

The BoD of El.En. Spa releases the 2020 draft financial statements

***Sales up El.En. also in the year of the Covid pandemic
Consolidated revenues over 408 million of euro
Net income of the Group at 20,3 million of euro
Net financial position improvement notwithstanding heavy investments***

- Consolidated revenues up 1,8% to 408,1 million of euro from 400,8 in 2019
- EBIT was 30,1 million of euro (-21,1%) from 38,2 million of euro in 2019
- Net income of the group was 20,3 million of euro (26 million of euro in 2019) -22,1%
- Net Financial position at 69,2 million of euro
- Revenues of the mother company at 64,2 million of euro down 5,2% from 67,7 million of euro of 2019
- Proposed dividend 0,40 Euro per share
- Proposal for own shares buyback
- Election of the new Board of Directors

Florence, March 15th 2021 – The board of directors of El.En. S.p.A., leader on the laser market and listed on the STAR segment of the Italian Stock exchange, approved today the consolidated financial report as of December 31st, 2020, together with the El.En. Spa draft financial report and the consolidated non-financial statement as of the same date, to be proposed for approval at the Shareholder's meeting.

The financial year 2020, strongly influenced by the effects of the pandemic, closed with a consolidated turnover of 408 million of euro and a consolidated net profit for the group of 20,3 million of euro: these results are very satisfactory in consideration of the restrictions and interruptions suffered, the lockdowns that forced the closure of the factories in China and Italy and the profound alteration in demand that occurred at the first spread of the pandemic.

The general economic conditions affected the profitability of the Group, forcing companies to reduce production rates and lower margins on sales in order to maintain their market positions. However, they did not affect the ability to innovate and the attractiveness of the range of products that the Group has continued to expand by offering the market new products and new versions of products. The 2020 financial year ended in Q4 with an acceleration of results in all sectors, registering a **record turnover of 140 million of euro** in the fourth quarter, thanks to which the annual turnover also marked an 1,8% increase on the result of the previous year, allowing the Group to look forward to the year 2021 with optimism.

Despite the pandemic factors, 2020 was still a year of growth and tangible consolidation of the group's competitive positions on a global scale, testifying to the ability to continue the development path for which material investments have been made in recent years for the expansion of the logistic structures and the main operational functions. The trend in the fourth quarter shows that the pandemic has only delayed the growth plan of the group, which resumed growth as expected before the pandemic.

Turnover grew by 1,8%, exceeding **408 million of euro**, thus confirming, even in this difficult year, the solid competitive positioning of the Group and its great ability to differentiate itself on the markets through technical and application innovations. The year showed a **net result for the group of 20,3 million of euro**, an **EBIT of 30,1 million** (with an Ebit Margin of 7,4% on turnover), a decrease compared to **38,2 million of euro** registered in 2019.

The economic and financial results once again highlight the solidity and vitality of the Group and its resilience in such a critical and adverse period for the normal course of business.

After a first quarter during which the Group suffered the closure of its Chinese activities and in particular those based in Wuhan, in the second quarter it was the turn of Italian and European activities to suffer from the restrictive measures in the Western world and their effects on the markets demand. In the third quarter there was a return to significant growth in business volumes and a robust acquisition of orders, albeit with non-uniform and differentiated trends between geographic areas and market segments. In the fourth quarter the consolidated results were brilliant, with leading sectors and others in greater difficulty, in which the group has once again acquired the pace of growth and profitability expected at the beginning of the year.

All the group companies adopted safety protocols from the beginning of the spread of the pandemic, aimed at preserving the health of employees and collaborators and allowing them to feel safe in the workplace. Smart working has also been widely adopted, although a great limitation has been noted in the effectiveness and creativity of many vital operational functions, including research and development and marketing, due to the lack of direct interaction. All safety procedures are in force according to protocols agreed with employees and periodically updated.

The launch of new products for the several applications in which the group companies excel is one of the strengths of the Group's strategy. In the industrial sector we introduced of systems with laser cutting power up to 30kW. For the medical sector and in particular in hair removal, the new Nd: YAG and alexandrite Again system was launched by Deka in the second half of the year, while for body contouring the high intensity magnetic fields technology was introduced with Schwarzy. New additional features were added to the flagship Onda *Coolwaves* system which enhances the effectiveness of microwave technology; and the q-switched technology has been configured to its maximum potential in the Chrome systems developed by Quanta System to treat pigmented and vascular lesions with maximum effectiveness. There will also be numerous products that will be launched in 2021 and will be the backbone for further growth results.

During the year 2020 the Group made investments in fixed assets for approximately 13 million, continuing the multi-year plan to expand the production facilities. These investments are lighter than in previous years as most of the new structures are completed or in the completion phase. In 2020, costs for building expansion or completion were incurred mainly in Jena, Lin Yi, Wenzhou, Calenzano and Torre Annunziata. The second plant in Wenzhou was inaugurated in December with a ceremony that gathered authorities and hundreds of customers in the new production site, thanks to the conditions of free circulation and aggregation that in China have now returned to normal. In the El.En. Calenzano, plants were installed for the production of prototype and small series electronic boards, and for the rapid prototyping of mechanical parts and the set-up of the new production line for sealed medium power sources for applications in the manufacturing sector was completed. All investments are benefiting from the industry 4.0 subsidies.

Gabriele Clementi, President of El.En. S.p.A. said "2020 was a complex year, totally influenced by the Covid pandemic that slowed down our growth plans, but in which we were able to react with strength and determination, obtaining a turnover that goes well beyond forecasts, exceeding 408 million of euro. We succeeded in making our employees work in safety, and they gave us proof of the great quality of the work they are able to perform, even in unfavorable conditions. Growth was driven by the industrial sector on the Chinese market and in Italy and we also gained space in the

key market for medical aesthetics in the United States. The excellent performance of the last months of the year allows us to look with greater optimism at the development of year 2021".

Analysis of the business trend

The macroeconomic framework in which the Group operated in 2020 presented different aspects both during the year and in relation to geographical specificities. Overall growth was close to 2% with the medical sector down by 5,4% and the industrial sector up by around 13%.

In the **medical sector**, which in 2020 represented 56% of the Group's turnover, after a rapidly growing start, the business volume was affected by the effects of Covid and finally settled on an annual decline of about 5%, slightly more accentuated in the sale of systems than in while after-sales services, where and consumables recorded good growth in revenues for optical fibers for urological surgery.

In such circumstances, the **aesthetics segment** held up well with a slight 1,7% increase compared to 2019. There were two main determinants behind this result: the launch on the market of new systems for hair removal, body and skin treatments with a high degree of innovation that met customer expectations and marked a great success; the ability of the Japanese branch to capitalize on the effectiveness of its distribution network by enhancing the installed base with functional upgrades and conveying interesting volumes of locally produced equipment through the same channels.

In the months following the lockdowns, there was a strong demand for beauty treatments. With the limited options available for recreation, vacations and self-gratification, choosing to best care for the appearance of body and skin is an attractive and welcome spending option for those who continue to hold a good income.

On the contrary, sales in the **surgery segment** and even more markedly in **physiotherapy** have undergone the polarization of the activities and attention of medical health structures on the treatment of Covid problems, which has overshadowed all other disciplines and made it very difficult also to interact with facilities and medical staff for the marketing phase. In these segments there were decreases in revenues of approximately 24% and approximately 28% respectively. Only with the easing of Covid tension in hospitals it will be possible to return to the normal market dynamics.

On the other hand, the **after-sales service** still stood out with a turnover that increased by approximately 0,37% and an incidence on the turnover of the medical sector equal to approximately 20,13%, passing from 45,9 million of euro in 2019 to 46,1 million of euro in 2020.

The **industrial sector** marked again an increase in the overall turnover of the sector of about 13% compared to 2019, driven by the **laser cutting segment** which grew by an extraordinary 23,2%. In Q4 turnover in the cutting sector was up by 75% on the corresponding quarter of 2019.

The small segment of art **conservation**, a flagship of the Group and a source of great satisfaction in the restoration of great masterpieces of the artistic heritage, is showing growth once again. Among others, we point out the use of our LQS Laser system for the restoration of the wonderful frescoes of the Ceii house in Pompeii.



Ref. account Instagram prof. Massimo Osanna

Geographically, growth involved non-European countries (up 5,64%). In particular Japan where Covid had a less incisive impact and the Withus branch set a record turnover; China, where the activity of the cutting sector maintained a record pace in the second half of the year; and the US where distributors in the medical sector have withstood very adverse environmental conditions for most of the year.

The slight contractions recorded in Italy (-2,31%) and Europe (-6,25%) are to be considered excellent results in light of the extended periods of lockdown and restrictions forced in the various countries of Europe.

Foreign markets continue to represent more than 82% of the total revenues, still confirming the global dimension of the Group's business.

Financial performance of the group

Gross margin was 141,6 million euros, down by 9,2% compared to 156,0 million in the previous year, with an incidence on turnover that went from 38,9% in 2019 to current 34,7%. The decline in relative terms in 2020 is due to a decrease of margins in both the medical and industrial sectors. In the industrial sector this is a strategic choice aimed at rapidly occupying market share, in the medical sector it is also the effect of a mix of products in which sales from pure distribution and therefore with a reduced margin recorded a large increase in the year.

Despite the strong containment of operating costs, in particular of sales and marketing expense due to the inability to travel and to attend trade fairs and conferences, and of personnel costs due to the use of the payroll protection programs (CIG) in the most critical moments of the lockdown, **EBITDA** reached 40,8 million of euro (with an Ebitda Margin of 10% on turnover) compared to 46,3 million of euro in 2019 with a decrease of 11,9%.

Net of amortization, depreciation and provisions on the rise both for the volume of investments in past years and for the prudential provisions set aside by virtue of the risks and uncertainties deriving from the persistence of the pandemic, **EBIT** was positive for approximately 30,1 million of euro, down compared to the 38,2 million of euro in 2019 and with an Ebit Margin of 6,8% down compared to 9,6% in 2019.

The **pre-tax income** at 31 December 2020 was 27,9 million of euro with a negative change of 27,7% and an incidence on turnover of 6,8%, compared to 38,6 million in the same period of 2019, penalized by financial expenses mainly due to the unfavorable trend in exchange rates.

The Group closed the 2020 financial year with a positive **net income** of 20,3 million of euro compared to 26,0 million last year (-22%). The impact on turnover for the period was 5,0%, down from 6,5% in the previous year.

The **Net Financial Position** as of December 31st, 2020 was positive for 69,2 million euros. At the end of the year, the group continued to generate cash from operations, improving the net financial position which, despite the substantial investments made, rose, at 31 December 2020, to 69 million of euro, higher than the 61 million of euro of the end of 2019.

During the year, approximately 20 million of euro were invested in the purchase of an important minority stake in Penta Laser Wenzhou, which became the parent company of all the Group's activities in China in the industrial sector, the subject of an extensive plan of investments aimed at further expanding production and product development capacity to better serve the local market for which demand is expected to grow. A plan that, after the unexpected forced break from the Covid parenthesis, is beginning to highlight with its results the concreteness of the aspirations that prompted us to invest in this activity.

Financial performance of the parent company El.En. spa

The Company registered revenues of 64,2 million of euro at 31 December 2020, down by 5,2% on the 67,7 million of euro of 2019.



EBITDA was positive for 3,3 million compared to 3,2 million of euro in 2019 up approximately 2,8% and with an Ebitda Margin of 5,2%.

EBIT for the period under review was equal to 0,8 millions of euro compared to 1,7 millions of euro in the previous year, with a decrease of approximately 51,6%.

The interruption to the payment of dividends decided in 2020 for all the companies of the group heavily penalized El.En., given that El.En. usually collects significant dividends from its subsidiaries.

The **pre-tax income** therefore showed a positive balance but of only 154 thousand euros, compared to the result of 5,2 million of euro in the previous year with a reduction of 3,1 million in collected dividends.

El.En. S.p.A. closed the year with a **net income** of 239 thousand euros compared to 5,8 million of euro of last year, down 95,90% and with an incidence on turnover equal to 0,4%.

The **Net Financial Position** at 31 December 2020 was positive for approximately 13,0 million of euro.

Other significant events subsequent to the closing of the financial year

In January, Cutlite Penta closed the purchase of a plant adjacent to that of its headquarters in Prato, for an amount of approximately 5 million. The plant is needed to provide the company with the logistic facilities necessary to pursue its ambitious growth plans.

Current Outlook

The guidance for year 2021 provides for the resumption of the growth path that the pandemic has slowed down without interrupting it. Strong of its operating structures consolidated over time in an organization aimed at the medium-term sustainability of the group's success, the Company expects growth of more than 10% for 2021, with an improvement in the operating result and hopefully also in operating profitability.

* * * * *

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.

* * * * *

Authorization to purchase own shares

On January 17th 2019, pursuant to art. 2357 and 2357-ter c.c., the El.En.'s Shareholders' Meeting gave authorization to the Board of Directors, at the requested terms and conditions, to purchase El.En.'s own shares, within 18 months commencing from the Shareholders' resolution. So far, as of today, El.En. the Company does not possess own shares and the above mentioned authorization expired on July 17th 2020.



The Board of Directors resolved to ask to 2021 Shareholders' meeting a further authorization to purchase and dispose of El.En's own shares.

Where authorized, the purchase of own shares may serve the following purposes: assignments to employees and/or consultants and/or members of the administrative or auditors bodies of the company or its subsidiaries; exchange of shares under and during strategic transactions.

Permission is required for the purchase, in one or more tranches, up to a maximum number of El.En.'s ordinary shares – currently the only issued El.En.'s stock class – which in any case does not exceed the fifth part of the capital stock. Currently 20% of the subscribed and paid capital stock of El.En. equals 3.929.264 shares corresponding to a nominal value of EUR 510.804.

The authorization is requested for the longest period allowed by law, 18 months after the date of the resolution by the Shareholders.

Purchase of own shares shall take place in accordance with the policy of equal treatment of shareholders in accordance with art. 132 D. Lgs. 58/1998 and art. 144-bis of the Consob Issuers Regulations. Therefore, administrators are asking to be allowed to proceed with the purchase, with the following, possible and/or alternatives, methods, where applicable and that will be fixed at the time of individual transactions: through public offerings or trade; on regulated markets.

Shareholders are asked to authorize the purchase at a price that is not in the least less than the nominal value of EUR 0,13 per share, and, as far as not more than 10% of the official price of trading recorded the day before the purchase.

Moreover, the Board of Directors will ask to the shareholders the authorization to sell, or dispose of, the purchased own shares, within 10 years from authorization, at a selling price, or equivalent value, that will be not less than 95% of the average official price recorded during the five trading days preceding the alienation.

Both purchases both acts of alienation of own shares will take place in full compliance with current European legislation, delegated regulation too, and Italian laws and regulations.

Further resolutions

Appointment of the new Board of Directors

The 2021 Shareholder's Meeting shall appoint the new Board of Directors.

Independence

The Board of Directors also assessed, on the basis of the information received by the relevant directors, the persistence of the independence requirements. It also received the positive result of the annual self-evaluation of the Board of Statutory Auditors regarding the persistence of their independence requirements.

Report on Compensation and Report on the Corporate Governance

The Board of Directors approved the annual Report on Corporate Governance and Ownership Structure and the Report on Compensation the guidelines on the general compensation policy.

Dividend

The Board of Directors has resolved to call the annual Shareholder meeting for April 27th , 2021 (first call) and May 4th , 2021 (second call) and resolved to propose to distribute a dividend of 0,40 euro per share, in compliance with art. 2357-ter c.c., to be paid on May 26th , 2021, to be assigned on May 24th , 2021 (coupon no. 5) with record date May 25th , 2021.

* * * * *

On 3rd October 2012 the board of directors resolved, by opting-out as allowed by artt. 70, paragraph 8 and 71, paragraph 1-*bis* of the Issuers' Regulation CONSOB 11971/99, to make exceptions to make available to the public the provided informative documents in the event of significant mergers, spin-offs, share capital increase by means of the conferral of assets in kind, takeover and transfers.

* * * * *

Should the financial audit opinions be expressed in a timely manner, the annual financial Report, including the yearly financial Report draft, the consolidated financial Report, the management Report and the statement as required by art. 154-*bis*, comma 5, TUF, the consolidated non-financial statement, the Auditors report and the Board of Statutory Auditors Report, the Board of Directors report on the agenda of the Shareholders meeting and also the report on remuneration ex art. 123-ter TUF will be available to the public at the company's premises, on the internet site www.elengroup.com, at Borsa Italiana and in the authorized storage device www.emarketstorage.com within the time deadlines required by the law. Within the term provided by law and regulation further documents and information about the shareholders' meeting shall be available on the website of the company.

* * * * *

CONFERENCE CALL

On March 16th, 2021, at 15.00 CET (14:00 GMT) (9:00 AM 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://polytemshir-it.zoom.us/j/81324668151?pwd=TEIVS0tKN Ud5S3NLdkliT25uRnBUZz09>

ID meeting: 813 2466 8151

Passcode: 723424

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>.

* * * * *

Attachments:

1. El.En. Group 2020 Profit and Loss account
2. El.En. Group Balance sheet as of December 31st, 2020
3. El.En. Group Net financial position as of December 31st, 2020 and 2020 cash flow statement
4. El.En. S.p.A. 2020 Profit and Loss account
5. El.En. S.p.A. Balance Sheet as of December 31st, 2020
6. El.En. S.p.A. Net financial position as of December 31st, 2020 and 2020 cash flow statement

(With reference to the attached financial statements, it should be noted that the audit has not yet been completed on December 31st, 2020).



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

EL.EN has been listed on the Star (MTA) of Borsa Italian with a market capitalization amounts to Euro 550 million.

Cod. ISIN: IT0005188336
Code: ELN
Listed on MTA
Mkt cap.: 550 million of euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN IM

For further information:

El.En S.p.A.
Investor Relator
Enrico ROMAGNOLI - finance@elen.it
Tel. +39 055 8826807

Polytems HIR
Financial Communication, IR and Press Office
Bianca FERSINI MASTELLONI - b.fersini@polytemshir.it
Paolo SANTAGOSTINO - p.santagostino@polytemshir.it
Silvia MARONGIU - s.marongiu@polytemshir.it
Tel. +39 06-69923324 - 06 6797849

Tab. 1 – El.En. Group Profit and Loss account on December 31st , 2020

| Income Statement | 31/12/2020 | Inc % | 31/12/2019 | Inc % | Var. % |
|---|-------------------|---------------|-------------------|---------------|----------------|
| Revenues | 408.083 | 100,0% | 400.761 | 100,0% | 1,83% |
| Change in inventory of finished goods and WIP | 12.751 | 3,1% | 4.986 | 1,2% | 155,73% |
| Other revenues and income | 5.734 | 1,4% | 3.474 | 0,9% | 65,08% |
| Value of production | 426.569 | 104,5% | 409.221 | 102,1% | 4,24% |
| Purchase of raw materials | 255.211 | 62,5% | 225.233 | 56,2% | 13,31% |
| Change in inventory of raw material | (3.156) | -0,8% | (7.187) | -1,8% | -56,08% |
| Other direct services | 32.877 | 8,1% | 35.154 | 8,8% | -6,47% |
| Gross margin | 141.637 | 34,7% | 156.021 | 38,9% | -9,22% |
| Other operating services and charges | 34.131 | 8,4% | 43.624 | 10,9% | -21,76% |
| Added value | 107.506 | 26,3% | 112.396 | 28,0% | -4,35% |
| Staff cost | 66.692 | 16,3% | 66.085 | 16,5% | 0,92% |
| EBITDA | 40.814 | 10,0% | 46.312 | 11,6% | -11,87% |
| Depreciation, amortization and other accruals | 10.703 | 2,6% | 8.114 | 2,0% | 31,91% |
| EBIT | 30.111 | 7,4% | 38.198 | 9,5% | -21,17% |
| Net financial income (charges) | (1.762) | -0,4% | 468 | 0,1% | |
| Share of profit of associated companies | (425) | -0,1% | (23) | 0,0% | 1766,80% |
| Other net income and charges | 0 | 0,0% | 0 | 0,0% | |
| Income (loss) before taxes | 27.924 | 6,8% | 38.644 | 9,6% | -27,74% |
| Income taxes | 5.382 | 1,3% | 9.868 | 2,5% | -45,46% |
| Income (loss) for the financial period | 22.542 | 5,5% | 28.775 | 7,2% | -21,66% |
| Net profit (loss) of minority interest | 2.287 | 0,6% | 2.759 | 0,7% | -17,09% |
| Net income (loss) | 20.255 | 5,0% | 26.017 | 6,5% | -22,15% |

Tab. 2 – El.En. Group balance sheet on December 31st, 2020

| Statement of financial position | 31/12/2020 | 31/12/2019 | Variation |
|---|----------------|----------------|---------------|
| Intangible assets | 4.488 | 4.834 | -346 |
| Tangible assets | 85.576 | 81.813 | 3.764 |
| Equity investments | 1.991 | 2.403 | -412 |
| Deferred tax assets | 9.297 | 6.641 | 2.656 |
| Other non-current assets | 15.486 | 15.276 | 210 |
| Total non current assets | 116.838 | 110.966 | 5.872 |
| Inventories | 111.594 | 97.037 | 14.556 |
| Accounts receivable | 94.009 | 92.026 | 1.982 |
| Tax receivables | 11.032 | 12.689 | -1.657 |
| Other receivables | 13.157 | 13.453 | -296 |
| Financial instruments | 0 | 2.127 | -2.127 |
| Cash and cash equivalents | 123.744 | 97.031 | 26.713 |
| Total current assets | 353.535 | 314.362 | 39.173 |
| Total Assets | 470.373 | 425.328 | 45.044 |
| Total shareholders' equity | 240.665 | 240.633 | 31 |
| Severance indemnity | 5.147 | 4.738 | 410 |
| Deferred tax liabilities | 2.210 | 2.032 | 179 |
| Reserve for risks and charges | 5.717 | 4.528 | 1.189 |
| Financial debts and liabilities | 30.763 | 21.116 | 9.648 |
| Other non current liabilities | 5.000 | 0 | 5.000 |
| Total non current liabilities | 48.838 | 32.413 | 16.425 |
| Financial liabilities | 23.827 | 16.706 | 7.121 |
| Accounts payable | 94.923 | 78.391 | 16.533 |
| Income tax payables | 2.945 | 3.507 | -563 |
| Other current payables | 59.175 | 53.677 | 5.498 |
| Total current liabilities | 180.871 | 152.282 | 28.589 |
| Total Liabilities and Shareholders' equity | 470.373 | 425.328 | 45.044 |

Tab. 3 – El.En. Group net financial position on December 31st , 2020 and cash flow statement 2020

| Net financial position | 31/12/2020 | 31/12/2019 | Var. |
|--|-------------------|-------------------|----------------|
| Cash and bank | 123.744 | 97.031 | 26.713 |
| Financial instruments | 0 | 2127 | (2.127) |
| Cash and cash equivalents | 123.744 | 99.158 | 24.586 |
| Current financial receivables | 14 | 84 | (70) |
| Bank short term loan | (20.659) | (11.794) | (8.865) |
| Part of financial long term liabilities due within 12 months | (3.168) | (4.913) | 1.745 |
| Financial short term liabilities | (23.827) | (16.706) | (7.121) |
| Net current financial position | 99.931 | 82.535 | 17.396 |
| Bank long term loan | (23.366) | (11.802) | (11.564) |
| Other long term financial liabilities - non current part | (7.398) | (9.314) | 1.916 |
| Financial long term liabilities | (30.763) | (21.116) | (9.647) |
| Net financial position | 69.168 | 61.419 | 7.749 |

| Cash flow statement | 31/12/20 | 31/12/19 |
|---|-----------------|-----------------|
| Cash flow generated by operating activity | 44.132 | 37.726 |
| Cash flow generated by investment activity | (10.837) | (24.417) |
| Cash flow generated by financing activity | (8.661) | 4.795 |
| Change in cumulative translation adjustment reserve and other changes | 2.080 | (2.038) |
| Increase/(decrease) in cash and cash equivalents | 26.713 | 16.065 |
| Cash and cash equivalents at the beginning of the financial period | 97.031 | 80.966 |
| Cash and cash equivalents at the end of the financial period | 123.744 | 97.031 |

Tab. 4 – El.En. S.p.A. Profit and Loss account on December 31st, 2020

| Income Statement | 31/12/2020 | Inc % | 31/12/2019 | Inc % | Var. % |
|---|-------------------|---------------|-------------------|---------------|----------------|
| Revenues | 64.216 | 100,0% | 67.737 | 100,0% | -5,20% |
| Change in inventory of finished goods and WIP | 730 | 1,1% | 389 | 0,6% | 87,73% |
| Other revenues and income | 777 | 1,2% | 902 | 1,3% | -13,87% |
| Value of production | 65.724 | 102,3% | 69.028 | 101,9% | -4,79% |
| Purchase of raw materials | 32.878 | 51,2% | 32.717 | 48,3% | 0,49% |
| Change in inventory of raw material | (2.019) | -3,1% | (815) | -1,2% | 147,59% |
| Other direct services | 10.122 | 15,8% | 10.112 | 14,9% | 0,10% |
| Gross margin | 24.743 | 38,5% | 27.015 | 39,9% | -8,41% |
| Other operating services and charges | 5.990 | 9,3% | 7.538 | 11,1% | -20,54% |
| Added value | 18.753 | 29,2% | 19.476 | 28,8% | -3,71% |
| Staff cost | 15.433 | 24,0% | 16.247 | 24,0% | -5,01% |
| EBITDA | 3.319 | 5,2% | 3.229 | 4,8% | 2,79% |
| Depreciation, amortization and other accruals | 2.518 | 3,9% | 1.573 | 2,3% | 60,12% |
| EBIT | 801 | 1,2% | 1.657 | 2,4% | -51,63% |
| Net financial income (charges) | 70 | 0,1% | 4.241 | 6,3% | -98,35% |
| Other net income and charges | (718) | -1,1% | (651) | -1,0% | 10,20% |
| Income (loss) before taxes | 154 | 0,2% | 5.247 | 7,7% | -97,07% |
| Income taxes | (85) | -0,1% | (587) | -0,9% | -85,57% |
| Income (loss) for the financial period | 238 | 0,4% | 5.833 | 8,6% | -95,92% |

Tab. 5 – El.En. S.p.A. Balance Sheet on December 31st , 2020

| Statement of financial position | 31/12/2020 | 31/12/2019 | Variation |
|---|----------------|----------------|----------------|
| Intangible assets | 292 | 428 | -136 |
| Tangible assets | 19.197 | 17.496 | 1.701 |
| Equity investments | 18.218 | 17.873 | 345 |
| Deferred tax assets | 2.527 | 2.290 | 237 |
| Other non-current assets | 40.141 | 21.952 | 18.189 |
| Total non-current assets | 80.375 | 60.039 | 20.336 |
| Inventories | 28.127 | 25.378 | 2.749 |
| Accounts receivable | 31.842 | 33.752 | -1.910 |
| Tax receivables | 3.463 | 3.903 | -441 |
| Other receivables | 7.813 | 7.868 | -54 |
| Financial instruments | 0 | 2.127 | -2.127 |
| Cash and cash equivalents | 17.649 | 29.450 | -11.801 |
| Total current assets | 88.894 | 102.477 | -13.583 |
| Total Assets | 169.269 | 162.516 | 6.753 |
| Total shareholders' equity | 138.212 | 136.619 | 1.593 |
| Severance indemnity | 848 | 854 | -5 |
| Deferred tax liabilities | 265 | 329 | -64 |
| Reserve for risks and charges | 2.125 | 1.403 | 722 |
| Financial debts and liabilities | 370 | 573 | -203 |
| Total non-current liabilities | 3.609 | 3.159 | 450 |
| Financial liabilities | 4.318 | 4.318 | -0 |
| Accounts payable | 17.325 | 12.715 | 4.609 |
| Income tax payables | 5 | 25 | -20 |
| Other current payables | 5.802 | 5.681 | 121 |
| Total current liabilities | 27.449 | 22.738 | 4.710 |
| Total Liabilities and Shareholders' equity | 169.269 | 162.516 | 6.753 |

Tab. 6 – El.En. S.p.A. net financial position on December 31st , 2020 and cash flow statement 2020

| Net financial position | 31/12/2020 | 31/12/2019 | Var. |
|--|-------------------|-------------------|-----------------|
| Cash and bank | 17.649 | 29.450 | (11.801) |
| Financial instruments | 0 | 2127 | (2.127) |
| Cash and cash equivalents | 17.649 | 31.577 | (13.928) |
| Current financial receivables | 7 | 71 | (64) |
| Bank short term loan | (4.003) | (4.001) | (2) |
| Part of financial long term liabilities due within 12 months | (314) | (317) | 3 |
| Financial short term liabilities | (4.318) | (4.318) | 0 |
| Net current financial position | 13.339 | 27.330 | -13.991 |
| Other long term financial liabilities - non current part | (370) | (573) | 203 |
| Financial long term liabilities | (370) | (573) | 203 |
| Net financial position | 12.969 | 26.757 | -13.788 |

| Cash flow statement | 31/12/20 | 31/12/19 |
|---|-----------------|-----------------|
| Cash flow generated by operating activity | 6.843 | 17.466 |
| Cash flow generated by investment activity | (19.323) | (12.944) |
| Cash flow generated by financing activity | 680 | (1.267) |
| Increase/(decrease) in cash and cash equivalents | (11.801) | 3.255 |
| Cash and cash equivalents at the beginning of the financial period | 29.450 | 26.195 |
| Cash and cash equivalents at the end of the financial period | 17.649 | 29.450 |

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