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The Board of Directors of El.En. Spa approves the 2023 draft financial statements

Consolidated revenues exceeded 692 million of euros, up 3%
Net income at 48,2 million of euros
Group NFP cash positive for 54,6 million euros
Proposed 0,20 Euro per share dividend
2024 Guidance outlines further revenue and EBIT growth

- **Consolidated revenue up by approximately 3% to over 692 million of euro compared to 673 million 2022**
- **EBITDA at 90,9 million of euros (-4.6%) compared to 95.2 million of euro in 2022**
- **EBIT at 72,7 million of euro (-10.2%) compared to 81.0 million of euro in 2022**
- **Consolidated net Income at 48,2 million of euro (-12.4%) compared to 55,1 million of euro in 2022)**
- **Net Financial Position at 54,6 million compared to 32,1 million of euro at 30.9.2023**
- **Revenues of the parent company were approximately 138 million of euro compared to 155,2 million of euro in 2022**
- **Proposal to distribute a 0,20 euro per share dividend**
- **Resolution to request the authorization to buy and dispose of own shares**
- **Achievement of B score for the CDP (Carbon Disclosure Project) Climate change 2023 rating**

Florence, 14 March 2024 – The Board of Directors of El.En. SpA, leader in the laser market, listed on the Euronext STAR Milan ("STAR") market of the Italian Stock Exchange, released today the draft consolidated financial statements as of 31 December 2023, the draft separate financial statements for 2023 and the consolidated non-financial statement 2023, to be submitted for approval to the shareholders' meeting.

The 2023 financial year closed with consolidated revenues of approximately **692** million of euro, an increase of approximately **3%** compared to 2022, with an EBIT of approximately **73** million of euro, equal to 10.5% of revenues, down compared to 81 million in the previous year, and a Group net Income of **48,2** million of euro. In the fourth quarter of 2023, record sales approached the **200** million of euro threshold (199,2 million), an increase of **5.3** % compared to the fourth quarter of 2022, with an income from operations equal to **21** million of euro.

With reference to the *guidance* released by the group for the 2023 financial year, the results align with the forecasts, both in the growth of turnover and in the trend of the 2023 EBIT compared to the record result of the previous financial year.

The excellent performance of the fourth quarter confirmed a very positive development on most markets, and an operational difficulty of the industrial sector activities on Chinese territory. International markets, despite having lost the euphoria that characterized 2022, remained receptive and lively. Only the Chinese market showed a contraction during the year due to the failure to relaunch its economy hindered by the real estate sector downturn and by the difficult international relations which led to a sharp reduction in investments, particularly in the manufacturing sector. The short-term prospects of the Chinese market still remain uncertain, despite a slight recovery felt in 4Q. The

Group responded by reducing the fixed costs of the operational structures in the area. The outlook on other markets remains optimistic.

The annual growth of the medical sector stood at 2,7%, aligned with the overall growth of the group. The performance of the sector as a whole showed a progressive slowdown trend during the year, having exhausted the residual push of the large order acquisition of 2022 and gradually being confronted with market conditions made less favorable by the uncertainty induced by the wars in Ukraine and Palestine, and by the high level of interest rates which does not facilitate investments in capital goods. The sales result achieved by the Group demonstrates its ability to overcome the difficulties that existed and partially remain in certain markets.

The operating result showed a decline during the year, entirely attributable to the industrial sector and in particular to the Chinese activities, which did not reach the revenue levels necessary for the economic balance of the production and sales organization. More generally, in the industrial sector but especially in the medical sector, there has been an increase in commercial and marketing expenses with the subsequent effect on operating costs. Among all the expenses, in terms of size and relevance, we remember the participation, in grand style, of all the subsidiaries operating in the dermatology sector at the world dermatology congress held in Singapore in July. This important congress is held every 4 years.

The activities undertaken in the field of sustainability by the Group continued and were also included among the performance indicators for management compensation. The new Five-Year Sustainability Plan 2023-2027 identifies activities and specific and measurable sustainability targets and is sensitive to climate change, circular economy, promotion of a responsible supply chain, valorization of the people and contribution to the community. It confirms the commitment to sustainable development and how environmental and social responsibility are always more integral part of the Group's business model.
This continuing commitment finds confirmation in the reduction of Scope 1 & 2 emissions due to the continuation of the strategy of the Group El.En. to increase the share of used and produced renewable energy, and in the improvement of our ESG ratings provided by primary agencies: B for CDP rating - Carbon Disclosure Project, A for the MSCI rating. Significant recognitions for its activities in the ESG field were also awarded to El.En.

Gabriele Clementi, President of El.En. SpA declared "*We are satisfied with the results of the year, achieved in a context that is still complex and less favorable than last year. The medium-term forecasts for the development of our reference markets remain positive, and stimulate us to continue with investments aimed at creating the conditions to benefit from the expected growth. An essential element for the development of our markets is technological innovation, because demand on the markets grows in the presence of innovative solutions that satisfy customers' needs more and more effectively and stimulate new ones, opening up new scenarios. Faithful to this principle, the Group is preparing a rich pipeline of innovations to be launched in 2024"*.

In 2023, **revenues** grew by approximately 3%, exceeding 692 million of euro , thus confirming the Group's solid competitive positioning and its great ability to differentiate itself on the markets through technical and application innovations. The year highlighted a **net income** for the Group of **48,2** million of euro, an **EBIT** of **72,7** million of euro (with a **10.5**% *Ebit Margin*) down compared to the 81,0 million of euro recorded in 2022.
At the end of 2023, the **net financial position** was equal to **54,6** million of euro, an indication of the good financial solidity of our industrial group. We would also like to remind you that medium-term liquidity investments for a total of **23,8** million of euro are recorded among non-current financial assets. A broader look at the group's performance over the last three years highlights an 11% average growth in revenues over the three-year period 2021-2023. Finally, in the presence of the interesting growth prospects of the reference markets in the medium to long term, the group manages to gain market shares and create new application niches thanks to innovation.

Analysis of business performance

In 2023, the growth of the two medical and industrial sectors aligned with approximately **2,8**%, leaving the share of medical and industrial revenues on group revenues unchanged.

Within the **medical systems sector**, which in 2023 represented approximately 57% of the Group's revenues, growth was 2,71%. The growth derived from the **good performance of sales of systems for surgical applications** and after-sales services and consumables, which more than offset the decline recorded in the aesthetics segment.

Aesthetics (with a 57,6% share on the total turnover of the sector), which is the most significant segment, marked a 5.3% decline and sales of approximately **226 million**, affected by the weakness of some important accounts for hair removal systems. The trend was very good in anti-aging applications, both those based on CO_2 or Erbium ablative technology, sometimes combined in hybrid systems also equipped with non-ablative laser sources, and those for toning based on picosecond laser technology, adopted especially in Far East. Collagen regeneration equipment such as DEKA's Red Touch Pro developed excellent sales volumes as well, as Onda and Onda PRO, also from DEKA, did thanks to the new features for face lifting and tightening.

The fastest growth was recorded in **surgery** (approximately +25%) with a turnover of **77,2** million of euro compared to 61,9 million of euro in the previous financial year 2022.

There was also a slight growth in the **therapy segment**, while in the residual "**Others**" **segment** which grew by 94,1%, stood out above all with the excellent success achieved in selected markets by the group's dentistry systems, benefitting if the innovative review of the functionality of the systems dedicated to this application segment.

The turnover **for after-sales services and consumables** recorded approximately 10% growth with the decisive contribution of optical fibers for surgical applications, which represent a significant and recurring share of the after-sales revenues.

In the **industrial sector,** revenues growth was at approximately **2,9%** up to **299,8** million of euro compared to approximately 291,5 million of euro in the same period of the previous year.
An excellent fourth quarter contributed to the result (+**22%** compared to Q4 2022), which was particularly encouraging for sales in China (**+58%** in the quarter), a sign of market relaunch which, however, did not prevent Chinese activities from recording an 8,3% decline on an annual basis, despite the acquisition of KBF at the end of 2022 which brought inorganic growth of approximately 15 million, equal to 11,8% compared to 2022.

Laser Cutting sector continued to grow in Italy, Europe and the Western markets, thanks to **Cutlite Penta (+9,3%)** and Cutlite do Brasil **(+2,8%).** Cutlite Penta almost entirely based its growth on the expansion into international markets, particularly those outside Europe.

In the **marking** application segment, the activity of Lasit and its subsidiaries emerged significantly in 2023, recording the best growth in turnover **(+27%)** and profitability (**+123% in EBIT**). The activities controlled by Lasit of Torre Annunziata, which include distribution branches in Poland, Spain, Germany and the United Kingdom, recorded an excellent performance, exceeding **26,7** million of euro in revenues in 2023.

The sale of **laser sources,** an activity mainly carried out by the industrial division of El.En. S.p.a., registered a good performance **(+33,1%)**, often in association with the sale of marking systems created for specific applications within several manufacturing sectors.

In addition to system sales, the provision of services (system rentals, consultancy) has taken on a prevalent role in the **art conservation, which contributed to the rapid development of revenues for after-sales services** in the industrial sector, which marked growth around 15% with revenues of 20,4 million of euro.

Among the numerous art restoration works undertaken in the period, we highlight the cleaning work of the Gaia fountain, a Renaissance jewel created in Siena’s Piazza del Campo in the 15th century by Jacopo della Quercia, also the author of the sculptural groups that embellish it and which today have been freed from the patina that atmospheric agents and pollutants settled on the marbles.

At a **geographical level**, sales were driven by Europe with an increase in turnover of approximately **8,51** % with a result of approximately **157,0** million of euro, compared to 144,7 million of euro in the same period of 2022; followed by Italy (+ **1,22** %) with revenues of **151,7** million of euro vs. 149,9 million of euro in 2022; the Rest of the World also grew, by **1,20**%, recording sales for **383,5** million of euro compared to 378,9 million of euro in 2022.

Analysis of the financial performance of the Group

Gross margin amounted to **261,4** million of euro, up **4,7**% compared to the 249,7 million of euro on 31 December 2022. The growth was higher than in revenues thanks to the recovery in sales margins, from 37,1% to **37.8%.** The improved margins were essentially due to the sales mix of the medical sector; while the margin of sales in the industrial sector suffered a slight decline. Gross margin of the industrial sector was also influenced by non-recurring costs of approximately 3 million due to the damage caused by the flood in November and a provision for prudential impairment of value in relation to a legal dispute.

EBITDA was equal to approximately **90,9** million of euro, down by **4,60%** compared to the 95,3 million of euro at 31 December 2022. The impact on sales decreased marginally (14,1% in 2022; **13,1%** in 2023).

EBIT marked a positive balance of **72,7** million of euro, down compared to 81 million of euro as of 31 December 2022, with a 10,5% EBIT margin compared to 12% in the previous year.

Income before taxes showed a positive balance of **71,1** million of euro (78,9 million of euro in 2022) with a 9,94% decrease.

The **net financial position** recorded in the year a 20,8 million decrease, from 75,4 million on 31 December 2022 to **54,6** million of euro on 31 December 2023. In the second half of 2023 the group returned to generating cash from its operational activities, recording an improvement in the net financial position of approximately forty-five million of euro in the period, reversing the trend of cash absorption highlighted in the first half of the year. In the second half of 2022 and in the first half of 2023, in order to continuously supply the production lines in the presence of great difficulty in the supply chains, the volume of purchases of components for production increased to an extent greater than the rapid growth of turnover, and payment terms to suppliers were shortened. The normalization of demand and supply of components allowed the normal financial cycles of activities to be restored in the second half of the year, with clear benefits for liquid positions. The capital investment activities resulted in cash outflows of approximately 13 million, a significant amount but well below the average of previous years in which substantial investments aimed at increasing production capacity were undertaken.

The **Group closed the** 2023 financial year with a **net Income** of **48,2** million of euro compared to 55,1 million last year. The impact on turnover for the period was equal to **7%.**

Analysis of the financial performance of the Parent Company El.En. SpA

The company recorded **revenues** for over **137,7** million of euro, down 11,3% compared to the 155,2 million of euro in 2022.

EBITDA stood at **22,7** million of euro, down compared to the 29,7 million of euro of the previous year, with an *Ebitda Margin* that went from 19,1% on 31 December 2022 to 16,5% of the financial year under review.

The **pre-tax result** amounted to **33,8** million of euro, down compared to the 38,3 million of euro of the previous year.

El.En. SpA closed the year with **a net Income** of approximately **28,1** million of euro compared to 31,5 million in 2022, with a 10,6% decline and a 20,4% impact on revenues.

The **Net Financial Position** of El.En. SpA, as of 31 December 2023, was cash positive for approximately **32,2** million of euro compared to 30,6 million of euro as of September 30, 2023. We would also like to remind you that medium-term liquidity investments for a total of 13,1 million of euro are recorded among non-current financial assets.

Subsequent events

In February 2024, a customer of Penta Laser Zhejiang initiated a lawsuit claiming reimbursement and damages, for which he obtained the seizure of the assets of some bank accounts of Penta Laser Zhejiang. In light of the initial state of the dispute and the uncertainties about the probability of succumbing, the Company, with the support of its advisors, decided to prudentially set aside an amount equal to 25 million Rmb (3,5 million euro approximately), recorded in the financial report of the fourth quarter of 2023.

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

Since 2022, the group is undertaking preparatory activities for the possible submission of an IPO application on a regulated stock market in China, functional to the ambitious growth objectives in the sector. The results achieved in 2023 on the Chinese territory are lower than expectations and, despite the excellent results recorded in Italy and on Western markets, the *business unit* overall results were inadequate for the filing of a successful IPO. During 2023 the listing project was therefore suspended while waiting for the countermeasures adopted in China to once again outline growth and profitability prospects capable of supporting listing aspirations.
In the first weeks of 2024, having found it impossible to proceed with the subscription of an IPO application with reference to the 2023 results, the Private Equity funds that had invested in Penta Laser Zhejiang during 2022 forwarded the withdrawal request they were contractually provided with. Meetings are underway in which the Funds are evaluating the opportunity to extend their stay in the shareholding structure, in light of commitments and guarantees being currently negotiated. Confirmation of the exit of the funds would determine the interruption of the IPO process and the need to identify alternative solutions for the *business unit*.

Flood in Campi Bisenzio (Florence)

The flood that hit the territories of the provinces of Florence and Prato on the night of November 3, 2023 caused significant damage within the factory of our subsidiary Ot-las and that of an important supplier of Cutlite Penta. The damage affected warehouse inventories, systems being assembled at the supplier's premises and plant equipment, furniture and furnishings, and were quantified respectively at Euro 517 thousand for Ot-las and Euro 1,16 million for Cutlite Penta, amounts that were fully expensed in the fourth quarter of 2023. We initiated the procedures for insurance reimbursements and applied for the compensation possibly made available by the State through Simest. The proceeds that we may be able to obtain will be accounted for at the time of actual recognition or collection, hopefully in the first months of 2024.

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

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Current outlook

During 2023, demand pressure normalized and the Group returned to operating according to the canons that have historically characterized its activity. The sales results and those of order collection for the first two months of 2024 outline a slow start, with a progressive acceleration expected in the following months and quarters, such as to allow El.En. to indicate a growth forecast for revenues and EBIT for the entire year. The achievement of these results also depends on the possibility of meeting the plans defined for the industrial sector in China, which in the recent past has shown high instability and unpredictability.

ESEF Regulation

The Board of Directors approved the annual financial statements and the consolidated financial statements in electronic XHTML format, including the markings according to the ESEF Regulation taxonomy, authorizing the President and the Managing Directors, also separately from each other and with a free signature, to make any minor changes.

Consolidated non-financial statement

In compliance with legal and regulatory obligations, El.En. S.p.A. prepared the "Consolidated Non-Financial Statement" for the year 2023, which will be deposited and published as a separate report in accordance with art. 5 paragraph 1 letter b) of Legislative Decree 30 December 2016, no. 254.

Authorization to purchase own shares

On April 27, 2023, the Shareholders' Meeting of El.En. S.p.A. authorized the purchase of its own shares, within 18 months from the date of the resolution, under the conditions proposed by the Board of Directors, in accordance with articles 2357 and 2357-ter of the Italian Civil Code. El.En. S.p.A. currently holds 35.970 of its own shares, representing 0,045% of the share capital, and this authorization will expire on October 26, 2024.

The Board decided to ask the shareholders' meeting called to approve the 2023 financial statements for a new authorization to purchase its own shares within the limits of the law, with the cancellation of the unused portion of the authorization granted on April 27, 2023.

The purchase of its own shares, if authorized, will be carried out for the following possible, concurrent, or alternative purposes: for allocations, distributions, or payments in kind to employees and/or collaborators and/or members of the company's administration organs or subsidiaries as part of incentive remuneration plans approved by the company's shareholders' meeting, or for exchanges or swaps of holdings in the context of strategic operations.

The authorization is requested for the purchase, in one or more tranches, of a maximum number of ordinary shares, which may not exceed one-tenth of the share capital. The current subscribed and paid-up share capital of El.En. S.p.A. is €2,600,200.69. Therefore, the maximum number of shares the company can hold – representing 20% of the capital – is 16,001,234 shares with a nominal value of €520,040.00, including the shares already held by the Company (35,970).

The authorization is requested for the maximum period allowed by law, of 18 months from the date of the shareholders' meeting resolution.

The purchase of own shares will be made in accordance with the principle of equal treatment of shareholders as set out in art. 132 of the Italian Legislative Decree 58/1998 and art. 144-bis of the Consob Issuers Regulation. Therefore, the administrators ask to be authorized to proceed with the purchase, through various methods to be determined for each operation: through public purchase or exchange offers, on regulated markets.
Shareholders are asked to authorize the purchase at a price that is not less than the closing price of the stock on the previous trading day, reduced by 10%, and not more than 10% above the official trading price recorded on the day before the purchase.
The board also asks to be authorized to sell, within 10 years of the resolution, the purchased shares at a price, or equivalent in the case of corporate transactions, not less than 95% of the average official trading prices recorded in the five days before the sale.
The price limits may not be respected for the disposal of own shares in ways other than selling, such as using the shares as consideration in extraordinary operations.
The acts of selling and disposing of own shares will take place without any time constraints, in one or more times even before the total amount of buyable own shares is exhausted, using any method deemed appropriate by the board and in full compliance with current European, delegated, and domestic regulations.

FURTHER RESOLUTIONS

Appointment of the new Board of Directors.
The shareholders' meeting is called to appoint the new Board of Directors. The Company has published on March 1st the outgoing Board of Directors' orientation on the quantitative and qualitative composition of the new board considered optimal, taking into account the results of the self-assessment activity and the Policy on the composition of the company's corporate bodies.

Please note that this orientation is available at the company's headquarters, on the company's website at www.elengroup.com section Investor Relations/governance/documenti assembleari/2024, at Borsa Italiana s.p.a. (eMarket SDIR) and on the authorized storage website www.emarketstorage.com.

Independence
The Board of Directors positively assessed the independence of the directors classified as independent, on the basis of the information received by the relevant directors. It also has received a positive outcome form the Board of Statutory Auditors regarding the self-assessment of said body in respect to the maintenance of independence requirements among its members.

Remuneration Report pursuant to Articles 123-ter *of the Italian Legislative Decree n. 58/1998 and 84*-quater *of CONSOB Regulation 11971/1999*
In compliance with legal and regulatory obligations, El.En. S.p.A. has approved the "Report on the remuneration policy and compensation awarded" which will be deposited and published as a separate report. This Report can be consulted on the website www.elengroup.com - "Investor relations/governance/corporate documents" section.

Corporate Governance Report
The board of directors approved the annual report on Corporate Governance and Ownership Structure for the year 2023, which will be deposited and published separately from the management report in the section of the issuer's website at the address indicated above.

Dividend

The Board of Directors resolved to call the annual Shareholder meeting for April 29th, 2024 (first call) and May 6th, 2024 (second call) and resolved to propose to distribute a dividend of 0,20 euro per share, in compliance with art. 2357-*ter* c.c., to be paid on May 22th, 2024, to be assigned on May 20th, 2023 (coupon no. 3) with record date May 21st, 2024.

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Regulation for related party transactions

The parent company El.En. with the financial year ending on December 31, 2022, has exceeded the parameters referred to in the aforementioned art. 3 reg. Consob 17221/2010 for the second consecutive year, and therefore in 2023 has proceeded, in accordance with art. 10 of Reg. Consob 17221/2010, to integrate El.En.'s regulation for transactions with related parties. The updated version is available on the company's website www.elengroup.com in the section "Investor Relations/governance/corporate documents".

Opt -out regime

Please note that on 3 October 2012 the Board of Directors of El.En. spa has decided to adhere to the opt -out regime provided respectively by the articles. 70, paragraph 8 and 71, paragraph 1-bis of Consob Issuers' Regulation 11971/99, making use of the right to derogate from the obligations of publication of the required information documents in the event of significant extraordinary operations of merger, demerger, capital increase through the contribution of assets in nature, acquisition and transfer.

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The annual financial report, including the draft financial statements, the consolidated financial statements, the management report and the certification referred to in art. 154-bis, paragraph 5, TUF, the consolidated non-financial declaration, the report of the auditing firm and the report of the Board of Statutory Auditors, as well as the explanatory report of the Board of Directors on the items on the agenda of the shareholders' meeting, the remuneration report *pursuant to* art. 123-ter TUF and corporate governance report will be made available to the public at the Company's headquarters, on the website www.elengroup.com , at the Italian Stock Exchange and at the storage mechanism www.emarketstorage.com within the terms of the law. Further necessary documents and information relating to the shareholders' meeting will also be made available on the company's website.

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CONFERENCE CALL

The Conference Call with the financial community will be held on Friday 15 March 2024 at 3.00pm (CET) - 2.00pm (GMT) 9.00am (EST), during which the Group's 2023 economic and financial results will be discussed. You can connect to the following link:

https://polytemshir-it.zoom.us/j/89735187324?pwd=UkhZV0lQUVJ6SWtxRGFISThHWWZKUT09

Meeting ID: 897 3518 7324
Access Code: 517583

Find your local number: https://polytemshir-it.zoom.us/u/kdhS6HmtEl

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

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

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Attached:

1. Reclassified consolidated income statement as of 31 December 2023
2. Consolidated financial position 2023
3. Consolidated net financial position and summary financial statement as of 31 December 2023
4. El.En. Income Statement SpA reclassified as of 31 December 2023
5. Financial situation of El.En. SpA 2023
6. Net financial position and summary financial statement of El.En. SpA as of 31 December 2023

With reference to the consolidated balance sheet as of 31 December 2022, the data on shareholders' equity, financial debts and net financial position have been restated as per our press release dated September, 12th 2023.

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

El.En. is the leader of a high-tech Industrial Group, operating in the opto-electronic sector, which produces laser sources (gas, semiconductor, solid and liquid state) and innovative laser systems for medical and medical applications with its own technology and multidisciplinary know-how. industrial. The El.En. Group, leader in Italy in the laser market and among the top operators in Europe, designs, produces and markets worldwide:
- Medical laser equipment used in dermatology, surgery, aesthetics, physiotherapy, dentistry, gynecology.
- Industrial laser systems for applications ranging from cutting, marking and welding of metals, wood, plastic, glass to the decoration of leather and fabrics up to the conservative restoration of works of art;
- Systems for scientific/research applications.

ISIN code: IT0005453250
Acronym: ELN
Traded on Euronext STAR Milan ("STAR")
Mkt cap.: 0.7 B euros
code : ELN.MI
Bloomberg code: ELN IM

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Tab. 1 - Reclassified consolidated income statement as at 31 December 2023

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

Tab. 2 – Consolidated financial position at 31 December 2023

Statement of financial position	31/12/2023	31/12/2022 Restated	Variation
Intangible assets	12.616	13.898	-1.282
Tangible assets	112.218	113.086	-868
Equity investments	2.926	2.082	844
Deferred tax assets	14.347	12.421	1.926
Other non-current assets	24.092	24.299	-207
Total non current assets	**166.200**	**165.786**	**414**
Inventories	210.297	202.900	7.397
Accounts receivable	173.383	168.499	4.883
Tax receivables	17.554	16.334	1.220
Other receivables	16.420	17.245	-826
Financial instruments	4.315	2.311	2.004
Cash and cash equivalents	131.041	162.814	-31.774
Total current assets	**553.009**	**570.105**	**-17.096**
Total Assets	**719.209**	**735.891**	**-16.681**
Total shareholders' equity	**375.458**	**343.455**	**32.003**
Severance indemnity	4.758	4.099	659
Deferred tax liabilities	3.524	3.242	282
Reserve for risks and charges	13.252	10.736	2.516
Financial debts and liabilities	28.979	37.862	-8.883
Other non current liabilities	7.633	6.884	748
Total non current liabilities	**58.145**	**62.824**	**-4.679**
Financial liabilities	44.687	45.056	-369
Accounts payable	153.231	170.863	-17.633
Income tax payables	4.344	8.151	-3.807
Other current payables	83.345	105.543	-22.198
Total current liabilities	**285.607**	**329.612**	**-44.006**
Total Liabilities and Shareholders' equity	**719.209**	**735.891**	**-16.681**

Tab. 3 – Consolidated net financial position and condensed cash flow statement as at 31 December 2023

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

Cash flow statement	**31/12/23**	**31/12/2022 Restated**
Cash flow generated by operating activity	12.225	2.116
Cash flow generated by investing activity	(16.966)	(30.150)
Cash flow generated by financing activity	(24.794)	10.246
Change in cumulative translation adjustment reserve and other no monetary changes	(2.238)	(760)
Increase/(decrease) in cash and cash equivalents	(31.774)	(18.549)
Cash and cash equivalents at the beginning of the financial period	162.814	181.363
Cash and cash equivalents at the end of the financial period	131.041	162.814

Tab. 4 – El.En. income statement SpA reclassified as of 31 December 2023

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

Tab. 5 – Statement of financial position of El.En. SpA as of 31 December 2023

Statement of financial position	31/12/2023	31/12/2022	Variation
Intangible assets	408	465	-58
Tangible assets	19.945	19.799	146
Equity investments	23.060	22.087	973
Deferred tax assets	2.274	2.214	59
Other non-current assets	36.082	31.897	4.185
Total non current assets	**81.769**	**76.463**	**5.306**
Inventories	46.337	51.897	-5.560
Accounts receivable	46.255	52.871	-6.616
Tax receivables	5.694	4.834	860
Other receivables	6.357	5.597	760
Financial instruments	0	0	0
Cash and cash equivalents	32.970	28.472	4.498
Total current assets	**137.614**	**143.671**	**-6.058**
Total Assets	**219.382**	**220.134**	**-752**
Total shareholders' equity	**186.966**	**173.858**	**13.108**
Severance indemnity	634	547	87
Deferred tax liabilities	534	405	129
Reserve for risks and charges	851	937	-87
Financial debts and liabilities	190	187	3
Other non current liabilities	730	1.249	-519
Total non current liabilities	**2.939**	**3.326**	**-386**
Financial liabilities	146	178	-32
Accounts payable	15.589	27.311	-11.721
Income tax payables	0	3.816	-3.816
Other current payables	13.742	11.647	2.095
Total current liabilities	**29.477**	**42.951**	**-13.474**
Total Liabilities and Shareholders' equity	**219.382**	**220.134**	**-752**

Tab. 6 – Net financial position and condensed cash flow statement – El.En. SpA as of 31 December 2023

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

Cash flow statement	31/12/23	31/12/22
Cash flow generated by operating activity	31.816	4.161
Cash flow generated by investing activity	(9.903)	(5.758)
Cash flow generated by financing activity	(17.477)	(15.620)
Change in cumulative translation adjustment reserve and other no monetary changes	62	(13)
Increase/(decrease) in cash and cash equivalents	4.498	45.702
Cash and cash equivalents at the beginning of the financial period	28.472	45.702
Cash and cash equivalents at the end of the financial period	32.970	28.472

NOTE:

The El.En. Group uses some alternative performance indicators which are not identified as accounting measures under IFRS, to allow a better assessment of the Group's performance. Therefore, the determination criterion applied by the group may not be homogeneous with that adopted by other groups and the balance obtained may not be comparable with that determined by the latter.

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

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

- the **value of production** : determined by the sum of revenues, the change in finished products, semi-finished products, work in progress and capitalizations and other operating income;
- the **gross contribution margin** : which represents an indicator of the marginality of sales determined by adding the item "Costs for services and operating charges" to the Added Value;
- the **added value** : determined by adding the item "Personnel costs" to the gross operating margin;
- the **gross operating margin** : also called "EBITDA", represents an indicator of operating performance and is determined by adding the item "Depreciation, provisions and write-downs" to the Operating Result;
- the **operating result** : also called "EBIT" represents the difference between revenues and other operating income, production costs, other operating costs and depreciation, provisions and write-downs;
- the impact that the various income statement items have had on revenues.

The Group uses alternative performance indicators to evaluate its ability to meet financial obligations:

- the **net financial position** understood as: cash and cash equivalents + securities recorded under current assets + current financial credits - current financial debts and liabilities - non-current financial debts - other non-current debts (prepared in line with the ESMA Guidelines which starting from 5 May 2021 have modified the references contained in previous CONSOB communications, including the references present in Communication no. DEM/6064293 of 28-7-2006 regarding the net financial position).