

The BoD of El.En. releases The Financial Report as of March 31, 2023

*The growth of the Group continued in the first quarter
The 2023 Guidance is confirmed*

- **Consolidated Revenues: 161,4 million of euro up on the 144,4 million of euro of 1Q, 2022 (+12%)**
- **EBITDA: 21,0 million of euro vs. 20,0 million of euro in 2022, (+4,3%)**
- **EBIT: 17,0 million of euro vs. 17,1 million of euro of the same period of 2022, (-0,3%); EBIT Margin 10,6% vs. 11,8%**
- **Net Financial Position: cash positive for 56,7 million of euro vs. 88,5 million as of December 31, 2022**

Florence, May 15 2023 – The Board of Directors of El.En. S.p.A., leader in the laser market and listed on the Euronext STAR Milan ("STAR") segment of the Milan Stock Exchange, released today the intermediate financial report as of March 31 2023.

In the first three months of 2023 the El.En. group registered consolidated revenues for 161,4 million of euro, with an increase of approximately 12% compared to 144,4 million of 31 March 2022 and a 17,0 million of euro EBIT, substantially unchanged compared to the same period of last year when it was equal to 17,1 million of euro, with a 10,6% EBIT margin slightly decreasing compared to 11,8% in the first quarter of 2022.

Gabriele Clementi, President of EL.EN. S.p.A. said: *"We are satisfied with the results of the first quarter, which compared with the extraordinary quarter in 2022 and highlighted results in line with the trend we outlined in the guidance for the current year. We continue to trust in the development of our reference markets. Our group continues to be proactive in contributing to the technological and application innovation that has been and is the basis of the development of our markets and our business, and relies on its own capabilities to continue its constant growth path".*

The general trend of the economy is still positive despite the presence of certain factors disturbing its regular development such as the increase in interest rates and inflation. Despite these signs of uncertainty, to date these factors have not affected the Group's positive development prospects.

In China, the rebound of the country's economy is showing signs of recovery in the laser cutting sector in terms of order acquisition even if the recovery began to materialize in the second half of the month of February, only, and its effects may be visible starting next quarter. Still in the industrial sector, on the Italian market our forecasts take into account a less robust demand due to the lower 4.0 incentives, which we plan to remedy thanks to the expansion of the export volumes. In this sense, several initiatives have been undertaken by Cutlite Penta and Lasit, the most significant Italian companies in the industrial sector of the Group, to increase their presence on international markets. The results of the first quarter are satisfactory in terms of turnover, and promising for the development outlook on international markets.

The **medical sector** recorded growth of more than **11%** thanks to the positive contribution of all segments. Revenues and quarterly order acquisition confirmed the excellent state of health of the

market, in all its main application segments, aesthetics, surgery and therapy. Growth in the sector remained robust and largely satisfactory in all application segments. In line with forecasts for the full year 2023, growth was more marked in the surgical sector, but it also recorded an interesting result in aesthetic applications, close to 10%, and in the therapy sector. Down to the detail of the most relevant application segments, among the aesthetic applications systems, CO2 and Erbium lasers for skin rejuvenation with ablative treatments recorded significant growth (the Punto systems by Deka, Dermablade systems by Asclepion and Tetra systems also by Deka dedicated to the North American market), and the systems with nano and picosecond laser pulse emissions intended for the removal of tattoos but also for antiaging and toning treatments (the Discovery Pico and Chrome systems by Quanta System, Studio by Deka, Picostar and Rubystar by Asclepion). For surgical applications, urology systems represented the largest share of turnover (about 80% of the segment) and showed rapid growth in this quarter, thanks above all to Quanta's Fiber Dust systems. Growth in the sales of CO2 systems for ENT was even faster. In this application segment the systems Smartxide Quadro and Smartxide Trio by Deka offer the highest standard of performance and accessories range.

In the **industrial sector**, revenue growth was close to **13%**. The laser cutting segment represents about 80% of the sector, a share obtained through the constant and rapid growth in recent years, and expected in the current year as well. In Italy, Cutlite Penta registered an excellent result with a 70% growth which compensated for the decline in turnover of the Chinese business. Revenue growth in laser marking was very interesting, exceeding 52% thanks to the excellent performance of both Lasit in the marking for identification with solid-state sources, and Ot-las for decoration and special processes with CO2 laser sources. Noteworthy is the commitment of Lasit in the internationalization of its sales structure, with the creation of direct sales branches in Poland, Spain and, just in recent weeks, in Germany.

During the quarter, the activities carried out in the field of sustainability by the Group, which are also included among the performance indicators for Management compensation, continued. The 2023-2027 five-year plan which will identify specific and measurable sustainability activities and objectives, was drawn up. In particular the objectives include the fight against climate change, the circular economy, the promotion of a responsible supply chain, the enhancement of people and the contribution to the community, confirming the commitment to sustainable development and how environmental and social responsibility are always more an integral part of the Group's business model.

About new investments, the Group continues to focus on the internal development of its activities, setting up equipping the operating structures necessary to continue to seize the opportunities that the markets are offering. Investments in the period totaled approximately 4 million of euro, down on the previous year, during which the most significant projects to expand the production plants in the various locations were completed. This activity will continue in 2023 as well, still aimed at providing the production capacity increase necessary to support the expected growth, but overall investments are expected to be lower than in 2022. In the first quarter, around a third of total investments were related to the completion of the new factory in Wuhan, for the laser cutting sector in China, while expansion and re-adaptation works of significant amounts were carried out in Samarate for Quanta System and in Calenzano for El.En..

The group's turnover in Q1 2023 showed an increase close to 12%, more marked in the industrial sector. The **medical** sector recorded a growth of over 11% compared to the same period of 2022 with a turnover of approximately 97,0 million euros compared to 87,2 million euros in 1Q 2022. The **industrial** sector reported an increase in turnover by approximately 13%, equal to 64,5 million euro vs. 57,2 million of euro in the first quarter of 2022.

Within the **medical and aesthetic systems** sector which accounts for around 60% of the Group's revenues, demand was very strong in all segments, with a trend in line with the annual forecast for

2023. Growth was more marked in the surgical sector which reported revenues for 19,3 million of euro compared to approximately 14,5 million in 1Q 2022 up approximately 33%. The growth in aesthetic applications was interesting, close to 10%, with a turnover of 55,6 million of euro compared to 51 million of euro in the same period of 2022 and in the therapy sector which grew by approximately 6,4%.

In the **industrial applications sector**, the growth in revenues was close to 13%. Laser cutting increased by about 10% and recorded a turnover of 51,7 million of euro in the first quarter of 2023 compared to 47,4 million euros in the same period of 2022 thanks to the extraordinary performance of Cutlite Penta which marked a 70% growth thus mediating the negative trend of the Chinese market. The growth in the Marking sector was even higher, exceeding 52% with revenues reaching 6,7 million of euro compared to 4,4 million euros in 1Q 2022.

The Group continues to devote great attention to the artistic heritage conservation sector with results that go far beyond mere economic results. The sector represents one of the Group's most significant commitments in activities with a social impact, and the Group places its skills and technologies at the disposal of the conservation of artistic artefacts.

We report that in these months our laser systems have been active at the Temple of Jupiter Anxur complex, removing writing and graffiti from the walls of the Roman temple built in the 1st century BC. on a hill overlooking the city of Terracina.



At a **geographical level**, growth was driven by Italy where sales of 39,6 million of euro were recorded compared to 27,5 million of euro in the same period of 2022, with a 44.2% increase and a 24,6% share of total sales. In Europe, the result was 39,3 million of euro compared to 33,2 million of euro in the first quarter of 2022, a share of 24,3% on total revenues and up approximately +18.4%. In the Rest of the World, turnover remained in line with the previous year and was equal to 82,4 million of euro compared to 83,7 million of euro in 1Q 2022 with a slight decrease of 1,5% and retaining a 51,0% share on total consolidated revenue.

Gross margin for the first quarter amounted to 61 million of euro, up approximately 11% compared to the 55,0 million of euro at 31 March 2022. The margin on sales recorded a slight improvement in the medical sector. On the other hand, the margins of sales in the industrial sector suffered a decline, above all due to the difficulties on the Chinese market.

EBITDA was equal to 21,0 million of euro up 4,3% on the 20,1 million of euro as of March 31 2022. L'EBITDA *Margin* in the first quarter of 2023 was equal to 13,0%, slightly down from the EBITDA *Margin* of 1Q 2022, that was 13,9%.

EBIT showed a positive balance of 17,0 million of euro in the quarter, slightly down from the 17,1 million of euro as of March 2022. The 10,6% EBIT margin is as well slightly decreasing from 2022's 11,8%.

Pre-tax income showed a positive balance for roughly 16,6 million of euro marking a 5,3% decrease on the 17,5 million of euro of 1Q 2022.

The **Group's net financial position** at the end of the quarter was positive by around 56,7 million of euro compared to around 88,5 million euro as at 31 December 2022, down by around 32 million. The expansion of net working capital, functional to guaranteeing stability of production processes also in view of a further increase in volumes produced, absorbed approximately 26,5 million of euro, in addition to over 17 million of euro due to changes in other payables and receivables, including an increase in advances paid to suppliers and a decrease in advances received from customers. It should also be noted that investments in fixed assets in the period exceeded 4 million.

The solid financial position allows the Group to define its growth strategies with great freedom.

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

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Potential developments of the "Laser Cutting" business unit

Since 2022, the group undertook the preparatory activities for a possible IPO filing on a regulated market in Mainland China, functional to our ambitious growth objectives in the sector. The lower-than-expected results of the Chinese business in recent quarters led to a slowdown in such preparatory activities, concentrating in restoring a more solid trend to be able to aspire to a successful filing.

War in Ukraine

The Russian-Ukrainian conflict is causing great uncertainty and critical issues in international relations between all parties directly and indirectly involved in the conflict. The state of war on the territory of Ukraine and the harsh trade sanctions imposed on Russia and its allies continue to block trade relations in these areas. The group succeeded so far and expects in the future to be able to overcome the drop-in sales in these areas with the improved performance in the rest of the world.

Current outlook

The financial results for the first quarter were in line with the annual Guidance disclosed in March 2023. The Company, in the current macro-economic environment still highlighting difficulties and uncertainties projected on corporate activities by the war, inflation and the interest rates increases, confident in its potential, confirms the Guidance for the 2023 financial year which indicates an EBIT in line with 2022, with consolidated revenues growing with the contribution of both medical and industrial sectors.

As required by Consob, the Quarterly yearly report as of march 31st, 2023 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website www.elengroup.com ("*Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2023*") from May 15, 2025 and on authorized storage website www.emarketstorage.com.

CONFERENCE CALL

On May 16th, 2023, at 2:30pm (CET) - 1.30pm (GMT) 8.30am (EST), El.En. S.p.A. will hold a conference call discussing the group's financial results. The following link can be used to participate:

<https://regia.polytemshir.it/meeting/64510554de0b6/join>

Prior to the conference call, download of the presentation will be available on the Investor relation page of the El.En. website: <http://www.elengroup.com/en/investor-relations-en/company-presentations>.

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

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El.En., an Italian company, is the parent of a high-tech industrial group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En. Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications. The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;
- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;
- Laser systems for scientific research

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Sigla: ELN

Negoziata su Euronext STAR Milan ("STAR")

Mkt cap.: 1 B di euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended March 31st , 2023 (unaudited)

Income Statement	31/03/2023	Inc %	31/03/2022	Inc %	Var. %
Revenues	161.355	100,0%	144.384	100,0%	11,75%
Change in inventory of finished goods and WIP	13.579	8,4%	6.770	4,7%	100,60%
Other revenues and income	1.398	0,9%	1.035	0,7%	35,08%
Value of production	176.333	109,3%	152.189	105,4%	15,86%
Purchase of raw materials	106.902	66,3%	99.559	69,0%	7,38%
Change in inventory of raw material	(7.287)	-4,5%	(14.877)	-10,3%	-51,02%
Other direct services	15.595	9,7%	12.493	8,7%	24,83%
Gross margin	61.123	37,9%	55.013	38,1%	11,10%
Other operating services and charges	14.066	8,7%	11.841	8,2%	18,79%
Added value	47.056	29,2%	43.172	29,9%	9,00%
Staff cost	26.123	16,2%	23.097	16,0%	13,10%
EBITDA	20.934	13,0%	20.075	13,9%	4,28%
Depreciation, amortization and other accruals	3.902	2,4%	2.996	2,1%	30,23%
EBIT	17.032	10,6%	17.079	11,8%	-0,28%
Net financial income (charges)	(459)	-0,3%	473	0,3%	
Share of profit of associated companies	36	0,0%	(7)	0,0%	
Income (loss) before taxes	16.608	10,3%	17.545	12,2%	-5,34%

NOTE:

The El.En. Group uses some alternative performance measures which are not identified as accounting measures that are part of the IFRS in order to offer a better evaluation of the performance of the Group. Consequently, the criteria applied by the Group may not be homogeneous with that used by other companies and the results obtained may not be comparable with the results shown by these latter.

These alternative performance measures, determined in conformity with the guidelines for alternative measures issued by ESMA/2015/1415 and adopted by the CONSOB with notice nr. 92543 on December 3rd 2015, refer only to the economic performance of the period being considered and those with which it is being compared.

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

- the **value of production** is determined by the sum of revenue, the change in inventory of finished goods and WIP and the other revenue and income;
- the **gross margin** represents the indicator of the sales margin determined by adding to the Value Added the "Costs for operating services and charges".
- the **value added** is determined by adding to the EBITDA the "cost for personnel";
- the **earnings before income taxes, devaluations, depreciations and amortizations** or "EBITDA", also represents an indicator of operating performance and is determined by adding to the EBIT the amount of "Depreciations, Amortizations, accruals and devaluations";
- the **earnings before interest and income taxes**, or "EBIT", represents the difference between revenue and other operating income and production costs, operating service and charges, depreciations, amortizations, accruals and devaluations;
- the **incidence** that the various entries in the income statement have on the sales volume.

As alternative performance indicators to evaluate its capacity to meet their financial obligations, the Group uses:

- the **net financial position** which means: cash available + securities entered among current assets + current financial receivables – debts and non-current financial liabilities - current financial debts (displayed in compliance with the ESMA Orientations which, starting on May 5th 2021 modified the references contained in the preceding CONSOB communications, including the references present in Communication n. DEM/6064293 of July 28th 2006 related to the net financial position).