

## The BoD of El.En. releases the six months Financial Report as of June 30, 2023

*Continued top line growth for the group,  
largely in line with the 2023 guidance*

- **Consolidated Revenues: 345,6 million of euro vs. 326,9 million of euro of 1H 2022 (+6%)**
- **EBITDA: 45,7 million of euro vs. 47,2 million of euro in 1H 2022 (-3,3%)**
- **EBIT: 38,9 million of euro vs. 41,4 million of the same period of 2022 (-6,1%)**
- **Net Income for the group positive for 25,8 million of euro vs. 28,4 million of euro in 1H 2022 (-9,3%)**
- **Restatement of Penta Laser Zhejiang's Equity and Financial Liabilities balances of the previous year for 13,2 million of euro according to IAS 8 par. 41-42**
- **Net Financial Position: positive for 10,2 million of euro vs. 75,3 million of euro as of December 31, 2022 (after the restatement mentioned above)**

**Firenze, September 12, 2023** – The Board of Directors of El.En. S.p.A., leader on the laser market, listed on the Star segment of the Italian Stock Exchange, released today the six months financial report as of June 30, 2023.

The first half of 2023 closed with a further increase in the Group's revenues, up to 346 million of euro, +6% compared to 1H 2022, largely in line with the forecast indications released by the group at the beginning of the year, with a slight delay on the objectives of confirming the record EBIT of the previous year. Demand remained sustained and solid in most of the Group's markets, unaffected by the complex general economic conditions - in Italy, Europe and the USA. The Group continues to be recognized among the reference leaders in the markets in which it operates, with a variety and quality of offer that best interprets the needs of customers in sectors in which demand remains high, such as the medical sector of aesthetic treatments and laser system for surgery, or the sheet metal cutting in the manufacturing sector. The trend highlighted positive results in all sectors and segments with the sole exception of the laser cutting market in China which caused the delay compared to the 2023 EBIT objectives.

In the **medical sector** the six months revenue was close to 200 million of euro, recording an 8,5% growth and improving its income form operation as well. A particularly positive trend was achieved in sales of laser systems for surgical applications and a more contained growth in systems for aesthetics and therapy, also due to a reduced liveliness of some fundamental markets such as the Middle East and Japan.

In the **laser cutting sector**, Cutlite Penta and Cutlite do Brasil recorded a very positive trend in the six months, expanding the business volume both in Italy and abroad and improving profitability compared to the first half of 2022. The conditions of the Chinese market still remained unfavorable with a disappointing performance compared to recovery expectations for the current financial year. The expected recovery of the Chinese economy after the year of lockdowns failed, highlighting a

difficult environment for the growth of economic activities. The dynamics of the laser cutting systems market revealed instead a tightening of competitiveness, with further reductions in average prices shifting our break-even point to higher levels than those achieved in the reported period. The Industrial Sector records a 2,1% growth, due to a negative performance on the Chinese market.

The first half of 2023 closed with **consolidated revenues** of 345,6 million of euro vs. 326,9 million of euro in 1H 2022, with a change of approximately +6%; **EBITDA** was equal to 45,7 million of euro with a 3,3% decrease and an EBITDA margin on sales equal to 13,2% compared to 47,2 million of euro in the same period of 2022.

**EBIT** was 38,9 million of euro, down 6% from the 41,4 million of euro of the six months of 2022.

The **Group NET profit** was 25,8 million of euro down 9,3% on the 28,4 million of 1H 2022.

**Gabriele Clementi, President of El.En. S.p.A.** said: “ *The first half of the year was marked by a further increase in the Group revenues, thanks to a solid demand for products recorded in all application segments and in all geographical markets in which the Group operates, with the sole exception of China for laser cutting where a slowdown occurred, due to the lack of the expected post Covid general recovery, which continues to slow down all economic activities in the country. The six months financial results were largely in line with the revenue guidance issued in May for 2023, and highlighted an operating income slightly lower than expected, entirely due to the delay in the recovery of the Chinese market. The Group's reference markets continue to offer important business opportunities and, aware of the Group's potential, we currently confirm the expectation of a slight increase in the yearly consolidated revenues and of being able to contain the delay in the operating income, compared to 2022, within the extent registered in the first half of 2023* ”.

The excellent results once again registered in the period were achieved not only due to the excellence of the group's offering, but also thanks to a financial strength, accumulated in past years, which allowed in the critical phase of the supply chains and of the increase in interest rates to adequately serve the market, albeit with a significant expansion in working capital which however will be reduced with the normalization of the supply chain.

In the first half of the year the group once again made use of its liquid assets to significantly expand its working capital, with purchases of raw materials performed well in advance of production and early payment of suppliers to guarantee to the Group priority in deliveries and provide stability to the production processes hindered by the unavailability of components.

In the first half of 2023, growth in the **medical sector** was solid in all application segments. **Aesthetics** - which represents the most significant sector with a 57% weight on the overall turnover - highlighted sales for approximately 114 million of euro compared to 111 million in the same period of 2022. The weight on total medical sales decreased slightly in the half-year due to the growth of the other segments. With 38,5 million of euro in revenues the performance in the sale of **surgical devices** was very strong (up from vs. 30,1 million of euro in 1H2022) with a 28% increase thanks above all to systems for urology. In the field of aesthetic applications, the excellent sales trend of CO2 and Erbium laser systems and systems delivering nano and picosecond laser pulses for toning, tattoo removal and anti-aging treatment continued in the period.

**After-sales service** sales were close to 18,5% of the sector's turnover, with a result of approximately 36,7 million of euro (vs. 33,3 million in the same period of 2022), a strong increase thanks above all to the sale of consumables for surgical applications. The activities of the medical sector mainly showed brilliant trends, both from the point of view of turnover and profitability, improving compared to the first half of 2022.

In the **industrial applications sector**, on a six months basis the increase in revenues was approximately 2,14%, up to 147,1 million of euro vs. 144,0 million of euro in 1H 2022, driven however by the **sheet metal cutting** segment which recorded an overall slight decline in demand with a

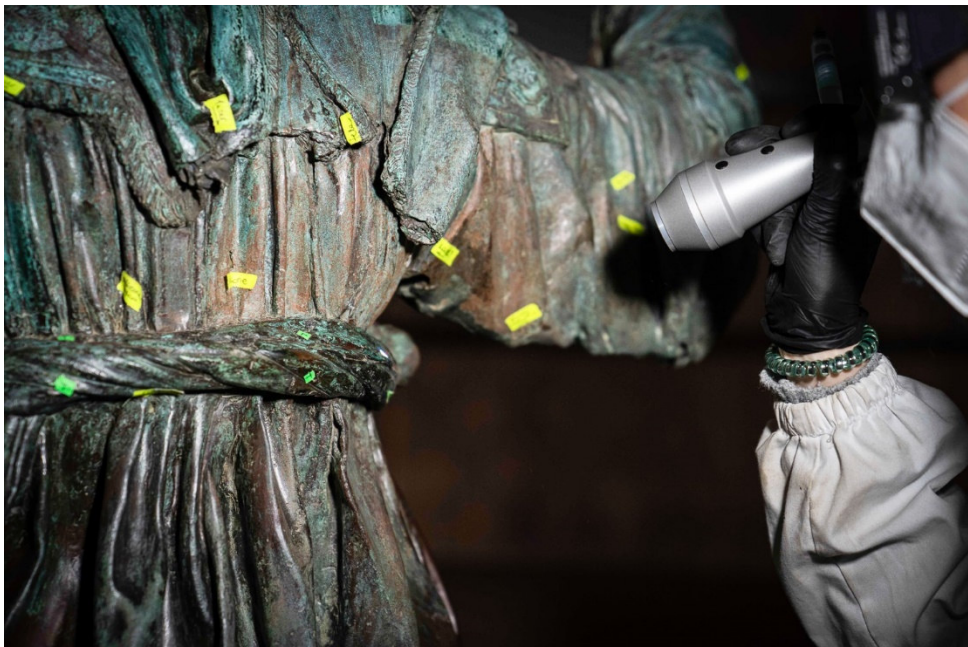
turnover of approximately 121,7 million euros vs. 122,1 million euros in the first half of 2022, a 0,3% decrease, and a share equal to approximately 83% of the total sector's sales. The sales performance recorded in Italy, Europe and the USA by Cutlite Penta was again very brilliant, with an excellent 25% growth in the six months revenues, while in China there was a slowdown with a drop in turnover of around 20%.

In the **marking** segment there was a deep acceleration with a 33,5% growth and an overall sales volume of approximately 14,5 million of euro compared to 10,9 million in 1H2022 and an incidence on the sector turnover of 9,83 % compared to 7,52% in 1H 2022. Sales of marking systems present further development prospects on international markets.

The **laser sources** sector reported growth of 6,8% and a turnover of 2,2 million of euro compared to 2,0 million euros as of June 30, 2022.

Sales were growing in the **art conservation** segment as well, a segment which gives great prestige to the group, which contributes with its laser technologies to the restoration of absolute masterpieces. The sector of conservation of artistic heritage represents for the El.En. Group one of the most significant commitments in activities with a social impact and our skills and technologies are made available for the conservation of artistic manufactures, playing a role and involving values that go far beyond mere budgetary results.

In recent months the El.En. group is collaborating, with its lasers, in the cleaning work of the Notre Dame Cathedral in Paris and in the cleaning of the rock tombs in the Tabuk area in Saudi Arabia. We also collaborated in Florence on the restoration of the gilding of two masterpieces of great symbolic importance for the city of Florence: the statue of Judith by Donatello and the inscriptions on the base of the equestrian statue of Cosimo I by Giambologna, restored to their brilliance and soon visible in Signoria square.



At a **geographical level**, in the first six months of 2023 growth in overall turnover was quite significant in the various areas of the world. The greatest increase was recorded in **Italy** with an approximately 22,6%, and revenues reaching approximately 80,8 million of euro and an approximately 23,4% share of total revenues, compared to the 65,9 million of euro in 1H 2022. **Europe** grew by approximately 8,7% with a turnover of approximately 75,2 million of euro compared to approximately 69,2 million in the first six months of 2022. In the **Rest of the World** the first half

of 2023 showed revenues of approximately 189,6 million of euro compared to approximately 191,9 million of euro in the same period of 2022, with a change of approximately -1,2% and a share on total revenues of about 55%.

During the half-year, the activities carried out in the field of sustainability by the Group continued and were also included among the performance objectives for management compensation. The 2023-2027 five-year plan identifying specific and measurable sustainability activities and objectives was approved by the Board of Directors of El.En. S.p.A.. The main themes within the Plan are the fight against climate change, circular economy, promotion of a responsible supply chain, the enhancement of people and the contribution to the community, confirming the continuous commitment to sustainable development and that environmental and social responsibility are increasingly an integral part of the Group's business model.

***In deeper detail:***

**Gross Margin** in 1H 2023 was roughly 131,5 million of euro, up 7,9% on the 121,9 million of euro as of June 30, 2022. The increase was larger than the increase in revenues due to a slight recovery in margin on sales, from 37,3% to 38%.

**EBITDA** amounted to 45,7 million of euro, down by 3,3% compared to the 47,2 million of 1H 2022. EBTDA margin on sales decreased (14,4% in 2022 vs. 13,2% in 2023).

**EBIT** marked a positive balance of approximately 38,9 million of euro, down by 6,1% compared to the 41,4 million of euro of 30 June 2022, with an EBIT margin on sales of 11,2%,

**Income before taxes** showed a positive balance of 37,8 million of euro (41,7 million of euro in 1H 2022).

The **Group's net income** amounted to 25,8 million of euro compared to 28,4 million euros in 1H 2022.

The Group's **net financial position** remained positive for 10,2 million euros at 30 June 2023 and recorded a decrease of approximately 65,2 million in the period, compared to the 75,4 million as of December 31, 2022. These balances for June 30, 2023 and December 31, 2022 are affected by the restatement which reduced net equity and net financial position of Penta Laser Zhejiang by approximately 13 million of euro, as explained in detail in the following paragraph. Net working capital expansion absorbed cash for 58,8 million in the half-year (of which 26,5 in the first quarter), while the change in advances from customers and to suppliers and in tax payables and credits absorbed another 14,9 million in the 6 months (16,9 in the first quarter). Capex amounted to 8,5 million, down as expected compared to the previous year's figure. Furthermore, dividends for 18,9 million of euro were distributed to shareholders. The significant cash contribution from income generation, equal to 27,9 million euros in the six months, could not avoid cash absorption. The persistence of good current profitability, the reversal of the trend in working capital expansion trend and the absence of dividends to be paid should allow a clear improvement in the net financial position at the end of the financial year.

We also noted that the Group invested part of its cash in insurance-type financial instruments. Since they are medium-term liquidity investments, such amounts are not accounted for within the net financial position. As of June 30, the total fair value of the investments was equal to 23.6 million of euro.

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## Restatement of the previous year balances according to IAS 8 paragraphs 41-42

When preparing the consolidated six months financial statements as of 30 June 2023, the Group revised the determination made as of 31 December 2022 relating to the representation, according to international accounting standards, of the capital increase of Penta Laser Zhejiang subscribed between October and December 2022 by four Chinese private equity funds. In reviewing the timing of the possible IPO project of the cutting division on a Chinese stock market, the possible effects of the contractual clauses of the share capital increase agreements executed by the four private equity funds were once again assessed, clauses which are customary in similar transactions and that were already examined within the financial statements as of 31 December 2022 with the legal consultants, accountants and statutory auditors.

Given the presence of clauses that provide for the possibility of exercising the withdrawal option upon the occurrence of events that are not under the full control of the Group's management as they also depend on exogenous factors, the Group identified a modified accounting approach as most appropriate compared to that already adopted in the consolidated financial statements closed on 31 December 2022, and consequently the amounts previously recorded in the group's equity were reclassified among financial debts. The original approach arose from the prevalence of the practice adopted by Chinese companies in accounting for capital increases preparatory to IPO and the effects of the repurchase options usually envisaged in similar circumstances, a practice endorsed and requested by the CSRC, the supervisory authority on Chinese stock markets.

Therefore, in accordance with the provisions of paragraphs 41 and 42 of IAS 8, the accounting recognition relating to the aforementioned capital increases was adjusted through the redetermination of the balances of the shareholders' equity and the net financial position at 31 December 2022 and consequently at 30 June 2023. The effects of this restatement are represented in the specific reconciliation table included in the explanatory notes and take the form of a reduction in shareholders' equity and in the net financial position of 13,2 million of euro.

Reclassified balance sheet	Restated		Var.
	31/12/22	31/12/22	
Fixed asset	165.786	165.786	0
Net working capital	200.536	200.536	0
Other receivables / payables ST	(80.154)	(80.154)	0
Net financial position	88.546	75.364	(13.182)
Long term liabilities	18.077	18.077	0
Total Net Equity	356.637	343.455	(13.182)

<b>Net capital employed (PN-PFN)</b>	<b>268.092</b>	<b>268.092</b>	<b>0</b>
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However, it should be noted that the possibility of the exercise of these options by three of the four Chinese private equity funds represents an eventuality whose conditions have not yet occurred. The fourth fund, CITIC Securities Investment Co. Ltd, in fact already renounced the aforementioned option with effect from December 29, 2022, therefore the subscribed share of capital, equal to RMB 40 million, was not subjected to the reclassification described above. With reference to the other three funds, the conditions for exercise could actually occur if Penta Zhejiang were unable to complete the IPO process which had been started at the time. Conversely, they could dissolve in the event of listing or renunciation, allowing in this case the booking of the funds received within net equity as it was originally represented in accordance with Chinese practice in the financial statements released at the end of 2022 and in the quarterly report at 31 March 2023.



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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 results that are outlining in 2023 on Chinese territory are lower than expectations and, despite the excellent results recorded in Italy and on Western markets, the business unit exhibits overall insufficient results to be able to present a successful IPO with reference to current results. The listing project is therefore suspended while waiting for the countermeasures adopted in China to once again outline growth and profitability prospects capable of supporting listing aspirations. To avoid any possible doubt in this regard, the restatement of the net equity and financial debt balances of Penta Laser Zhejiang is not a consequence of the company's performance, but the mere implementation of a different accounting treatment of the capital increase closed in 2022.

### **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.

### **Subsequent events**

There was no significant event after the first six months.

### **Current outlook**

The results of the first half of the year were in line with the guidance disclosed in May for the 2023 financial year, albeit with an operating result lower than that recorded in the first half of 2022, entirely due to the delay caused by the difficulties of the laser cutting sector activities in the Chinese area, net of which the six months results were better than those of the previous year and of the guidance, as well. The current macro-economic context is still positive for all the reference markets in which the Group operates, but it is made unstable by the persistence of the war conflict, the increase in interest rates and inflation, and has become complex in China due to the unfavorable general economic conditions. El.En., aware of its potential, as to consolidated revenues, confirms for the full year 2023 the forecast of a slight increase compared to 2022, as to income from operations, currently harmed by the performance achieved and expected in China, it expects to contain the delay in EBIT compared to 2022 in the same proportion registered in the first half of 2023.

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As required by Consob, the Quarterly yearly report as of June 30th, 2023 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website [www.elengroup.com](http://www.elengroup.com), ("Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2023") from September 13, 2023 and on authorized storage website [www.emarketstorage.com](http://www.emarketstorage.com).

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## CONFERENCE CALL

Wednesday September 13, 2023 at 15.00 CET (14:00 GMT) (9:00 AM EST), El.En. S.p.A. will hold a Web conference call discussing the group's financial results. The following link can be used to join the call

### Zoom Link

<https://polytemshir-it.zoom.us/j/86113323254?pwd=S2FxaJMTefXy2pqbFp5S3VJYnlkdz09>

ID riunione: 861 1332 3254  
Passcode: 171985

+39 021 241 28 823 Italia  
+39 069 480 6488 Italia  
+39 020 066 7245 Italia

Before the conference call, you can download the presentation slides from the Investor Relations page of the El.En. website:

<http://www.elengroup.com/it/investor-relations/presentazioni> .

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*This press release may contain forecast elements on future events and 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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**Annex:**

1. El.En. Group Profit and Loss account as of June 30th , 2023
2. El.En. Group balance sheet as of June 30th , 2023
3. El.En. Group cash flow statement and Net Financial Position as of June 30th , 2023

(With reference to the Annex, it is specified that these are data for which the audit activity has not been completed)

*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

Cod. ISIN: IT0005453250  
Sigla: ELN  
Negoziata su Euronext STAR Milan ("STAR")  
Mkt cap.: 800 MLN €  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM

For further information:

**El.En S.p.A.**  
Investor Relator  
Enrico ROMAGNOLI - [finance@elen.it](mailto:finance@elen.it)  
Tel. +39 055 8826807

**Polytems HIR**

Financial Communication, IR and Press Office  
Bianca FERSINI MASTELLONI - [b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)  
Paolo SANTAGOSTINO - [p.santagostino@polytemshir.it](mailto:p.santagostino@polytemshir.it)  
Roberta MAZZEO - [r.mazzeo@polytemshir.it](mailto:r.mazzeo@polytemshir.it)  
Silvia MARONGIU - [s.marongiu@polytemshir.it](mailto:s.marongiu@polytemshir.it)  
Tel. +39 06-69923324



**Tab. 1 – El.En. Group Profit and Loss account as of June 30th , 2023**

Income Statement	30/06/2023	Inc %	30/06/2022	Inc %	Var. %
Revenues	345.625	100,0%	326.975	100,0%	5,70%
Change in inventory of finished goods and WIP	15.940	4,6%	9.734	3,0%	63,77%
Other revenues and income	3.625	1,0%	2.981	0,9%	21,59%
<b>Value of production</b>	<b>365.191</b>	<b>105,7%</b>	<b>339.690</b>	<b>103,9%</b>	<b>7,51%</b>
Purchase of raw materials	211.655	61,2%	218.320	66,8%	-3,05%
Change in inventory of raw material	(10.436)	-3,0%	(29.450)	-9,0%	-64,56%
Other direct services	32.499	9,4%	28.964	8,9%	12,20%
<b>Gross margin</b>	<b>131.473</b>	<b>38,0%</b>	<b>121.855</b>	<b>37,3%</b>	<b>7,89%</b>
Other operating services and charges	30.622	8,9%	27.646	8,5%	10,76%
<b>Added value</b>	<b>100.851</b>	<b>29,2%</b>	<b>94.209</b>	<b>28,8%</b>	<b>7,05%</b>
Staff cost	55.197	16,0%	46.982	14,4%	17,49%
<b>EBITDA</b>	<b>45.654</b>	<b>13,2%</b>	<b>47.227</b>	<b>14,4%</b>	<b>-3,33%</b>
Depreciation, amortization and other accruals	6.780	2,0%	5.836	1,8%	16,17%
<b>EBIT</b>	<b>38.874</b>	<b>11,2%</b>	<b>41.391</b>	<b>12,7%</b>	<b>-6,08%</b>
Net financial income (charges)	(1.028)	-0,3%	255	0,1%	
Share of profit of associated companies	(5)	0,0%	7	0,0%	
<b>Income (loss) before taxes</b>	<b>37.842</b>	<b>10,9%</b>	<b>41.653</b>	<b>12,7%</b>	<b>-9,15%</b>
Income taxes	10.991	3,2%	11.011	3,4%	-0,18%
<b>Income (loss) for the financial period</b>	<b>26.851</b>	<b>7,8%</b>	<b>30.641</b>	<b>9,4%</b>	<b>-12,37%</b>
Net profit (loss) of minority interest	1.075	0,3%	2.219	0,7%	-51,54%
<b>Net income (loss)</b>	<b>25.776</b>	<b>7,5%</b>	<b>28.422</b>	<b>8,7%</b>	<b>-9,31%</b>

**Tab. 2 – El.En. Group balance sheet as of June 30th , 2023**

Statement of financial position	30/06/2023	31/12/2022 Restated	Variation
Intangible assets	12.839	13.898	-1.059
Tangible assets	112.512	113.086	-575
Equity investments	2.978	2.082	896
Deferred tax assets	13.649	12.421	1.228
Other non-current assets	24.293	24.299	-6
<b>Total non current assets</b>	<b>166.269</b>	<b>165.786</b>	<b>483</b>
Inventories	225.817	202.900	22.917
Accounts receivable	176.486	168.499	7.986
Tax receivables	15.943	16.334	-391
Other receivables	20.266	17.245	3.021
Financial instruments	4.188	2.311	1.877
Cash and cash equivalents	87.940	162.814	-74.874
<b>Total current assets</b>	<b>530.641</b>	<b>570.105</b>	<b>-39.464</b>
<b>Total Assets</b>	<b>696.910</b>	<b>735.891</b>	<b>-38.980</b>
<b>Total shareholders' equity</b>	<b>349.915</b>	<b>343.455</b>	<b>6.461</b>
Severance indemnity	4.476	4.099	377
Deferred tax liabilities	3.236	3.242	-6
Reserve for risks and charges	9.595	10.736	-1.141
Financial debts and liabilities	34.235	37.862	-3.627
Other non current liabilities	7.573	6.884	689
<b>Total non current liabilities</b>	<b>59.114</b>	<b>62.824</b>	<b>-3.709</b>
Financial liabilities	40.347	45.056	-4.709
Accounts payable	146.146	170.863	-24.718
Income tax payables	5.750	8.151	-2.401
Other current payables	95.638	105.543	-9.904
<b>Total current liabilities</b>	<b>287.881</b>	<b>329.612</b>	<b>-41.732</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>696.910</b>	<b>735.891</b>	<b>-38.980</b>

**Tab. 3 – EI.En. Group cash flow statement and Net Financial Position as of June 30th , 2023**

Cash flow statement	30/06/23	30/06/22
Cash flow generated by operating activity	(37.480)	(43.410)
Cash flow generated by investment activity	(12.473)	(10.005)
Cash flow generated by financing activity	(22.347)	(8.732)
Change in cumulative translation adjustment reserve on cash and cash equivalents	(2.574)	764
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(74.874)</b>	<b>(61.383)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>162.814</b>	<b>181.363</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>87.940</b>	<b>119.980</b>

Net Financial Position		30/06/2023	31/12/2022 Restated
A	Cash	87.940	162.814
C	Other current financial assets	4.371	2.351
<b>D</b>	<b>Liquidity (A + B + C)</b>	<b>92.310</b>	<b>165.165</b>
E	Current financial debt	(37.333)	(41.050)
F	Current portion of non-current financial debt	(3.014)	(4.005)
<b>G</b>	<b>Current financial indebtedness (E + F)</b>	<b>(40.347)</b>	<b>(45.056)</b>
<b>H</b>	<b>Net current financial position (D + G)</b>	<b>51.964</b>	<b>120.110</b>
I	Non-current financial debt	(23.678)	(27.632)
J	Debt instruments	(10.556)	(10.230)
K	Non-current trade and other payables	(7.573)	(6.884)
<b>L</b>	<b>Non-current financial indebtedness (I + J + K)</b>	<b>(41.808)</b>	<b>(44.747)</b>
<b>M</b>	<b>Net Financial Position (H + L)</b>	<b>10.156</b>	<b>75.363</b>

**NOTE:**

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

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

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

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

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

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