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 21 May 2024;
- to accrue the residual amount equal, as of the date of the resolution, to 12.115.559,60 Euro 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 21 May 2024;
- to pay the above dividend from 22 May 2024.

The Ordinary Shareholders' Meeting also:
- approved the Remuneration Report and the compensation paid, in accordance with Art. *123-ter* of TUF paragraph *3-bis* and Art. *123-ter* of TUF paragraph 6.

- appointed the Board of Directors for the three-year period 2024-2026 and thus until the approval of the financial statements as at 31 December 2026, appointing Gabriele Clementi as Chairman and electing as other Board members, Andrea Cangioli, Alberto Pecci, Fabia Romagnoli, Roberta Pecci, Michele Legnaioli, Giovanna D'Esposito.
Pursuant to Art. 19 of the Articles of Association, the Board members Clementi, Cangioli, Alberto Pecci, Romagnoli, Roberta Pecci and Legnaioli were drawn from the list of candidates presented by the shareholder Andrea Cangioli (list no. 1); the director D'Esposito was drawn from the list presented by a grouping of asset management companies and other institutional investors (list no. 2).
The composition of the Board of Directors respects the gender balance pursuant to Art. 147-*ter*, paragraph 1-ter of Italian Legislative Decree no. 58/1998.
The election of the Board Members Romagnoli, D'Esposito and Legnaioli provides the board with 3 independent administrators in accordance with the provisions of Art. 19 of the Articles of Association in compliance with Art. 147-*ter*, paragraph 4, of Italian Legislative Decree 58/98 and Art. 2 of the Corporate Governance Code of Borsa Italiana. At the time of accepting the appointment they declared that they meet these requirements and undertook to maintain them throughout their term of office and to resign should they fail to do so.

- redetermined the remuneration of the administrative body by approving the total emolument of the Board of Directors, pursuant to Art. 2389 of the Italian Civil Code and pursuant to Art. 21 of the Articles of Association.

- appointed Elisa Raoli as minority alternate auditor to supplement the Board of Statutory Auditors following a proposal submitted by a group of asset management companies and other institutional investors.

- resolved, subject to revocation for the unused portion of the authorisation granted by the same Shareholders' Meeting on 27 April 2023, to authorise the purchase and disposal of treasury stock pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code, Art. 132 of Italian Decree Law no. 58 of Art. 144-*bis* of the Consob regulation.
Treasury stock will be purchased for the following possible, competing or alternative purposes: for allocations or distributions to employees and/or collaborators and/or members of the administration or control bodies of the company or its subsidiaries, for exchanges or exchanges of equity investments in the context of and on the occasion of transactions of a strategic nature.
The authorisation was granted for the period of 18 months from the date of the resolution, for the purchase, in one or more instalments, of a maximum number of ordinary shares of the company, the only category of financial instruments currently issued by the company, which in any case does not exceed one-tenth of the share capital. Treasury stock must be purchased in compliance with the criteria of equal treatment of shareholders according to that established by Art. 132

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of the TUF and by Art. 144-*bis* of the Issuers' Regulation. Shareholders are authorised to purchase at a price that is at the minimum no lower than the closing price of the share recorded in the stock exchange session on the day preceding the completion of each individual transaction, minus 10%, and at the maximum no higher than 10% of the official trading price recorded on the day preceding the purchase.
The Board was given authorisation to sell or dispose of, within 10 years of the resolution, the purchased shares at a price, or countervalue in the case of corporate transactions, of no less than 95% of the average of the official trading prices recorded in the five days preceding the sale or disposition.

Lastly, the Extraordinary Shareholders' Meeting resolved to introduce into the Articles of Association the amendment of Article 14 (Intervention in Shareholders' Meetings), providing that the notice of each Shareholders' Meeting may specify that intervention and the exercise of voting rights may take place exclusively through the representative designated by the Company, thus seizing the opportunities offered by the reform underway in the Italian legislative system to support the competitiveness of capital and aimed at simplifying access to and regulation of capital markets.

On the same day, the Board of Directors of the parent company appointed the Chairman Gabriele Clementi and Director Andrea Cangioli as Managing Directors, assigning them, separately and with free signature, all the powers of ordinary and extraordinary administration for the performance of any activity falling within the corporate purpose, with the exception of the powers subject to prohibition of delegation pursuant to the law and the Articles of Association.

As at 31 December 2023, "Other non-current liabilities" included the liability for the *earn-out* provided for in favour of the former minority shareholder of Penta Laser Zhejiang Co., Ltd as part of the agreement to purchase its shares: this amounted to Renminbi 40 Million (approximately 5 million Euro), to be paid if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the date of purchase, which occurred in November 2019.
Following the negative results achieved by Penta Laser Zhejiang, the suspension of the IPO process, and the consequent request for the exit of funds from the capital of the Chinese subsidiary, the management took note of the impossibility of concluding the IPO process by the end of 2024, and, in accordance with IFRS 9, remeasured the financial liability with recognition of the related financial income in the income statement.

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

The plan to carry out an IPO on a regulated market in China, already put on hold due to the inadequate financial results and the weakness of the Chinese market, has been paused for the time being. The private equity funds that had invested in the capital of Penta Laser Zhejiang with the aim of accompanying the company to the market exercised the withdrawal option and the company re-purchased its shares in accordance with the contractual timeframes.

Conflicts in Ukraine and the Middle East

The war that has been waged for two years in Ukraine is causing great uncertainty and criticality in international relations between all parties directly and indirectly involved in the conflict. The conflict in the Middle East, which has been ongoing for more than nine months now, is also destabilising international relations in the Middle East. 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. The Middle East conflict is limiting sales in the two countries directly involved, Israel and Palestine, and is not helping the smooth development of business in the surrounding areas.

1.17. Subsequent events

As part of the reorganisation of the group's laser cutting business after first suspending and then discontinuing the process that was to lead to the IPO of the division on the Chinese market, Ot-las Srl bought back 100% of the shares of Cutlite Penta Srl held by Penta Laser Zhejiang on 29 August 2024.
Penta Laser Zhejiang then proceeded to liquidate the equity investments of the private equity funds that had invested in Penta Laser Zhejiang's capital in accordance with the terms of the original capital increase agreement, i.e. by paying the investors the invested capital and 6% interest per annum, for a total amount of RMB 151,8 million or approximately 19,3 million Euro, finalising the exit of the private equity funds and sanctioning the termination of the IPO process. In order to avoid the emergence of any disputes by the CITIC investment fund, although the latter had previously waived its right of withdrawal exercisable in the event of a failed IPO, the Group's management also deemed it appropriate to proceed with its liquidation.

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1.18. Current outlook

The results of the first half of 2024 show a decline compared to the corresponding period in 2023, a decline that had been foreseen for the start of the financial year in Guidance 2024.
In consideration of the trend of the actual turnovers, in light of the current market conditions, of the volume of orders taken in and of the Group's competitive position in the medical and industrial sectors, we do not foresee a full recovery of turnover in the second half of the financial year that would make it possible to exceed the consolidated turnover of 2023. This notwithstanding, thanks to the diverse and more favourable composition of revenues, which has also benefited from the work done on internationalisation, we confirm the goal of exceeding, in 2024, the consolidated EBIT of 2023.

For the Board of Directors

The Managing Director
Andrea Cangioli, engineer

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EL.EN. GROUP

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT

AS AT 30 JUNE 2024

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Consolidated statement of financial position

Assets	Note		30/06/2024		31/12/2023
Intangible assets	1		12.743.434		12.616.127
Tangible assets	2		114.630.241		112.218.401
Equity investments	3				
- in associated companies		1.508.519		1.864.054	
- other		1.062.819		1.061.819	
Total Equity investments			2.571.338		2.925.873
Deferred tax assets	4		15.187.747		14.347.340
Other non-current assets	4				
- third parties		7.781.634		24.092.438	
Total Other non-current assets			7.781.634		24.092.438
Total non current assets			**152.914.394**		**166.200.179**
Inventories	5		220.870.008		210.297.128
Accounts receivable	6				
- third parties		180.682.049		173.034.161	
- associated companies		223.754		348.576	
Total Accounts receivable			180.905.803		173.382.737
Tax receivables	7		13.796.496		17.554.110
Other receivables	7				
- third parties		19.611.506		16.037.956	
- associated companies		381.565		381.565	
Total Other receivables			19.993.071		16.419.521
Securities and other current financial assets	8		9.310.168		4.315.184
Cash and cash equivalents	9		148.589.695		131.040.584
Total current assets			**593.465.241**		**553.009.264**
Total Assets			**746.379.635**		**719.209.443**

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Liabilities	**Note**		**30/06/2024**		**31/12/2023**
Share capital	10		2.602.382		2.598.872
Additional paid in capital	11		47.669.158		47.329.202
Other reserves	12		121.657.916		108.564.564
Treasury stock	13		(380.401)		(380.401)
Retained earnings / (accumulated deficit)	14		160.131.364		139.678.866
Net income / (loss)			27.297.374		48.239.378
Group shareholders' equity			**358.977.793**		**346.030.481**
Minority interest			28.577.397		29.427.346
Total shareholders' equity			**387.555.190**		**375.457.827**
Severance indemnity fund	15		4.554.230		4.758.094
Deferred tax liabilities			3.297.089		3.523.718
Other accruals	16		11.032.480		13.251.628
Financial debts and liabilities	17				
- third parties		25.887.683		28.978.903	
Total Financial debts and liabilities			25.887.683		28.978.903
Other non current liabilities					
Accounts payable third parties - non current		1.339.198		1.545.280	
Other payables - non current		790.215		6.087.344	
Total Other non current liabilities	17		2.129.413		7.632.624
Total non current liabilities			**46.900.895**		**58.144.967**
Financial liabilities	18				
- third parties		61.784.471		44.686.771	
Total Financial liabilities			61.784.471		44.686.771
Accounts payable	19				
- third parties		166.960.797		153.230.610	
- associated companies		23.690		-	
Total Accounts payable			166.984.487		153.230.610
Income tax payables	20		5.716.333		4.343.983
Other current payables	20				
- third parties		76.414.259		82.245.285	
- associated companies		1.024.000		1.100.000	
Total Other current payables			77.438.259		83.345.285
Total current liabilities			**311.923.550**		**285.606.649**
Total Liabilities and Shareholders' equity			**746.379.635**		**719.209.443**

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Consolidated income statement

Income Statement	Note		30/06/2024		30/06/2023
Revenues	21				
- third parties		310.755.953		344.244.558	
- subsidiary companies		-		-	
- associated companies		2.206.031		1.380.623	
Total Revenues			312.961.984		345.625.181
Other revenues and income	22				
- third parties		5.786.300		3.557.590	
- subsidiary companies		-		-	
- associated companies		67.245		67.427	
Total Other revenues and income			5.853.545		3.625.017
Revenues and income from operating activity			**318.815.529**		**349.250.198**
Purchase of raw materials	23				
- third parties		173.299.376		211.655.426	
- subsidiary companies		-		-	
- associated companies		14.500		-	
Total Purchase of raw materials			173.313.876		211.655.426
Changes in inventory of finished goods			(6.132.384)		(15.940.440)
Change in inventory of raw material			(4.820.120)		(10.436.270)
Direct services	24				
- third parties		27.590.155		32.477.750	
- subsidiary companies		-		-	
- associated companies		58.500		20.818	
Total Direct services			27.648.655		32.498.568
Other operating services and charges	24				
- third parties		31.394.301		30.621.895	
- subsidiary companies		-		-	
- associated companies		-		-	
Total Other operating services and charges			31.394.301		30.621.895
Staff cost	25		56.020.213		55.196.793
Depreciation, amortization and other accruals	26		7.210.636		6.779.735
EBIT			**34.180.352**		**38.874.491**
Financial charges	27				
- third parties		(1.739.116)		(1.334.876)	
- subsidiary companies		-		-	
- associated companies		-		-	
Total Financial charges			(1.739.116)		(1.334.876)
Financial income	27				
- third parties		1.097.661		602.032	
- subsidiary companies		-		-	
- associated companies		9.527		7.393	
Total Financial income			1.107.188		609.425
Exchange gain (loss)	27		163.907		(302.300)
Share of profit of associated companies			(186.388)		(4.521)
Other charges	28		(29.242)		-
Other income	28		5.000.000		-
Income (loss) before taxes			**38.496.701**		**37.842.219**
Income taxes	29		11.048.496		10.991.119
Income (loss) for the financial period			**27.448.205**		**26.851.100**
Net profit (loss) of minority interest			150.831		1.075.353
Net income (loss)			**27.297.374**		**25.775.747**

Basic net income/(loss) per share	30	0,34	0,32
Diluted net income/(loss) per share	30	0,33	0,32

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Consolidated statement of comprehensive income

	Notes	30/06/2024	30/06/2023
Reported net (loss) income (A)		27.448.205	26.851.100
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans	32	113.392	-199.815
Other income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments	32	-359.501	-4.024.195
Gain/(loss) from hedging derivatives	32	16.424	
Total other income/(loss), net of fiscal effects (B)		-229.685	-4.224.010
Total comprehensive (loss) income (A)+(B)		27.218.520	22.627.090
Referable to:			
Parent Shareholders		27.090.878	22.860.090
Minority Shareholders		127.642	-233.000

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Consolidated cash flow statement

Cash flow statement	Notes	30/06/24	Related parties	30/06/23	Related parties
Operating activity					
Income (loss) for the financial period		**27.448.205**		**26.851.100**	
Amortisations and depreciations	26	5.970.269		5.821.763	
Interest income	27	1.107.188		609.424	
Interest Expense	27	(1.671.079)		(1.260.616)	
Income tax paid		(7.971.247)		(14.690.300)	
Share of profit of associated companies	28	186.388	186.388	4.521	4.521
Stock Option Share payment loss		1.579.470		1.735.742	
Severance indemnity	15	(52.906)		112.811	
Provisions for risks and charges	16	(2.245.211)		(858.783)	
Bad debt reserve	6	3.714.261		908.843	
Deferred income tax assets	4	(984.923)		(1.435.045)	
Deferred income tax liabilities		(178.215)		92.069	
Inventories	5	(10.659.380)		(26.275.185)	
Accounts receivable	6	(11.294.026)	124.822	(12.393.721)	(169.944)
Tax receivables / payables	7-20	9.810.755		10.321.664	
Other receivables	7	(4.784.095)		(3.961.795)	
Accounts payable	19	13.286.928	23.690	(20.156.132)	20.818
Other payables	20	(957.923)	(76.000)	(3.573.456)	1.300.000
Other non- monetary variations from operating activity		263.281		666.629	
Cash flow generated by operating activity		**22.567.740**		**(37.480.467)**	
Investment activity					
Tangible assets	2	(6.995.317)		(9.009.996)	
Intangible assets	1	(581.694)		(269.166)	
Equity investments, securities and other financial assets	3-4-8	11.406.669	176.604	(3.013.527)	(891.714)
Financial receivables	4-7	47.153		(180.532)	
Cash flow generated by investing activity		**3.876.811**		**(12.473.221)**	
Financing activity					
Non current financial liabilities	17	(9.032.332)		(710.726)	
Current financial liabilities	18	17.026.993		(3.158.106)	
Capital increase	10	343.466		275.172	
(Purchase) Sell treasury shares	13	0		0	
Dividends paid	31	(16.991.408)		(18.850.648)	
Other non- monetary variations from financing activity		(77.415)		97.565	
Cash flow generated by financing activity		**(8.730.696)**		**(22.346.743)**	
Change in cumulative translation adjustment reserve and other no monetary changes		**(164.744)**		**(2.573.992)**	
Increase/(decrease) in cash and cash equivalents		**17.549.111**		**(74.874.423)**	
Cash and cash equivalents at the beginning of the financial period		**131.040.583**		**162.814.265**	
Cash and cash equivalents at the end of the financial period		**148.589.694**		**87.939.842**	

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

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Changes in the Consolidated Shareholders' Equity

Total shareholders' equity	**31/12/2022 restated**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**30/06/2023**
Share capital	2.594.727			2.812		2.597.539
Additional paid in capital	46.927.795			272.360		47.200.155
Legal reserve	537.302					537.302
Treasury stock	-468.633					-468.633
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				-2.765.245	-1.790.609
Other reserves	4.700.394			722.811	-8.997	5.414.208
Retained earnings / (accumulated deficit)	113.717.287	41.211.863	-17.573.198	1.391.041	-141.415	138.605.578
Net income / (loss)	55.110.995	-55.110.995			25.775.747	25.775.747
Total Group shareholders' equity	313.185.761		-17.573.198	2.389.024	22.860.090	320.861.677
Capital and reserve of minority interest	26.344.298	3.924.588	-1.277.450	295.077	-1.308.353	27.978.160
Result of minority interest	3.924.588	-3.924.588			1.075.353	1.075.353
Total Minority interest	30.268.886		-1.277.450	295.077	-233.000	29.053.513
Total shareholders' equity	343.454.646		-18.850.648	2.684.102	22.627.090	349.915.190

Total shareholders' equity	**31/12/2023**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**30/06/2024**
Share capital	2.598.872			3.510		2.602.382
Additional paid in capital	47.329.202			339.956		47.669.158
Legal reserve	537.302					537.302
Treasury stock	-380.401					-380.401
Other reserves:						
Extraordinary reserve	102.563.733	12.115.559				114.679.292
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	-1.667.151				-318.424	-1.985.575
Other reserves	6.704.023			1.270.684	25.533	8.000.240
Retained earnings / (accumulated deficit)	139.678.866	36.123.819	-16.006.440	248.724	86.395	160.131.364
Net income / (loss)	48.239.378	-48.239.378			27.297.374	27.297.374
Total Group shareholders' equity	346.030.481		-16.006.440	1.862.874	27.090.878	358.977.793
Capital and reserve of minority interest	27.600.202	1.827.144	-984.968	7.377	-23.189	28.426.566
Result of minority interest	1.827.144	-1.827.144			150.831	150.831
Total Minority interest	29.427.346		-984.968	7.377	127.642	28.577.397
Total shareholders' equity	375.457.827		-16.991.408	1.870.251	27.218.520	387.555.190

See notes 10 to 14 for details.

The amount entered in the “total comprehensive (loss) income” column refers to:
- as for the cumulative translation adjustment, to the variation in currency assets held by the group;
- as to other reserves and the retained earnings/(accumulated deficit), to the “remeasurement” of the severance indemnity fund for the portion relating to subsidiaries.

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

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EXPLANATORY NOTES

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 no. 17.
The ordinary shares are listed on Euronext STAR Milan ("STAR") managed by Borsa Italiana S.p.A.
This condensed half-yearly consolidated financial statement as at 30 June 2024 was reviewed and approved by the Board of Directors on 11 September 2024.
The financial statement is drawn up in Euros, which is the presentation and functional currency of the parent company and many of its subsidiaries.
El.En. Group designs, manufactures and markets worldwide:

- medical laser equipment used in dermatology, surgery, aesthetic, physiotherapy, ENT, dentistry, gynaecology;
- industrial laser systems for applications ranging from cutting and welding metals to marking wood, plastic and glass to decorating leather and textiles; systems for the conservative restoration of works of art.

DRAFTING PRINCIPLES AND ACCOUNTING STANDARDS

DRAFTING PRINCIPLES

This condensed half-yearly consolidated financial statement has been prepared in condensed form, in accordance with the provisions of IAS 34 - Interim Financial Reporting. This document therefore does not include all the information required by the annual financial statement and must be read together with the consolidated financial statement prepared for the year ending 31 December 2023.
The Group has prepared its financial statement 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 expenses or revenues items 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 first half of 2024 and the first half of 2023. Financial information is instead provided with reference to 30 June 2024 and 31 December 2023.

EXPRESSION IN ACCORDANCE WITH THE IFRS

The condensed half-yearly financial statement as at 30 June 2024 prepared in consolidated form pursuant to Article 154-*ter* of Italian Legislative Decree of 24 February 1998, no. 58 (TUF), as subsequently amended and supplemented, 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. The IFRS also include all interpretative documents issued by the *International Financial Reporting Interpretations Committee* (IFRIC) formerly known as the *Standing Interpretations Committee* (SIC).

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IFRS INTERPRETATIONS, AMENDMENTS AND ACCOUNTING STANDARDS APPLIED FROM 1/1/24

The accounting standards adopted for the preparation of the condensed half-yearly consolidated financial statement are consistent with those used for the preparation of the consolidated financial statement as at 31 December 2023, except for the adoption of new standards and amendments effective 1 January 2024. The Group has not opted for the early adoption of 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 2024, which, however, had no impact on the Group's condensed half-yearly consolidated financial statement:

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 liabilities 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.
These changes had no impact on the Group's condensed half-yearly consolidated financial statement.

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 deferral of maturity;
- That the right of deferral must exist at the close of the financial year;
- That the classification is not impacted by the likelihood that the entity will exercise its right of deferral;
- 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 deferral is subject to compliance with covenants within twelve months.

These changes had no impact on the Group's condensed half-yearly consolidated financial statement.

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 the financial statement in understanding the effects of reverse factoring agreements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition requirements clarify that an entity does not have to provide disclosures in interim financial statements for the first year of application of the amendments. Consequently, the changes had no impact on the Group's condensed half-yearly consolidated financial statement.

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SCOPE OF CONSOLIDATION

SUBSIDIARIES

The condensed half-yearly consolidated financial statement of El.En. Group includes the financial statements 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 its 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. 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.

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The following table summarises, with regard to the subsidiaries, the information as at 30 June 2024 on their names, headquarters and share capital quota held directly and indirectly by the Group.

Company name	Note	Headquarters	Currency	Share capital	Percentage held			Consolidated percentage
					Direct	Indirect	Total	
Parent company								
El.En. S.p.A.		Calenzano (ITA)	EUR	2.602.382				
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		Lione (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.		Milano (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 (BRASIL)	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	Saragoza (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%)

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(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

The scope of consolidation remained unchanged compared to 31 December 2023.

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	24,86%		24,86%	24,86%
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

The scope of consolidation remained unchanged compared to 31 December 2023.

EQUITY INVESTMENTS IN OTHER COMPANIES

Compared to 31 December 2023, there were no significant changes in equity investments in other companies.

TREASURY STOCK

On 27 April 2021, the Shareholders' Meeting of El.En. S.p.A. had authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution; the aforementioned authorisation therefore expired definitively on 27 October 2022.
On 27 April 2023, the Shareholders' Meeting of El.En. S.p.A. had authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution.
On 29 April 2024, 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, following revocation for the unused portion of the authorisation granted by the same Shareholders' Meeting on 27 April 2023, as already described in the significant events of the first half of 2024.
As at 30 June 2024, the number of treasury stock held by the company was 35.970, unchanged from 31 December 2023.

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STANDARDS OF CONSOLIDATION

The condensed half-yearly consolidated financial statement includes the financial statements of El.En. S.p.A. and its subsidiaries as at 30 June 2024.
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 for the period 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 interim 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 condensed half-yearly consolidated financial statement, the results, assets and liabilities are expressed in Euros, which is the functional currency of the parent company El.En. S.p.A. For the purposes of preparing the condensed half-yearly consolidated financial statement, interim 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; income statement items are converted at 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 rate differences are recognised in the income statement when the subsidiary is sold.
Upon the first-time adoption of the 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.

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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:

Currencies	Average exchange rate 31/12/2023	Exchange Rate 31/12/2023	Average exchange rate 30/06/2024	Exchange Rate 30/06/2024
USD	1,08	1,11	1,08	1,07
Yen	151,99	156,33	164,46	171,94
Yuan	7,66	7,85	7,80	7,77
Real	5,40	5,36	5,49	5,89
PLN	4,54	4,34	4,32	4,31
GBP	0,87	0,87	0,85	0,85

SEASONALITY

The markets in which the Group operates are not characterised by phenomena of significant seasonality that can lead to a lack of homogeneity in the flow of sales and operating costs in the various months, although historically the last quarter of the year is characterised by a higher volume of sales, while the first quarter is the one with lower revenues.

USE OF ESTIMATES

The preparation of the condensed half-yearly consolidated financial statement, in application of the IFRS, requires the making of estimates and assumptions that affect the values of assets and liabilities in the financial statement 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. The 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 condensed half-yearly 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 year following the date of the financial statement are summarised below.

• Bad debt reserve
The bad debt reserve represents management's best estimate of potential losses on the trade receivables 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.

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• 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 condensed half-yearly consolidated financial statement passed the impairment test performed on 31 December 2023. As at 30 June 2024, considering the results achieved during the period by the CGUs attributable to the European companies to which goodwill is allocated or the results expected for the year, there were no indicators of impairment. With reference to the Chinese subsidiary SHENZEN KBF LASER TECH CO. LTD. in view of the lower-than-expected results in the half-year period, the Group updated the impairment test to 30 June 2024. Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.

• 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 book and tax values and on accumulated deficit. 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.

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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

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, and as indicated in the section "Risk factors and management procedures for financial risk" of the Management Report, the Group has detected and identified 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.

In addition, the identification and assessment of ESG risks and opportunities was initiated, in order to identify financial materiality. This activity is part of the broader Double Materiality Analysis project introduced by the CSRD legislation, which will be completed for the financial statement as at 31 December 2024.

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.

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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 aiming to provide the Company with an incentive and loyalty tool.

Plan 2016-2025

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	30/06/2024	30/06/2024	(*)
Plan 2016-2025	31-dic-25	106.149			27.002		79.147	79.147	€ 3,18

(*) the price for exercising the option varied after the stock split operation voted by the shareholders' assembly on 20 July 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
		01/01/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	01/01/2024 - 30/06/2024	30/06/2024	30/06/2024	
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 the first half of 2024, the average price recorded by the El.En. S.p.A. share was about 10,02 Euro.

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.

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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:

	31/12/2023	Increase	Decrease	Revaluation / Devaluation	Other movements	Depreciation	Translation adjustment	30/06/2024
Goodwill	7.668.039						45.318	7.713.357
Development costs	319.689				46.835	-127.717		238.807
Patents and rights to use patents of others	3.426.741	10.543				-196.572	32.836	3.273.548
Concessions, licenses, trade marks and similar rights	732.993	442.844			-1	-154.981	1.436	1.022.291
Other intangible assets	182.956	68.695			11.261	-54.708		208.204
Intangible assets under construction and advance payments	285.709	160.118			-158.600			287.227
Total	**12.616.127**	**682.200**			**-100.505**	**-533.978**	**79.590**	**12.743.434**

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 subject to an impairment *test* 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 the legal entities 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 30/06/2024**	**Goodwill 31/12/2023**
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(*)	4.675.292	4.629.974
Total	7.713.357	7.668.039

(*) variation due to exchange rate effect

At the end of the previous financial year, the recoverable value of the CGUs 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. The impairment test performed for the Consolidated Financial Statement for the year ended 31 December 2023 did not reveal any impairment losses.
As at 30 June 2024, considering the results achieved during the period by the CGUs attributable to the European companies to which goodwill is allocated or the results expected for the year, there were no indicators of impairment. With reference to the Chinese subsidiary SHENZEN KBF LASER TECH CO. LTD., in view of the lower-than-expected results in the half-year period, the Group updated the impairment test to 30 June 2024.

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The value in use was determined using the Discounted Cash Flow (DCF) method by discounting the cash flows contained in the business plan drawn up by the company and covering the period 2024-2029.
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 the first half of 2024 and with the outlook of the pertinent market.
The discount rate applied to prospective cash flows (WACC) is 11,88%; whereas, as described above, a long-term growth rate “g” of 0 was conservatively assumed for the cash flows for the years after the explicit projection period.

The outcome of the determination of the value in use on the basis of these parameters, also considering the presence of indemnification clauses in favour of the purchaser in case of failure to achieve the expected profitability targets, confirmed the value of goodwill.

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, trademarks and similar rights” includes, among other things, costs incurred particularly by the parent company El.En. and by the subsidiaries Lasit, Quanta, 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.

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Tangible fixed assets (Note 2)

Movements in tangible fixed assets are as follows:

Cost	31/12/2023	Increase	(Disposals)	Revaluation / Devaluation	Other movements	Translation adjustment	30/06/2024
Lands and buildings	82.186.252	148.806			29.500	357.956	82.722.514
Plants & machinery	20.314.858	302.914			476.432	-5.203	21.089.001
Industrial and commercial equipment	22.073.039	1.500.116	-138.586		-19.719	-8.014	23.406.836
Other assets	17.299.904	991.962	-308.550		-8.888	-40.530	17.933.898
Tangible assets under construction and advance payments	2.710.930	2.114.481			-426.187	9.391	4.408.615
Total	144.584.983	5.058.279	-447.136		51.138	313.600	149.560.864
Lands and buildings right of use	21.308.823	1.241.162	-1.016.704		-1.661	-121.341	21.410.279
Plants & machinery right of use	14.050	3.787					17.837
Industrial and commercial equipment right of use	1.041.078	33.581	-12.957		1	-17.626	1.044.077
Other assets right of use	5.229.282	1.186.377	-742.600		-121.189	-55.403	5.496.467
Total	27.593.233	2.464.907	-1.772.261		-122.849	-194.370	27.968.660
Total	**172.178.216**	**7.523.186**	**-2.219.397**		**-71.711**	**119.230**	**177.529.524**

Accumulated depreciation	31/12/2023	Depreciations	(Disposals)	Revaluation / Devaluation	Other movements	Translation adjustment	30/06/2024
Lands and buildings	14.320.070	1.124.775			1	40.023	15.484.869
Plants & machinery	10.382.679	879.150			-622	-4.372	11.256.835
Industrial and commercial equipment	15.471.103	1.114.161	-136.537		-19.408	-23.776	16.405.543
Other assets	11.685.096	840.584	-262.163		-28.421	-19.539	12.215.557
Tangible assets under construction and advance payments							
Total	51.858.948	3.958.670	-398.700		-48.450	-7.664	55.362.804
Lands and buildings right of use	4.469.128	772.342	-1.016.671		-2.587	-111.594	4.110.618
Plants & machinery right of use	12.098	2.150					14.248
Industrial and commercial equipment right of use	837.558	46.959	-12.957			-16.083	855.477
Other assets right of use	2.782.083	656.170	-732.485		-121.188	-28.444	2.556.136
Total	8.100.867	1.477.621	-1.762.113		-123.775	-156.121	7.536.479
Total	**59.959.815**	**5.436.291**	**-2.160.813**		**-172.225**	**-163.785**	**62.899.283**

Net value	31/12/2023	Increase	(Disposals)	Revaluation / Devaluation / Depreciations	Other movements	Translation adjustment	30/06/2024
Lands and buildings	67.866.182	148.806		-1.124.775	29.499	317.933	67.237.645
Plants & machinery	9.932.179	302.914		-879.150	477.054	-831	9.832.166
Industrial and commercial equipment	6.601.936	1.500.116	-2.049	-1.114.161	-311	15.762	7.001.293
Other assets	5.614.808	991.962	-46.387	-840.584	19.533	-20.991	5.718.341
Tangible assets under construction and advance payments	2.710.930	2.114.481			-426.187	9.391	4.408.615
Total	92.726.035	5.058.279	-48.436	-3.958.670	99.588	321.264	94.198.060
Lands and buildings right of use	16.839.695	1.241.162	-33	-772.342	926	-9.747	17.299.661
Plants & machinery right of use	1.952	3.787		-2.150			3.589
Industrial and commercial equipment right of use	203.520	33.581		-46.959	1	-1.543	188.600
Other assets right of use	2.447.199	1.186.377	-10.115	-656.170	-1	-26.959	2.940.331
Total	19.492.366	2.464.907	-10.148	-1.477.621	926	-38.249	20.432.181
Total	**112.218.401**	**7.523.186**	**-58.584**	**-5.436.291**	**100.514**	**283.015**	**114.630.241**

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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 subsidiaries operate;
- the property purchased at the end of the 2018 financial year from Cutlite Penta located in the municipality of Prato for a relocation of production activities to headquarters more in keeping with the volume currently being developed;
- the buildings located in the municipality of Torre Annunziata, of which the first was 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 building in Jena that, since May 2008, has housed the activities of the subsidiary Asclepion GmbH together with the new building inaugurated by the same subsidiary in September 2019;
- the building located in Samarate (VA), purchased at the end of 2014 by the subsidiary Quanta System S.p.A. in addition to the new building purchased in 2018 by the same company adjacent to the first one;
- the building constructed in 2019 in Arcugnano that houses the activities of the subsidiary ASA srl;
- the building purchased during 2021 by the subsidiary Galli Giovanni Srl;
- the new production facility owned by the subsidiary Penta Laser Zhejiang Co., Ltd.

The increases for the period mostly refer to costs incurred for improvements at the establishments of the 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 by 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 Euro 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 revenues 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), Quanta System and Cutlite Penta for new buildings currently being built and/or equipped.

As at 30 June 2024, the Group has no commitments related to the completion and/or purchase of the above-mentioned properties.

As of the financial statement closing date, 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.

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Equity investments (Note 3)

The analysis of the equity investments is as follows:

	30/06/2024	31/12/2023	Variation	Var. %
Equity investment in associated companies	1.508.519	1.864.054	-355.535	-19,07%
Other equity investments	1.062.819	1.061.819	1.000	0,09%
Total	**2.571.338**	**2.925.873**	**-354.535**	**-12,12%**

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.:	220	thousand euro
Actis S.r.l.:	1	thousand euro
Elesta S.p.A.:	763	thousand euro
Accure Inc.:	-29	thousand euro
ZheJiang Monochr Laser Intelligent Equipment Co., Ltd.	553	thousand euro
Total	**1.508**	**Thousandeuro**

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 a countervalue of 888 thousand Euro. 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	30/06/2024	31/12/2023	Variation	Var. %
Financial receivables - third parties	232.122	314.679	-82.557	-26,24%
Deferred tax assets	15.187.747	14.347.340	840.407	5,86%
Other non-current assets	7.549.512	23.777.759	-16.228.247	-68,25%
Total	**22.969.381**	**38.439.778**	**-15.470.397**	**-40,25%**

Deferred tax assets amounted to about 15.188 thousand Euro 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" relates to temporary investments of liquidity in life insurance policies backed by 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 effective date of such policies.

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In the second quarter, group companies redeemed policies totalling 16,2 million Euro; therefore, as at 30 June 2024, these investments are held by El.En. SpA for a fair value of 2,4 million Euro and Deka Mela for a fair value of 5,1 million Euro.
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 position.

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Current assets

Inventories (Note 5)

The analysis of inventories is as follows:

	30/06/2024	31/12/2023	Variation	Var. %
Raw materials, consumables and supplies	113.804.694	108.928.185	4.876.509	4,48%
Work in progress and semi finished products	54.161.900	54.147.646	14.254	0,03%
Finished products and goods	52.903.414	47.221.297	5.682.117	12,03%
Total	**220.870.008**	**210.297.128**	**10.572.880**	**5,03%**

Closing inventories of 220.870 thousand Euro increased by about 5% from 210.297 thousand Euro as at 31 December 2023.

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

	30/06/2024	31/12/2023	Variation	Var. %
Gross amount of Inventory	246.736.914	236.232.669	10.504.245	4,45%
Devaluation provision	-25.866.906	-25.935.541	68.635	-0,26%
Total	**220.870.008**	**210.297.128**	**10.572.880**	**5,03%**

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 decreases by approximately 69 thousand Euro compared to 31 December 2023 and also its impact on the gross amount of inventory registers a slight decrease from 11,0% at 31 December 2023 to 10,5% at 30 June 2024.

Accounts receivable (Note 6)

Receivables were as follows:

	30/06/2024	31/12/2023	Variation	Var. %
Accounts receivable from third parties	180.682.049	173.034.161	7.647.888	4,42%
Accounts receivable from associated	223.754	348.576	-124.822	-35,81%
Total	**180.905.803**	**173.382.737**	**7.523.066**	**4,34%**

Accounts receivable from third parties	30/06/2024	31/12/2023	Variation	Var. %
Italy	52.762.207	65.005.647	-12.243.440	-18,83%
EEC	20.787.706	19.908.148	879.558	4,42%
ROW	121.377.011	98.711.887	22.665.124	22,96%
minus: bad debt reserve	-14.244.875	-10.591.521	-3.653.354	34,49%
Total	**180.682.049**	**173.034.161**	**7.647.888**	**4,42%**

The chart shows an overall increase in the amount of the accounts receivable.

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Below are the movements in the bad debt reserve:

	2024
At the beginning of the period	**10.591.521**
Provision	3.580.122
Amounts utilized and unused amounts reversed	-128.471
Other movements	262.611
Translation adjustment	-60.908
At the end of the period	**14.244.875**

The incidence of the bad debt reserve over total receivables from third parties records an increase from 5,8% as at 31 December 2023 to 7,3% as at 30 June 2024.

The analysis of accounts receivable from third parties, net of the bad debt reserve, is shown below:

Accounts receivable from third parties	30/06/2024	31/12/2023
To expire	123.781.310	124.789.861
Overdue:		
0-30 days	19.531.214	24.581.735
31-60 days	5.290.707	5.713.429
61-90 days	6.075.766	3.197.344
91-180 days	11.094.147	6.339.880
Over 180 days	14.908.905	8.411.912
Total	**180.682.049**	**173.034.161**

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:

	30/06/2024	31/12/2023	Variation	Var. %
Tax receivables				
VAT receivables	10.816.685	11.322.675	-505.990	-4,47%
Income tax receivables	2.979.811	6.231.435	-3.251.624	-52,18%
Total	**13.796.496**	**17.554.110**	**-3.757.614**	**-21,41%**

Current financial receivables				
Financial receivables - third parties	546.734	528.753	17.981	3,40%
Financial receivables - associated	381.565	381.565		0,00%
Total	**928.299**	**910.318**	**17.981**	**1,98%**
Other current receivables				
Security deposits	670.767	617.519	53.248	8,62%
Advance payments to suppliers	8.004.795	6.272.414	1.732.381	27,62%
Other receivables	10.389.210	8.619.270	1.769.940	20,53%
Total	**19.064.772**	**15.509.203**	**3.555.569**	**22,93%**

Total Current financial receivables e Other current receivables	**19.993.071**	**16.419.521**	**3.573.550**	**21,76%**

The six-month period ended with a VAT receivable of 10,8 million Euro resulting from the Group’s intensive export business.
Among “income tax receivables” 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.

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

The item “Other receivables” mostly refers to prepaid expenses, 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)

	30/06/2024	31/12/2023	Variation	Var. %
Securities and other current financial assets				
Other current financial assets	9.310.168	4.315.184	4.994.984	115,75%
Total	**9.310.168**	**4.315.184**	**4.994.984**	**115,75%**

The amount recorded under “Other current financial assets” consists of mutual investment funds and bonds held by the parent company El.En. SpA and by the subsidiaries Deka Mela and Quanta System in order to temporarily deploy liquidity. The increase recorded relates to investments made by the parent company during the six-month period.

Cash and cash equivalents (Note 9)

Cash and cash equivalents are broken down as follows:

	30/06/2024	31/12/2023	Variation	Var. %
Bank and postal accounts	148.535.144	130.997.028	17.538.116	13,39%
Cash on hand	54.551	43.556	10.995	25,24%
Total	**148.589.695**	**131.040.584**	**17.549.111**	**13,39%**

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

Please note that the balance of bank and postal accounts includes about 10,6 million Euro of the Chinese companies for deposits pledged as collateral for bank notes issued against certain payments to suppliers.

Approximately 7 million Euro of Penta Zhejiang’s bank accounts are unavailable due to the blockade imposed by the court in the ongoing lawsuit for the payment of an important supply by a Chinese customer.

The other cash and cash equivalents recorded in the financial statement are free of restrictions on their use.

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Net financial position as at 30 June 2024

The Group's net financial position as at 30 June 2024 is as follows (data in thousands of Euro):

	Net financial position	30/06/2024	31/12/2023
A	Cash and cash equivalents	148.590	131.041
B	Cash equivalents	-	-
C	Other current financial assets	9.857	4.844
D	**Liquidity (A + B + C)**	**158.447**	**135.885**
E	Current financial debt	(44.460)	(28.442)
F	Current portion of non-current financial debt	(17.324)	(16.245)
G	**Current financial indebtedness (E + F)**	**(61.784)**	**(44.687)**
H	**Net current financial position (D + G)**	**96.662**	**91.198**
I	Non-current financial debt	(15.187)	(18.654)
J	Debt instruments	(10.701)	(10.325)
K	Non-current trade and other payables	(2.129)	(7.633)
L	**Non-current financial indebtedness (I + J + K)**	**(28.017)**	**(36.612)**
M	**Net Financial Position (H + L)**	**68.645**	**54.586**

The net financial position recorded an increase of approximately 14 million during the six-month period, from 54,6 million as at 31 December 2023 to 68,6 million as at 30 June 2024.

For a detailed commentary on the net financial position, please refer to the appropriate section of the Management Report.

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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 30 June 2024, the share capital of El.En. Group, coinciding with that of the parent company, was as follows:

Authorized (to stock option plan service)	Euros	2.658.626
Underwritten and deposited	Euros	2.602.382

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

Category	**31/12/2023**	**Increase**	**Decrease**	**30/06/2024**
No. of Ordinary Shares	79.965.292	108.008	0	80.073.300
Total	**79.965.292**	**108.008**	**0**	**80.073.300**

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 Art. 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 104.000,00 Euro 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 104.000,00 Euro through the issue of 800.000 ordinary shares (following the split resolved by the Shareholders' Meeting of 20 July 2021, 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.

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Following the exercise by some of the beneficiaries of the 2016-2025 Stock Option Plan, the parent company, during the first six months of 2024, issued 108.008 ordinary shares (post-split) for proceeds of approximately 343 thousand Euro 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 65.000,00 Euro 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 45.955,00 Euro 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 the Annual Financial Report as at 31 December 2023 in the section "Significant events which occurred during the financial year 2023".

Lastly, 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 at 30 June 2024.

Additional paid in capital (Note 11)

As at 30 June 2024, the additional paid in capital reserve, coinciding with that of the parent company, amounted to 47.669 thousand Euro, up from 47.329 as at 31 December 2023 as a result of the stock options exercised during the six-month period, as mentioned in the previous note.

Other reserves (Note 12)

	30/06/2024	31/12/2023	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	114.679.292	102.563.733	12.115.559	11,81%
Cumulative translation adjustment	-1.985.575	-1.667.151	-318.424	19,10%
Stock option/ stock based compensation reserve	8.055.739	6.785.055	1.270.684	18,73%
Special reserve for grants received	426.657	426.657		0,00%
Other reserves	-55.499	-81.032	25.533	-31,51%
Total	**121.657.916**	**108.564.564**	**13.093.352**	**12,06%**

As at 30 June 2024, the "extraordinary reserve" amounted to 114.679 thousand Euro; the increase compared to 31 December 2023 relates to the destination of the net income of the financial year 2023, as per the resolution passed at the Shareholders' Meeting of the parent company held on 29 April 2024.

The cumulative translation adjustment summarises the effect of exchange rate variation on foreign currency investments. The effects for 2024 are shown in the "comprehensive income (loss)" 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.

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The special reserve for grants received is to be considered a revenue reserve and is unchanged from 31 December 2023.

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. S.p.A. had authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution; the aforementioned authorisation therefore definitively expired on 27 October 2022.
On 27 April 2023, the Shareholders’ Meeting of El.En. S.p.A. had authorised the Board of Directors to purchase treasury stock within 18 months from the date of the resolution.
On 29 April 2024, 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, following revocation for the unused portion of the authorisation granted by the same Shareholders’ Meeting on 27 April 2023, as already described in the significant events of the first half of 2024.
As at 30 June 2024, the number of treasury stock held by the company was 35.970, unchanged from 31 December 2023.

Retained earnings (Note 14)

This item summarises the contribution to the Group’s Shareholders’ Equity of all consolidated companies.

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Non-current liabilities

Severance indemnity fund (Note 15)

The following table highlights the movements during the accounting period:

31/12/2023	Provision	(Utilization)	Payment to complementary pension forms, to INPS fund and other movements	30/06/2024
4.758.094	1.442.229	-810.428	-835.665	4.554.230

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

For the purposes of international accounting 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 Italian 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 staff 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 30 June 2024 is 4.523 thousand Euro.

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

Financial hypotheses	Year 2023	Year 2024
Annual implementation rate	3,15%-2,98%-2,95%-3,08%-3,17% (*)	3,46%-3,35%-3,49%-3,61% (***)
Annual inflation rate	2,3%-2,00% (**)	1,4%-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%

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

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

(***) 3,46% for the first three years, 3,35% from the fourth to seventh year, 3,49% from the eighth to tenth year and 3,61% up to thirtieth year.

(****) 1,4% for the first year, 2% for following years.

In order to guarantee consistency with the sources of performance used for the preceding evaluations, 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 at 30 June 2024 as summarised in the table above.

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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.

Other accruals (Note 16)

The following table highlights the movements during the year:

	31/12/2023	Provision	(Utilization)	Other movements	Translation adjustment	30/06/2024
Reserve for pension costs and similar	1.904.990	186.447	-34.086	-425		2.056.926
Warranty reserve on the products	6.872.879	133.495	-785.333	-1	11.103	6.232.143
Reserve for risks and charges	4.473.759	16.194	-1.765.003	3.500	14.961	2.743.411
Total	**13.251.628**	**336.136**	**-2.584.422**	**3.074**	**26.064**	**11.032.480**

The agents' customer indemnity provision, which is included in the item "provision for pensions costs and similar", amounted to approximately 1.807 thousand Euro as at 30 June 2024, compared to 1.669 thousand Euro as at 31 December 2023.
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 2023	Year 2024
Annual implementation rate	2,51%-2,58%-2,54% (*)	2,83%-2,86%-2,78%(***)
Annual inflation rate	2,3%-2,00% (**)	1,4%-2,00% (****)

(*) 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 following years.
(***) 2,83% on maturities of 10 years, 2,86% up to 15 years, 2,78% up to 20 years.
(****) 1,4% for the first year, 2% for following years.

Yields derived from the EUR IRS curve at the valuation date were used to value the liability.

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 rejected any assumption that they were involved, even marginally, in the liability for the event.
The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the half-yearly financial statement.

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Financial debts and liabilities and other non-current liabilities (Note 17)

Financial m/l term debts	30/06/2024	31/12/2023	Variation	Var. %
Amounts owed to banks	15.186.541	18.654.197	-3.467.656	-18,59%
Amounts owed to leasing companies	10.238.579	10.128.428	110.151	1,09%
Amounts owed to other financiers	462.563	196.278	266.285	135,67%
Other non-current liabilities	2.129.413	7.632.624	-5.503.211	-72,10%
Total	**28.017.096**	**36.611.527**	**-8.594.431**	**-23,47%**

Details of amounts owed to banks outstanding as at 30 June 2024 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	377.402	382.332	28/08/2022	28/05/2028	1,30%	Quarterly instalments	90% from Mediocredito Centrale
Asclepion GmbH	Baudarlehen Deutsche Bank	Euro	444.444	1.148.151	02/05/2018	31/12/2027	1,40%	Monthly instalment	Mortgage
Asclepion GmbH	Kfw Darlehen CB	Euro	375.000		03/07/2020	30/06/2025	2,00%	Quarterly instalments	-
Asclepion GmbH	Kfw Darlehen DB	Euro	468.750		09/07/2020	30/06/2025	2,00%	Quarterly instalments	-
ASA S.r.l.	Unicredit	Euro	240.948	984.494	30/11/2019	31/05/2029	0,85%	Half-year instalments	Mortgage
ASA S.r.l.	Intesa San Paolo	Euro	753.781	761.499	24/09/2022	24/06/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	50.000.000	-	28/06/2024	31/07/2024	1,28%	Single instalment	
With Us Co., Ltd	The Shoko Chukin Bank, Ltd. - Tokyo	Yen	7.104.000	69.808.000	05/04/2021	05/04/2035	1,17%	Monthly instalment	Tokyo Credit Guarantee Corporation
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	21.420.000	108.945.000	26/08/2023	26/07/2030	0,95%	Monthly instalment	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
With Us Co., Ltd	Higashi-Nippon Bank, Ltd.	Yen	24.994.000		31/03/2022	28/02/2025	0,98%	Monthly instalment	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
With Us Co., Ltd	Mizuho Bank, Ltd.	Yen	12.504.000	30.202.000	10/12/2023	10/12/2027	0,85%	Monthly instalment	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
Penta Laser (Wuhan) Co., Ltd.	CEB	RMB	10.000.000	-	25/06/2024	23/09/2024	3,40%	Single instalment	Mortgage and guaranteed receivables
PENTA LASER(ZHEJIANG)CO.,LTD.	CCB	RMB	10.000.000		30/06/2025	30/06/2025	3,40%	Single instalment	Mortgage
PENTA LASER(ZHEJIANG)CO.,LTD.	MS BANK	RMB	10.000.000		28/06/2024	01/01/2025	3,50%	Single instalment	-

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PENTA LASER(ZHEJIANG)CO.,LTD.	CCB	RMB	20.000.000		02/02/2024	01/02/2025	2,95%	Single instalment	Mortgage
PENTA LASER(ZHEJIANG)CO.,LTD.	ABC	RMB	8.000.000		19/04/2024	19/10/2024	1,56%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	NB	RMB	10.000.000		26/01/2024	26/07/2024	2,30%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	NB	RMB	20.000.000		01/02/2024	24/07/2024	2,05%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	ICBC	RMB	7.500.000		11/06/2024	03/06/2025	3,45%	Single instalment	Mortgage
Penta Laser Technology (Shangdong) Co., Ltd.	CMB	RMB	16.000.000		25/03/2024	25/09/2024	2,15%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	CMB	RMB	14.000.000		12/04/2024	12/10/2024	1,75%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	CMB	RMB	10.000.000		23/04/2024	23/04/2025	2,60%	Single instalment	-
Penta Laser Technology (Shangdong) Co., Ltd.	NB	RMB	20.000.000		20/05/2024	20/11/2024	2,13%	Single instalment	-
Shenzhen KBF Laser Tech Co., Ltd	BOB	RMB	10.000.000		14/06/2024	14/06/2025	3,80%	Single instalment	Guarantee from General Manager
Cutlite Penta Srl	Credem	Euro	209.905		26/10/2021	26/07/2024	0,55%	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	2.200.000	2.750.000	28/10/2021	28/07/2026	Euribor rate 3 months + SPREAD 1,06%	Quarterly instalments	Elen SpA
Cutlite Penta Srl	Credem	Euro	861.911	73.650	04/08/2022	04/07/2025	Euribor rate 3 months + SPREAD 0,85%	Monthly instalment	-
Cutlite Penta Srl	Intesa San Paolo	Euro	1.256.301	1.269.165	28/08/2022	28/05/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
Cutlite Penta Srl	Intesa San Paolo	Euro	1.846.021		28/10/2022	28/04/2025	1,75%	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	428.571	-	02/01/2023	30/06/2024	2,95%	Quarterly instalments	Sace S.p.A
Cutlite Penta Srl	Intesa San Paolo	Euro	1.666.667	1.250.000	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	965.903	1.799.387	31/03/2024	31/12/2026	4,56%	Quarterly instalments	-
Cutlite Penta Srl	Monte Paschi di Siena	Euro	656.571	1.843.429	30/06/2024	30/06/2027	3,75% + 0,85%	Quarterly instalments	-
Cutlite Penta Srl	Credem	Euro	974.292	1.709.156	28/03/2024	28/02/2027	3,84%	Monthly instalment	-

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 term of 12 years and expires in January 2031; the outstanding debt as at 30 June 2024 amounts to 3,1 million Euro. 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 30 June 2024 amounts to approximately 3,1 million Euro.
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 consist, inter alia, of portions due after one year of loans granted by BPER to the subsidiary Lasit for the purchase of new equipment for a residual total as at 30 June 2024 of 27 thousand Euro that were repaid in staggered instalments, the last instalment due on 15 August 2025.

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The item Other non-current liabilities includes, inter alia, the amount of payables to suppliers due beyond 12 months or with payment terms due beyond one year in the amount of 1.339 thousand Euro.

As at 31 December 2023, “Other non-current liabilities” also included the liability for the earn-out provided for in favour of the former minority shareholder of Penta Laser Zhejiang Co., Ltd as part of the agreement to purchase its shares: this amounted to Renminbi 40 Million (approximately 5 million Euro), to be paid if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the date of purchase, which occurred in November 2019.
Following the negative results achieved by Penta Laser Zhejiang, the suspension of the IPO process, and the consequent request for the exit of funds from the capital of the Chinese subsidiary, the management took note of the impossibility of concluding the IPO process by the end of 2024, and, in accordance with IFRS 9, remeasured the financial liability with recognition of the related financial income in the income statement.

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Current liabilities

Financial liabilities (Note 18)

Details of the financial liabilities are set out below:

Financial short term debts	30/06/2024	31/12/2023	Variation	Var. %
Amounts owed to banks	44.460.139	28.441.900	16.018.239	56,32%
Amounts owed to leasing companies	3.510.027	2.968.064	541.963	18,26%
Amounts owed to other financiers	13.805.627	13.245.350	560.277	4,23%
Total	**61.775.793**	**44.655.314**	**17.120.479**	**38,34%**

	30/06/2024	31/12/2023	Variation	Var. %
Current liabilities for derivative financial instruments	8.678	31.457	-22.779	-72,41%
Total	**8.678**	**31.457**	**-22.779**	**-72,41%**

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:

a) the short-term portions of the loans described in the previous note;
b) loan disbursed by Mediocredito to the subsidiary Lasit for a research project for a total of 272 thousand Euro at an annual rate of 0,36% repayable in annual instalments starting from March 2018, last instalment 8 March 2025;
c) financial debt to the Chinese private equities.

The item “Current liabilities for derivative financial instruments” includes 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 in 2023 by the subsidiary Cutlite Penta for 5 million Euro.

Accounts payable (Note 19)

	30/06/2024	31/12/2023	Variation	Var. %
Accounts payable	166.960.797	153.230.610	13.730.187	8,96%
Amounts owed to associated companies	23.690		23.690	
Total	**166.984.487**	**153.230.610**	**13.753.877**	**8,98%**

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Income tax payables /Other current payables (Note 20)

The "income tax payables" accrued on certain Group companies amounted to 5.716 thousand Euro as at 30 June 2024 and are recorded net of the related down payments paid and withholding taxes incurred.

The breakdown of Other payables is as follows:

	30/06/2024	31/12/2023	Variation	Var. %
Social security debts				
Debts to INPS	4.748.979	5.436.083	-687.104	-12,64%
Debts to INAIL	169.742	368.908	-199.166	-53,99%
Debts to other Social Security Institutions	723.500	919.822	-196.322	-21,34%
Total	**5.642.221**	**6.724.813**	**-1.082.592**	**-16,10%**
Other debts				
Debts to the tax authorities for VAT	554.077	3.000.334	-2.446.257	-81,53%
Debts to the tax authorities for withholding	2.794.339	3.828.983	-1.034.644	-27,02%
Other tax liabilities	236.331	92.663	143.668	155,04%
Debts to staff for wages and salaries	21.755.306	20.845.134	910.172	4,37%
Down payments	30.751.709	30.588.151	163.558	0,53%
Other debts to associated companies	1.024.000	1.100.000	-76.000	-6,91%
Other debts	14.680.276	17.165.207	-2.484.931	-14,48%
Total	**71.796.038**	**76.620.472**	**-4.824.434**	**-6,30%**
Total Social security debts e Other debts	**77.438.259**	**83.345.285**	**-5.907.026**	**-7,09%**

"Debts to staff" include, among other things, the payable of deferred salaries accrued by employees as at 30 June 2024.

The item "Down payments" mostly represents down payments received from customers for orders in the portfolio and mainly refer to the parent company Elen SpA, the subsidiaries Deka Mela, Lasit, Cutlite do Brasil, Cutlite Penta, and the Chinese subsidiaries.

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

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Segment reporting under IFRS8

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

30/06/2024	Total	Medical	Industrial	Other
Revenues	314.323	195.069	117.975	1.279
Intersectorial revenues	(1.361)		(82)	(1.279)
Net Revenues	312.962	195.069	117.893	
Other revenues and income	5.854	1.310	4.543	
Gross Margin	128.806	91.584	37.221	
Inc.%	*40%*	*47%*	*30%*	*0%*
Margin	44.953	37.490	7.377	85
Inc.%	*14%*	*19%*	*6%*	*0%*
Not assigned charges	10.773			
EBIT	34.180			
Net financial income (charges)	(468)			
Share of profit of associated companies	(186)	35	(216)	(6)
Other Income (expense) net	4.971			
Income (loss) before taxes	38.497			
Income taxes	11.048			
Income (loss) before minority interest	27.448			
Minority interest	151			
Net income (loss)	27.297			

30/06/2023	Total	Medical	Industrial	Other
Revenues	347.008	198.505	147.437	1.067
Intersectorial revenues	(1.383)		(316)	(1.067)
Net Revenues	345.625	198.505	147.120	
Other revenues and income	3.625	1.489	2.136	
Gross Margin	131.473	93.077	38.396	
Inc.%	*38%*	*47%*	*26%*	*0%*
Margin	49.163	42.053	7.109	
Inc.%	*14%*	*21%*	*5%*	*0%*
Not assigned charges	10.288			
EBIT	38.874			
Net financial income (charges)	(1.028)			
Share of profit of associated companies	(5)	89	(89)	(5)
Other Income (expense) net	0			
Income (loss) before taxes	37.842			
Income taxes	10.991			
Income (loss) before minority interest	26.851			
Minority interest	1.075			
Net income (loss)	25.776			

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30/06/2024	Total	Medical	Industrial
Assets assigned	667.435	326.028	341.407
Equity investments	2.334	1.607	727
Assets not assigned	76.611		
Total assets	746.380	327.635	342.134
Liabilities assigned	314.902	79.241	235.661
Liabilities not assigned	43.922		
Total liabilities	358.824	79.241	235.661

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

30/06/2024	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	2.130	993	1.137
- not assigned	409		
Total	2.539	993	1.137

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)

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INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Revenues (Note 21)

Below is a breakdown of the Group's revenues from contracts with customers as at 30 June 2024 and 2023:

	30/06/2024	30/06/2023	Variation	Var. %
Total medical systems	156.055.965	161.823.820	-5.767.855	-3,56%
Total industrial systems	105.732.480	138.708.797	-32.976.317	-23,77%
Total service	51.173.539	45.092.564	6.080.975	13,49%
Total revenue	**312.961.984**	**345.625.181**	**-32.663.197**	**-9,45%**

Breakdown of Revenues by geographical areas

Medical sector

	30/06/2024	30/06/2023	Variation	Var. %
Italy	16.823.402	18.402.133	-1.578.731	-8,58%
Europe	59.501.268	58.365.405	1.135.863	1,95%
ROW	118.744.974	121.737.155	-2.992.181	-2,46%
Total Medical	**195.069.644**	**198.504.693**	**-3.435.049**	**-1,73%**

Industrial sector

	30/06/2024	30/06/2023	Variation	Var. %
Italy	33.878.269	62.434.156	-28.555.887	-45,74%
Europe	19.078.448	16.860.819	2.217.629	13,15%
ROW	64.935.621	67.825.523	-2.889.902	-4,26%
Total Industrial	**117.892.338**	**147.120.497**	**-29.228.160**	**-19,87%**

Breakdown of revenues based on Revenue Recognition Timing

	30/06/2024	30/06/2023	Variation	Var. %
Goods transferred at a specific time	309.739.908	342.090.337	-32.350.429	-9,46%
Services transferred over time	3.222.076	3.534.844	-312.768	-8,85%
Total revenue	312.961.984	345.625.181	-32.663.197	-9,45%

There was an overall decrease of about 9,4%, most marked in the industrial sector.

For further details, please refer to the Management Report.

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Other income (Note 22)

The analysis of other income is as follows:

	30/06/2024	30/06/2023	Variation	Var. %
Other income due to Insurance refunds	1.960.927	219.515	1.741.412	793,30%
Recovery of expenses	1.491.318	1.041.961	449.357	43,13%
Capital gains on disposal of fixed assets	66.904	45.909	20.995	45,73%
Other income	2.334.396	2.317.632	16.764	0,72%
Total	**5.853.545**	**3.625.017**	**2.228.528**	**61,48%**

Other income due to Insurance refunds also includes those received in connection with the damage from the Campi Bisenzio flood of November 2023.
The item “Expense recovery” refers mostly to the recovery of transport costs.
The item “Other income” accounts for state grants of 796 thousand Euro, mostly by the Chinese subsidiaries.

Costs for the purchase of goods (Note 23)

The analysis of purchases is as follows:

	30/06/2024	30/06/2023	Variation	Var. %
Purchases of raw materials and finished products	165.389.145	203.738.845	-38.349.700	-18,82%
Packaging	2.348.654	1.969.468	379.186	19,25%
Shipping charges on purchases	1.976.235	1.618.311	357.924	22,12%
Other purchase expenses	764.868	897.399	-132.531	-14,77%
Other purchases	2.834.974	3.431.403	-596.429	-17,38%
Total	**173.313.876**	**211.655.426**	**-38.341.550**	**-18,12%**

Costs for the purchase of goods and related charges as at 30 June 2024 amounted to 173.314 thousand Euro compared to 211.655 thousand Euro in the previous year, a decrease of 18%. Net of changes in inventories, the incidence of cost of goods was 51,9%, compared to 53,6% in the previous year.

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Direct services/operating services and charges (24)

The item is broken down as follows:

	30/06/2024	30/06/2023	Variation	Var. %
Direct services				
Outsourced processing	13.574.379	15.588.752	-2.014.373	-12,92%
Technical services on products	2.739.417	3.489.195	-749.778	-21,49%
Shipment charges on sales	2.987.694	3.533.567	-545.873	-15,45%
Sale commissions	6.238.974	8.304.350	-2.065.376	-24,87%
Royalties	235.400	276.000	-40.600	-14,71%
Travel expenses for technical assistance	948.130	728.257	219.873	30,19%
Other direct services	924.661	578.447	346.214	59,85%
Total	**27.648.655**	**32.498.568**	**-4.849.913**	**-14,92%**
Other operating services and charges				
Maintenance and technical assistance on equipment	852.026	1.018.232	-166.206	-16,32%
Commercial services and consulting	2.161.621	1.924.591	237.030	12,32%
Legal and administrative services and consulting	921.993	807.514	114.479	14,18%
Audit fees	320.560	155.903	164.657	105,62%
Insurances (no staff cost)	873.147	664.136	209.011	31,47%
Travel and accommodation expenses	3.201.048	2.634.901	566.147	21,49%
Trade shows	4.480.368	3.378.507	1.101.861	32,61%
Promotional and advertising fees	2.854.870	3.545.774	-690.904	-19,49%
Expenses related to real estate	2.099.024	2.213.029	-114.005	-5,15%
Other taxes	411.247	518.686	-107.439	-20,71%
Vehicles maintenance expenses	1.301.191	1.208.416	92.775	7,68%
Office supplies	263.527	286.503	-22.976	-8,02%
Hardware and Software assistance	1.467.624	1.317.120	150.504	11,43%
Bank charges	251.259	225.879	25.380	11,24%
Leases and rentals	1.339.790	1.272.158	67.632	5,32%
Salaries and indemnity to the Board of Directors and Board of Auditors	1.251.445	1.721.066	-469.621	-27,29%
Temporary employment	915.494	924.092	-8.598	-0,93%
Other services and charges	6.428.067	6.805.388	-377.321	-5,54%
Total	**31.394.301**	**30.621.895**	**772.406**	**2,52%**

Other operating services and charges amounted to 31.394 thousand Euro, up from 30.622 thousand Euro as at 30 June 2023.
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 2.135 thousand Euro.

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

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Staff costs (Note 25)

	30/06/2024	30/06/2023	Variation	Var. %
Wages and salaries	42.337.537	41.910.118	427.419	1,02%
Social security contributions	10.504.616	9.933.789	570.827	5,75%
Severance indemnity	1.367.525	1.206.919	160.606	13,31%
Staff costs for stock options/stock based compensation	1.322.458	1.589.546	-267.088	-16,80%
Other costs	488.077	556.421	-68.344	-12,28%
Total	**56.020.213**	**55.196.793**	**823.420**	**1,49%**

At 56.020 thousand Euro, staff costs were up from 55.197 thousand Euro in the previous financial year.
As at 30 June 2024, the item "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 by the subsidiary Penta Laser Zhejiang to some group employees.

Depreciation, amortization and other accruals (Note 26)

This item is broken down as follows:

	30/06/2024	30/06/2023	Variation	Var. %
Amortization of intangible assets	533.978	688.234	-154.256	-22,41%
Depreciation of tangible assets	3.958.670	3.697.373	261.297	7,07%
Depreciation of tangible assets right of use	1.477.621	1.436.157	41.464	2,89%
Accrual for bad debts	3.549.363	1.174.960	2.374.403	202,08%
Accrual for risks and charges	-2.308.996	-216.989	-2.092.007	964,11%
Total	**7.210.636**	**6.779.735**	**430.901**	**6,36%**

The reversal of provisions leading to the negative balance in provisions for risks and charges is mainly attributable to the product warranty reserve and the provision for other risks following the settlement of certain disputes.

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Financial Income and Charges and Exchange gain (loss) (Note 27)

The details of the two items are as follows**:**

	30/06/2024	30/06/2023	Variation	Var. %
Financial income				
Interests income on bank and postal deposits	723.791	279.156	444.635	159,28%
Financial income from associated companies	9.527	7.393	2.134	28,87%
Interests income from current securities and financial assets	14.725	85.864	-71.139	-82,85%
Capital gain and other income from current securities and financial assets	203.865	63.675	140.190	220,16%
Other financial income	155.280	173.337	-18.057	-10,42%
Total	**1.107.188**	**609.425**	**497.763**	**81,68%**
Financial charges				
Interests expenses on bonds	8.614		8.614	
Interests on bank debts and on short term loans	172.548	91.156	81.392	89,29%
Interests on bank debts and on other m/l term loans	435.279	302.142	133.137	44,06%
Capital losses and other charges on current securities and financial assets	-6.667	5.324	-11.991	-225,23%
Other financial charges	1.129.342	936.254	193.088	20,62%
Total	**1.739.116**	**1.334.876**	**404.240**	**30,28%**
Exchange gain (loss)				
Exchange gains	1.016.887	1.079.664	-62.777	-5,81%
Exchange losses	-852.979	-1.381.965	528.986	-38,28%
Other exchange gains (losses)	-1	1	-2	-200,00%
Total	**163.907**	**-302.300**	**466.207**	**-154,22%**

"Other income from securities and financial assets" refers mainly to capital gains realised on the redemption of certain insurance policies.
"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 75 thousand Euro, the recognition of interest expense arising from the application the accounting standard IAS 19, and for 267 thousand Euro the recognition of interest expense for leases arising from the application of IFRS 16.
It should be noted that there is no significant amount of unpaid or uncollected interest.

Other charges and income (Note 28)

	30/06/2024	30/06/2023	Variation	Var. %
Other charges				
Capital losses on equity investments	29.242		29.242	
Total	**29.242**		**29.242**	
Other income				
Other non recurring income	5.000.000		5.000.000	
Total	**5.000.000**		**5.000.000**	

The item "Other income" includes the financial income recognised following the remeasurement by management of a financial liability, in accordance with IFRS 9. We would like to remind you that said liability was recorded in previous financial years versus the former minority shareholder of Penta Laser Zhejiang Co., Ltd in the amount of Renminbi 40 million (about 5 million Euro), to be paid due to the earn-out clause envisaged by the sale agreement if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the purchase date. Following the negative results recorded by Penta Laser Zhejiang (inadequate for the presentation of a successful IPO) and the withdrawal request by the Private Equity funds, which had invested in the capital of Penta Laser Zhejiang at the end of 2022 with the aim of supporting the IPO, the management took note of the impossibility of concluding the IPO process by the end of 2024, as described in the section "Subsequent events", and, in accordance with the standard IRFS 9, therefore proceeded to remeasure the financial liability with recognition of the related financial income in the income statement.

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Income taxes (Note 29)

The tax inocme for the period amounted to a total of 11 million Euro. Taxes for the half-year were calculated on the basis of the best estimate of expected tax rates for the year 2024.

Earnings per share (Note 30)

The weighted average number of shares outstanding during the year following the exercise of stock options granted and net of treasury stock held was 80.008.578 ordinary shares. Earnings per share as at 30 June 2024 are therefore 0,34 Euro. Diluted earnings per share, which also take into account stock options granted, amounted to 0,33 Euro.

Distributed dividends (Note 31)

The Shareholders' Meeting of El.En. SpA held on 29 April 2024 resolved to distribute a dividend, equal to 0,20 (zero comma twenty) Euro gross per outstanding share, to the shares in circulation on the ex-dividend date. The dividend distributed was 16.006.440 Euro.

Other components of the statement of comprehensive income (Note 32)

With reference to 30 June 2024, 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 33)

Pursuant to Consob Communication of 28 July 2006 no. DEM/6064293, it should be noted that, for the first half of 2024, the Group did not engage in any atypical and/or unusual transactions, as defined in the Communication.

Non-recurring events/operations include the financial income already described in Note 28, which contributes positively to both the profit for the period and to the net financial position, as well as to shareholders' equity and cash flows for the period.

	Total Shareholders' equity	**Net income (loss) for the financial period**	**Net financial position**	**Cash flows (*)**
Book value	387.555.190	27.448.205	68.645.030	17.549.111
Earn Out	5.000.000	5.000.000	5.000.000	5.000.000
Impact	1,29%	18,22%	7,28%	28,49%

(*) cash flows refer to the increase (or decrease) in cash and cash equivalents during the period.

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Disclosure on related parties (Note 34)

No transactions with related parties can be qualified as either atypical or unusual. These transactions are settled at ordinary market conditions.

In particular, we highlight the following:

Subsidiaries
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 guarantees granted to associated companies during the first half of 2024 are set out clearly and in detail.
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 differ slightly 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		6.260	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA	320.000		42.976	
Accure Inc.			174.517	
Total	**381.565**	**-**	**223.754**	**-**

	Financial Payables		**Other payables**		**Accounts Payable**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Accure Inc.			1.024.000		23.690	
Total	**-**	**-**	**1.024.000**	**-**	**23.690**	**-**

Associated companies:	**Sales**	**Service**	**Total**
Elesta SpA	15.926	40.693	56.619
Accure Inc	1.303.824	5.000	1.308.824
ZheJiang Monochr Laser Intelligent Equipment Co.,Ltd	840.588		840.588
Total	**2.160.338**	**45.693**	**2.206.031**

Associated companies:	**Other revenues**
Elesta SpA	1.164
Actis Srl	600
Accure Inc.	65.481
Total	**67.245**

Associated companies:	**Purchase of raw materials**	**Services**	**Other**	**Total**
Elesta SpA	14.500			14.500
Accure Inc.		58.500		58.500
Total	**14.500**	**58.500**	**-**	**73.000**

The figures of the tables listed above refer to transactions concerning the Group's normal operations.

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The table below shows the impact of transactions with related parties 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	2.571.338	1.508.519	58,67%
Receivables LT	232.122	-	0,00%
Accounts receivable	180.905.803	223.754	0,12%
Other current receivables	19.993.071	381.565	1,91%
Non current financial liabilities	25.887.683	-	0,00%
Current financial liabilities	61.784.471	-	0,00%
Accounts payable	166.984.487	23.690	0,01%
Other current payables	77.438.259	1.024.000	1,32%
Other non current liabilities	2.129.413	-	0,00%
Impact of related parties transactions on the income statement			
Revenues	312.961.984	2.206.031	0,70%
Other revenues and income	5.853.545	67.245	1,15%
Purchase of raw materials	173.313.876	14.500	0,01%
Direct services	27.648.655	58.500	0,21%
Other operating services and charges	31.394.301	-	0,00%
Financial charges	1.739.116	-	0,00%
Financial income	1.107.188	9.527	0,86%
Income taxes	11.048.496	-	0,00%

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Risk factors and procedures for the management of financial risks (Note 35)

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 bank accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has accounts 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. There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents approximately 7% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the related 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. had provided a guarantee in favour of the selling shareholder for the eventual payment under the *earn-out* clause of 40 million Renminbi (approximately 5 million Euro) in the event of an IPO of Penta Laser Zhejiang within 5 years from the date of purchase. As already described in other sections of this Note, as it is not possible to successfully conclude the IPO process by the end of 2024, the debt for the possible earn-out was subject to "Remeasurement" according to IFRS9. The guarantee is therefore still formally in place and will expire in November 2024.

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 Srl had 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 possible final judgment sentencing it to pay damages with reference to definitive sentencing in 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 had also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las was found to be in default. The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the half-yearly financial statement.

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 is 1,35 million Euro.

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 is 4,5 million Euro.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25 million, of which RMB 20 million was drawn by 30 June 2024. It also granted guarantees to the subsidiary Penta Laser Technology (Shangdong) to obtain a credit line of up to RMB 15 million, of which RMB 500 thousand was drawn by 30 June 2024.

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The Chinese subsidiary Penta Laser (Wuhan) took out mortgages and granted receivables as a guarantee to obtain a credit line of up to RMB 10 million, fully drawn by 30 June 2024. 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, of which 8,8 million had been drawn as at 30 June 2024. It also granted guarantees to the subsidiary Penta Laser Zhejiang to obtain a credit line of up to RMB 15 million, of which RMB 5 million was drawn by 30 June 2024.

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 30 June 2024.

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 Euro. 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 is 2,7 million Euro.

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 Euro.

In 2023, the Spanish subsidiary Lasit Iberica signed a bank guarantee for 20 thousand Euro in favour of a customer for a down payment received on a sale.

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.

During 2023, the subsidiary Cutlite Penta Srl entered into a forward contract to partially hedge the interest rate risk on a loan.

Operation	Notional value	*Fair value*
Interest rate swap	€2.916.666	-€ 8.678
Total	**€2.916.666**	**-€ 8.678**

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.

Assessing the impacts of climate change

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, and as indicated in the section "Risk factors and management procedures for financial risk" of the Management Report, the Group has detected and identified 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.

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In addition, the identification and assessment of ESG risks and opportunities was initiated, in order to identify financial materiality. This activity is part of the broader Double Materiality Analysis project introduced by the CSRD legislation, which will be completed for the financial statement as at 31 December 2024.

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.

Financial Instruments (Note 36)

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	Book value	Fair value	Fair value
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Financial assets				
Equity investments in other companies	1.062.819	1.061.819	1.062.819	1.061.819
Non current financial receivables	232.122	314.679	232.122	314.679
Current financial receivables	928.299	910.318	928.299	910.318
Securities and other non-current financial assets	7.548.564	23.774.613	7.548.564	23.774.613
Securities and other current financial assets	9.310.168	4.315.184	9.310.168	4.315.184
Cash and cash equivalents	148.589.695	131.040.584	148.589.695	131.040.584
Financial debts and liabilities				
Non current financial liabilities	25.887.683	28.978.903	25.887.683	28.978.903
Current financial liabilities	61.784.471	44.686.771	61.784.471	44.686.771

Fair value - hierarchy

All financial instruments recorded at fair value, or for which disclosures are made, are classified into the three fair value categories described below, based on the lowest level of significant input for determining fair value as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: valuation techniques (for which the lowest level of significant input for determining fair value is directly or indirectly observable)
Level 3: valuation techniques (for which the lowest level of significant input for determining fair value is unobservable)

At the end of each period, the Group determines whether, with respect to financial instruments measured at fair value on a recurring basis, there have been any transfers between the Levels of the hierarchy by reassessing their classification (based on the lowest level of input significant to the determination of fair value as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques or criteria used to calculate fair value during the reporting period.

As at 30 June 2024, the Group held the following securities measured at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		7.548.564		7.548.564
Mutual funds/Bonds	9.308.901			9.308.901
Interest rate swap		-8.678		-8.678
Other equity investments			1.062.819	1.062.819
Total	**9.308.901**	**7.539.886**	**1.062.819**	**17.911.606**

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Other information (Note 37)

Average number of employees

Personnel	Average of the period	30/06/2024	Average of previous period	31/12/2023	Variation	Var. %
Total	**2.056**	**2.030**	**2.094**	**2.082**	**-52**	**-2,50%**

Subsequent events (Note 38)

As part of the reorganisation of the group's laser cutting business after first suspending and then discontinuing the process that was to lead to the IPO of the division on the Chinese market, Ot-las Srl bought back 100% of the shares of Cutlite Penta Srl held by Penta Laser Zhejiang on 29 August 2024.
Penta Laser Zhejiang then proceeded to liquidate the equity investments of the private equity funds that had invested in Penta Laser Zhejiang's capital in accordance with the terms of the original capital increase agreement, i.e. by paying the investors the invested capital and 6% interest per annum, for a total amount of RMB 151,8 million or approximately 19,3 million Euro, finalising the exit of the private equity funds and sanctioning the termination of the IPO process. In order to avoid the emergence of any disputes by the CITIC investment fund, although the latter had previously waived its right of withdrawal exercisable in the event of a failed IPO, the Group's management also deemed it appropriate to proceed with its liquidation.

For The Board of Directors
The Managing Director – Andrea Cangioli, engineer

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Declaration of the condensed half-yearly financial statement as at 30 June 2024 pursuant to Art.81-*ter* of 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:

- the suitability in relation to the characteristics of the company, and
- the effective application of the administrative and accounting procedures for the preparation of the condensed half-yearly financial statement, during the six months ended 30 June 2024.

2. No major issues emerged in this regard.

3. It is further attested that:

3.1 the condensed half-yearly consolidated financial statement:

a) is prepared in accordance with the applicable international financial accounting 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) can give 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 interim management report includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the condensed half-yearly financial statement, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim management report also includes a reliable analysis of information on material transactions with related parties.

Calenzano, 11 September 2024

The Managing Director

Andrea Cangioli, engineer

The Executive officer responsible for the preparation of the financial statements
Enrico Romagnoli

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EL.EN. S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
EL.EN. S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow and the related explanatory notes of EL.EN. S.p.A. and its subsidiaries (the "EL.EN. Group") as of June 30, 2024. The Directors of EL.EN. S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of EL.EN. Group as of June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, September 12, 2024

EY S.p.A.
Signed by: Andrea Eronidi, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

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