QUARTERLY FINANCIAL REPORT AS OF SEPTEMBER 30TH, 2021

ELEN™

THE FUTURE IN A BEAM

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17

Capital stock: Underwritten and paid : € 2.593.827,86(*)

Registry of Companies in Florence – C.F. 03137680488

(*) On the date of the approval of this document

This document has been translated into English for the convenience of readers who do not understand Italian.
The original Italian document should be considered the authoritative version.

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financial statement on September 30th 2021)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Daniela Toccafondi

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

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

Enrico Romagnoli

Independent auditors

Ernst & Young S.p.A.

EL.EN. GROUP

QUARTERLY MANAGEMENT REPORT

AS OF SEPTEMBER 30th 2021

Quarterly report

Introduction

This quarterly report as of September 30th 2021 for the El.En. Group was drawn up in compliance with the Regulations of the Italian Stock Market for the companies that are quoted in the Euronext STAR Milan segment (article 2.2.3, subsection 3) which requires the publication of the quarterly report within 45 days after the end of each quarter, as per Notice 7587 of April 21st 2016 issued by the Borsa Italiana. Consequently, as stated in the above mentioned Notice, in relation to the contents of the quarterly report for the quarter ending September 30th 2021, we have made reference to sub-section 5 of art. 154-ter of Legislative Decree February 24th 1998 no. 58. This document also contains the information previously inserted in the preceding quarterly reports.

The task of examining the data and the information provided in this report has not been assigned to Independent auditors, because, as of this writing, it is not compulsory.

The results as of September 30th 2021 are shown in comparative form with those for the same quarter last year. All amounts are expressed in thousands of Euros unless otherwise indicated.

Alternative Non-GAAP measures

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

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

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

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

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

- the **net financial position** which means: cash available + securities entered among current assets + current financial receivables – debts and non-current financial liabilities - current financial debts.

Description of the activities of the group

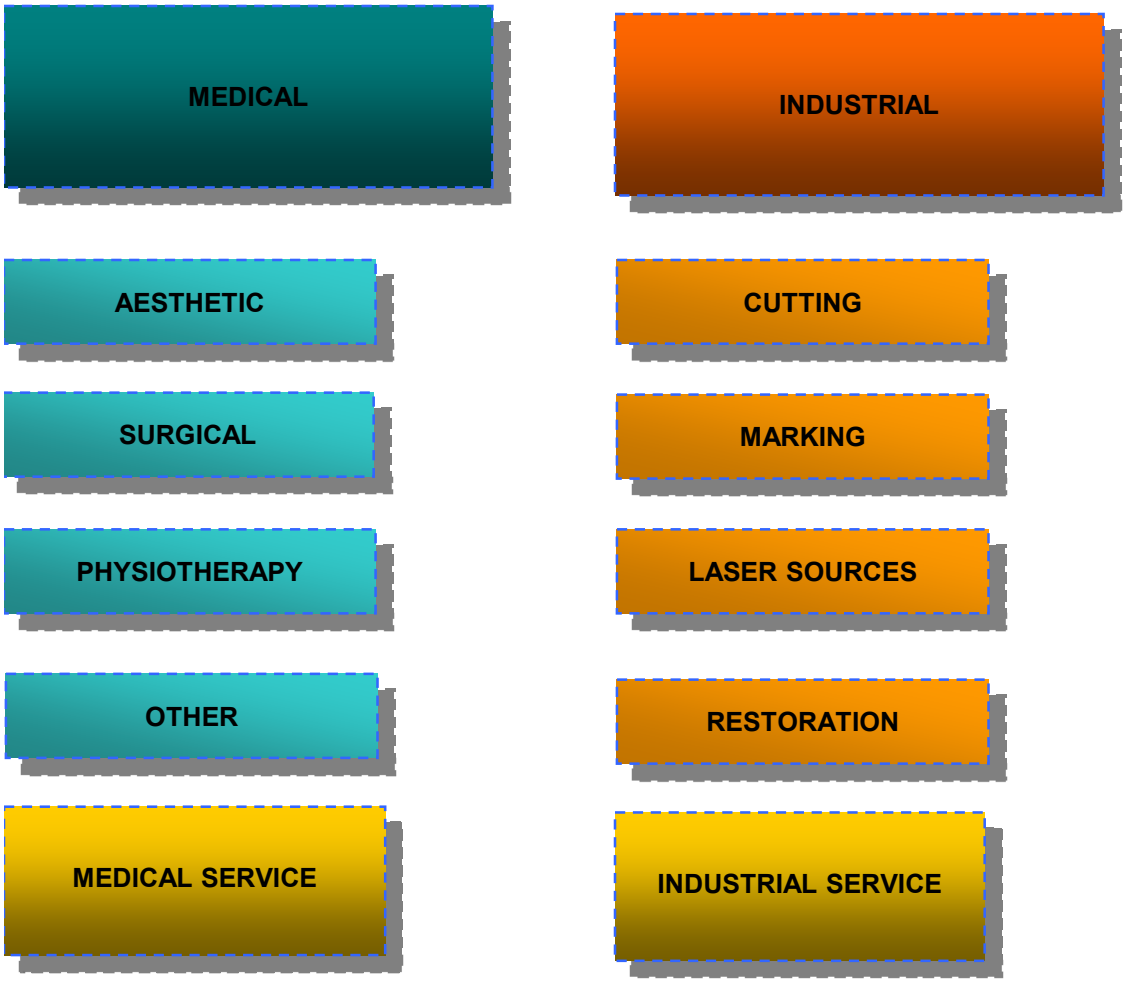
El.En was founded in 1981 and arose from the intuition of a university professor and one of his students. The Company developed over the years and became a multi-faceted, dynamic industrial group specialized in the manufacture, research and development, distribution and sale of laser systems.
The founders, Leonardo Masotti and his wife, Barbara Bazzocchi, and Ing. Gabriele Clementi, always conducted the company and were part of the top management.

The laser, an acronym for "**Light Amplification by Stimulated Emission of Radiation**" is a fascinating technology invented in 1960 and represents the fulcrum of the technology of the Group. This luminous emission with its unique characteristics (monochromaticity, consistency, brilliance) found and is still finding a growing number of applications which have given rise to its own specific industrial sectors and in others has radically changed the way in which they operate. Telecomunications, sensoristics, printers, lithographs, numerous processes in industrial manufacturing, numerous medical and aesthetic applications have been able to benefit from the innovations made available by the versatility, precision and reliability of laser systems. As Prof. Gérard Mourou - Nobel prize for physics in 2018 for the invention of chirped pulse amplification or CPA, which was later used to create ultra-short high intensity laser impulses (terawatt) - pointed out during his visit in January 2019 to the headquarters of Quanta System Spa in Samarate (VA), "the best is yet to come"! Scientific research and applied industrial research will continue to find innovative applications for laser technology from which we can all benefit directly or indirectly.

Among the many types of laser sources and applications that have been developed, the Group has always been specialized in systems for two particular sectors: laser systems for medicine and aesthetics which we call the Medical sector and laser systems for manufacturing which we call the Industrial sector. Each of these sectors is divided into various segments which vary from each other because of the specific application of the laser system and, consequently, for the specific underlying technologies and the type of user. For this reason, the activity of the Group which is generically defined as the manufacture of laser sources and systems, actually has a wide variety of products which are used by many different kinds of clients, also due to the global presence of the Group which forces it to adapt to the particular methods which every region in the world has in the adoption of our technologies.

Over time, the Group has acquired the structure which it now has through the creation of new companies and the acquisition of the control in others. The activities are conducted by this diverse group of companies which operate in the fields of manufacture, research, development distribution and sale of laser systems. Each company has been assigned a specific task which sometimes is based on its geographical location, sometimes on a specific market niche, and other times on a more extended and transversal area of activity including different technologies, applications and geographical markets. The activities of all of the companies are coordinated by the Parent Company in such a way that the available resources can be put to the best use on the markets and take advantage of the dynamism and flexibility of each single business unit without losing the advantages of a coordinated management of some of the resources.

In our sectors of the market, the wide range of products, the capacity to segment some of the markets in order to maximize the overall quota held by the Group, together with the opportunity of involving managerial staff as minority shareholders are at the base of the company organization of the Group. The high number of different companies that compose the Group is based on the linear subdivision of the activities which we have identified also for purposes of reporting but, above all for strategic purposes, as shown below:



An integral part of the main company activity of selling laser systems, is that of the post-sales customer assistance service which is not only indispensable for the installation and maintenance of our laser systems but also a source of revenue from the sales of spare parts, consumables and technical assistance.

The division of the Group into numerous different companies also reflects the strategy for the distribution of the products and for the organization of the activities for research and development and marketing. El.En. is one of the most successful groups on our market, thanks to a series of acquisitions concluded over the years, in particular, in the medical sector (DEKA, Asclepion, Quanta System and Asa).
Following an approach that is unique and original for our sector, each company that has entered the Group has maintained its own special characteristics for the type and segment of the product, with brands and distribution networks that are independent from the other companies of the Group and represent a real business unit.

Each one has been able to take advantage of the cross-fertilization which the individual research units has had on the others and has made their own elective technologies available to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.
While we recognize the importance that the multi-brand and multi-R&D has had on the growth of the Group, at the same time we realize the need to increase the coordination between the activities of the different business units of the medical sector and promote the joint activities like distribution in Italy which, under the new brand name of "Renaissance" unites into a single organization the pre-existing networks of Deka and Quanta System
In 2020 the integration of the networks of the Group continued: the laser systems for aesthetic applications produced by Asclepion are available for sale in Italy through the Renaissance network, thus re-enforcing their leadership in this geographical area while, analogously, the distribution network of Asclepion in Germany offers the Deka systems.

An optimal integration of the medical business units is, in fact, one of the objectives of the General Director of El.En. Spa, who took on this role, a new one for the company, on January 1st of 2017.

Although they both use laser technologies and share numerous strategic components and some activities at the R&D and production level, the Medical and Industrial sectors are active on two completely different kinds of markets. Their internal operations are organized in such a way as to satisfy the radically different needs of the clients of the two different sectors. Moreover, specific dynamics in the demand and expectations for growth that are connected to different key factors correspond to each of the two markets.

The outlook for mid-term growth is positive for both markets. In the medical sector, there is a constant increase in the demand for aesthetic and medical treatments by a population which, on the average, tends to age and wishes to limit as much as possible the effects of aging.
There is also an increased demand for technologies that are able to minimize the duration of surgical operations and of post-operative recovery or to increase their effectiveness by reducing the impact on the patient (minimally invasive surgery) and the overall costs.
For the industrial sector laser systems represent an increasingly indispensable tool for manufacturing since they offer flexible, innovative technologies to companies that are competing on the international market and wish to raise their qualitative standards and increase productivity. Although they continue to be used on the traditional market of manufacturing, laser systems represent a high-tech component of it which, thanks to the continued innovation of the laser product and processes that lasers allow, presents excellent prospects for growth.

Growth in the industrial sector is expected thanks to the increase in productivity and in the quality of the products along with the great flexibility that laser operations bring to numerous manufacturing processes. Although they still refer to traditional manufacturing systems, both our cutting technologies, which transform the product, and our marking systems, which identify it or decorate it, respond to specific requirements of the manufacturing sector which are increasingly requested. Another factor which contributes to the demand are the technological innovations which make the products increasingly easy to use, productive and versatile and in this way increase the range of potential customers.

It should also be noted that, in the presence of the excellent outlook for the growth of our markets, the Group has succeeded in acquiring new portions of the market and create new applicative niches thanks to their innovations. The adequacy of the range of products offered, the capacity to continually renew it in order to meet the demands of the market or, even better, create new ones, are the critical factors for our success. The El.En. Group has had and still has, the ability to excel in these activities. The lengthy section in this document dedicated to Research and Development is a demonstration of the importance of these activities for the Group and the particular focus that is directed to dedicating the necessary resources that are needed to guarantee the prosperity of the Group in the years to come.

Group financial highlights

In 2021 the El.En. Group has continued in its positive trend and the first nine moths of the year end with a consolidated sales volume of 405 million Euros and a consolidated EBIT of 44,6 milion Euros which amounts to 11% of the sales volume. During the Summer quarter the results continued to be outstanding despite the season which is normally less favorable, with a sales volume of 131 million Euros (+24% over 2020) and an EBIT of 13,7 million (+55%) .
For the first nine months the comparison with the results for 2020 is still distorted by the impact of the pandemic during the first six months of the year 2020 when all of the activities in both China and Italy came to a halt particularly in the industrial sector, and there was a sudden drop in sales in the medical sector. Starting in the third quarter of 2020 there was a rapid acceleration in the activities and this phase is still in progress so that a comparison with the quarterly results is again meaningful.

Consequently if we compare the results for the first nine months of this year with those for 2019, when operations were conducted without the impact of the pandemic, we can see that for the two years there was an average increase (CAGR) in the sales volume of 19,7% and in the EBIT of 29,8%. These amounts represent extraordinary results which are even greater than those forecast in 2019 before the pandemic, but at the same time appeared obtainable through the ambition of the Group to grow rapidly and play an increasingly important role in the segments in which it competes; they were made possible by the instruments that the investments of the Group in recent years have made available: an increase in manufacturing capacity thanks to the new and enlarged logistic structures and continuous investments in the organization in our highly qualified staff, and especially in the skills needed to maintain the rapid pace of innovation of our products which is typical of the leadership of our companies.

The general economic conditions remained good during this quarter. The limitations imposed by the pandemic are now gradually being lifted however, their impact remains evident in many aspects of our daily life. Since the beginning of the pandemic we applied and still continue to apply all the safery regulations and the distancing required in order to guarantee the protection of the health and safety of our employees and collaborators and, just recently, also the verifiation of the Green Pass for all the employees of the Italian companies. The regulations now allow us to conduct our normal production activities and most of them take place with the staff physically present with just a few still making use of smart working. It is worth while recalling at this time the amazing spirit of collaboration demonstrated by all of the employees of the Group during the pandemic and their ability to operate effectively and with dedication even in the worst mperiods of discomfort. Although many of these inconveniences are still present, they have not prevented the demand from reaching a remarkably favorable level.

As described below in this report in the section related to the trend in sales, demand remained constant and allowed us to achieve double digit results in growth in practically all of the applicative segments and geographical areas even in comparison to the average annual growth rate for 2019. The trend for the last quarter both for sales and for the acquisition of orders presented less uniform conditions on our markets. In the medical sector, in particular in the aesthetic segment, the demand continued to increase and reached its all-time high in the number of orders. The same thing occurred in the industrial sector of laser cutting in the Italian and European markets. The enormous acceleration of the sales volume in China in the sector of systems for laser cutting in the first half of the year continued, however, during the Summer it began to feel the effects of the cooling of the Chinese economy and this quarter the growth in sales volume and the production volumes began to slow down and this trend has continued in the early months of the Fall. Because of the special characteristics of our applicative sector and our development activities, which released significant innovations even in this period, our faith in the development of our business both in China and the rest of the world remains unchanged. The manufacturing organization which has been set up in Italy for this sector has, in fact, increased its capacity and, in the coming months, will be able to satisfy the growing demand even more effectively than in the first nine months of the year.

The rapid increase in the volume of business made it possible to effectively absorb the overheads and, thanks to the leverage the consolidated EBIT remained at levels that were greater than 10% of the sales volume, a very good result which is among the best of the expectations which were forecasts during the planning phase.

The particular attention which is directed to the fundamental activities of our competitive capacity continued during this period, and were directed to the requirements of the market, giving rise to activities of research and development and engineering of numerous new products which will represent the basis for further developments in the Group. The exceptional productivity of the Group in this field is the result of constant attention to the stratification of skills in all the company functions, a process which, over time, has led to the accumulation of expertise and know-how which makes us so effective in the innovation of products.

As has been widely reported by the media, in recent months economic activities have been affected by an inflation rate that had not been seen for many years and was mainly generated by the rising prices of numerous raw materials including metals, plastics, petroleum and natural gas and, consequently, also the costs of energy. The demand which caused the increase in prices also determined a shortage of some materials, in particular in the sector of electronic components, with long delays in the delivery times. These problems also involve the operations of the Group which, up to now, has been able to manage the most critical situations, but with increases in the costs which were in some cases significant, for some components like microcontrollers; this has also meant that they have had to repeatedly reprogram production schedules on the basis of the materials that are available. Considering that this phenomenon is both pervasive and unpredictable, we must take into account that in the future they may affect our production processes.

As we conclude this introduction, we would like to express our great satisfaction for the results that we are obtaining and for the trust that we have in the capacity and potential of our organization and our staff to benefit in the future from the development in demand expected from our markets. We have the organizational and technical means to satisfy the requirements of our clients and to innovate, thus further stimulating the demand to our advantage.

During this quarter we have intensified the activities which the Group had started in the area of sustainability. The multi-year Sustainability Plan that the Group has organized includes the monitoring of the projects now in progress and the achievement of obectives, and additional areas and projects for improvement. The continued commitment of the Group is reflected also in the ESG rating obtained from the main sustainability rating agencies.

The chart below shows the results of the income statement for the third quarter of 2021, displayed in comparative form with those for the same period last year.

Income statement - quarterly	**30/09/2021**	**Inc %**	**30/09/2020**	**Inc %**	**Var. %**
Revenues	131.388	100,0%	105.646	100,0%	24,37%
Change in inventory of finished goods and WIP	9.888	7,5%	8.649	8,2%	14,32%
Other revenues and income	1.683	1,3%	1.506	1,4%	11,72%
Value of production	**142.959**	**108,8%**	**115.802**	**109,6%**	**23,45%**
Purchase of raw materials	86.398	65,8%	70.379	66,6%	22,76%
Change in inventory of raw material	(3.716)	-2,8%	1.929	1,8%	
Other direct services	9.989	7,6%	8.963	8,5%	11,45%
Gross margin	**50.287**	**38,3%**	**34.530**	**32,7%**	**45,63%**
Other operating services and charges	13.221	10,1%	7.920	7,5%	66,92%
Added value	**37.066**	**28,2%**	**26.610**	**25,2%**	**39,30%**
Staff cost	20.541	15,6%	15.325	14,5%	34,04%
EBITDA	**16.525**	**12,6%**	**11.285**	**10,7%**	**46,44%**
Depreciation, amortization and other accruals	2.805	2,1%	2.438	2,3%	15,06%
EBIT	**13.720**	**10,4%**	**8.847**	**8,4%**	**55,09%**
Net financial income (charges)	68	0,1%	(761)	-0,7%	
Share of profit of associated companies	(60)	0,0%	(153)	-0,1%	-60,72%
Income (loss) before taxes	**13.727**	**10,4%**	**7.932**	**7,5%**	**73,06%**

The chart below shows the results of the income statement for the first nine months of 2021 displayed in comparative form with the results for the same period last year.

Income Statement	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Revenues	405.300	100,0%	268.168	100,0%	51,14%
Change in inventory of finished goods and WIP	22.633	5,6%	20.066	7,5%	12,79%
Other revenues and income	3.845	0,9%	3.477	1,3%	10,59%
Value of production	**431.778**	**106,5%**	**291.710**	**108,8%**	**48,02%**
Purchase of raw materials	271.289	66,9%	177.703	66,3%	52,66%
Change in inventory of raw material	(20.650)	-5,1%	(2.650)	-1,0%	679,33%
Other direct services	30.937	7,6%	22.250	8,3%	39,04%
Gross margin	**150.203**	**37,1%**	**94.407**	**35,2%**	**59,10%**
Other operating services and charges	33.984	8,4%	23.978	8,9%	41,73%
Added value	**116.219**	**28,7%**	**70.429**	**26,3%**	**65,02%**
Staff cost	60.556	14,9%	44.659	16,7%	35,60%
EBITDA	**55.663**	**13,7%**	**25.770**	**9,6%**	**116,00%**
Depreciation, amortization and other accruals	11.086	2,7%	7.635	2,8%	45,19%
EBIT	**44.577**	**11,0%**	**18.135**	**6,8%**	**145,81%**
Net financial income (charges)	1.156	0,3%	(981)	-0,4%	
Share of profit of associated companies	(171)	0,0%	(279)	-0,1%	-38,76%
Income (loss) before taxes	**45.562**	**11,2%**	**16.875**	**6,3%**	**170,00%**

The chart below shows the details of the net financial position of the Group:

Net financial position	30/09/2021	31/12/2020
Cash and bank	142.397	123.744
Financial instruments	2.009	0
Cash and cash equivalents	**144.406**	**123.744**
Current financial receivables	**1**	**14**
Bank short term loan	(21.357)	(20.659)
Part of financial long term liabilities due within 12 months	(3.123)	(3.168)
Financial short term liabilities	**(24.480)**	**(23.827)**
Net current financial position	**119.927**	**99.931**
Bank long term loan	(29.502)	(23.366)
Other long term financial liabilities - non current part	(10.408)	(7.398)
Other non current liabilities	(5.274)	(5.000)
Financial long term liabilities	**(45.184)**	**(35.763)**
Net financial position	**74.743**	**64.168**

Operational performance

The chart below shows the subdivision of the sales volume for the first nine months of 2021 according to the sectors of activity of the Group, compared with the same subdivision for the same period last year.
The first six months of 2020 were profoundly influenced by the effects of the pandemic. Our activities in the industrial sector were completely blocked in China for two and a half months and in Italy for more than a month starting in March. In Italy sales in the medical sector were also halted in March and sales on the international market began to drop in April. Activities started up again in the third quarter at full speed and began a recovery which is still in progress.

The comparison between the sales volumes in the early months of 2020 and of 2021 consequently must be interpreted on the basis of this data. As far as the third quarter is concerned, the comparisons are once again significant.

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Medical	220.476	54,40%	159.742	59,57%	38,02%
Industrial	184.824	45,60%	108.425	40,43%	70,46%
Total revenue	**405.300**	**100,00%**	**268.168**	**100,00%**	**51,14%**

Overall growth was over 50%, and was strongest in the industrial sector which had been more affected by the pandemic than the medical sector in the first semester of 2020.

The chart below shows the geographical distribution of the sales volume:

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Italy	71.416	17,62%	45.266	16,88%	57,77%
Europe	81.367	20,08%	47.840	17,84%	70,08%
ROW	252.516	62,30%	175.062	65,28%	44,24%
Total revenue	**405.300**	**100,00%**	**268.168**	**100,00%**	**51,14%**

The chart below shows the geographical distribution according to sector of activity:

Medical sector

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Italy	22.996	10,43%	16.570	10,37%	38,78%
Europe	64.045	29,05%	37.034	23,18%	72,94%
ROW	133.435	60,52%	106.138	66,44%	25,72%
Total revenue	**220.476**	**100,00%**	**159.742**	**100,00%**	**38,02%**

Industrial sector

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Italy	48.420	26,20%	28.696	26,47%	68,73%
Europe	17.322	9,37%	10.806	9,97%	60,31%
ROW	119.081	64,43%	68.924	63,57%	72,77%
Total revenue	**184.824**	**100,00%**	**108.425**	**100,00%**	**70,46%**

The increases were significant and consistent in all areas. In Europe the performance of the medical sector is outstanding, while the growth in the industrial sector is almost uniform and, on the contrary, shows Europe slightly behind the rest of the world.

For the medical and aesthetic systems sector, which represents 54% of the sales of the Group, the results for sales in the various segments are shown on the chart below.

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Aesthetic	140.451	63,70%	92.866	58,14%	51,24%
Surgical	32.406	14,70%	28.352	17,75%	14,30%
Physiotherapy	9.621	4,36%	5.344	3,35%	80,02%
Others	554	0,25%	374	0,23%	48,21%
Total medical systems	**183.031**	**83,02%**	**126.937**	**79,46%**	**44,19%**
Medical service	37.445	16,98%	32.805	20,54%	14,14%
Total medical revenue	**220.476**	**100,00%**	**159.742**	**100,00%**	**38,02%**

There was major growth in all segments. Even referring to the average growth rate in 2019, double digit results were registered with the exception of the surgical segment which remains flat and the service segment which grew but for less than 5%.

In the surgical sector recovery began slower than in other segments and was comparable to the record results set in 2019. Along with the objective difficulties related to the focus of the hospital activities on the Covid patients, in recent months there was also the growing appreciation in the urological market of laser systems based on the technology of systems with sources in optical fibers.The Group, and in particular Quanta System has, as part of its range, the Fiber Dust system with an optical fiber source, but in this technological segment it does not have the leadership which it has in the Holmium sources based on solid state technology. Once again, it is through innovation which we count on obtaining an acceleration in our volume of business and we plan to propose in the future systems based on our elective technology which exceed the performance and the market perception of the systems for which we cannot play a role of leadership.

As far as after-sales service is concerned, we were pleased to note the growth in the sales of consumables, in particualr the optical fibers for urology and single-use blades for morcellators. The activities related to upgrades of systems did not grow in this quarter and decreased with respect to 2019; the upgrades do not present a constant trend over time because they depend on specific, non-repeatble operations. The outlook for growth in this segment continues to be good, also because we have overcome the production problems, first technical and later related to production capacity, that limited sales of optical fibers for urology in the early months of 2021.

Results in our most important segment, aesthetics, were very good. The systems for hair removal applications (Again and Motus by Deka, Mediostar by Asclepion and Esthelogue, Thunder MT by Quanta System) have obtained great success thanks to theri technological characteristics together with their user friendly features and overall economy in the use of the system. The “body” segment also showed excellent results; this segment employs different technologies make it possible to effectively apply treatments for losing weight, muscular toning and firming, and removal of cellulitis. The market phase is positive, as is confirmed by the results of our competitors. In the field of hair removal we our taking asvantage of the favotable phase to re-enforce and broaden the major competitive position which we have had for a long time; in the field of “body shaping” on the other hand, we are accelerating growth in order to gain credit as a major player in the segment of non-invasive treatments which we returned to in 2018 with the Onda Coolwaves system, to which we added other systems with different technologies to complete the range of treaments available and cover the entire market.

The recovery of the physical therapy sector has been excellent and Asa has resumed the trend of growth which has characterized it in recent years and is headed toward closing the year 2021 with record results.

The chart below shows the sales volume in the sector of industrial applications according to the market segments in which the Group operates.

	30/09/2021	Inc %	30/09/2020	Inc %	Var. %
Cutting	156.008	84,41%	87.429	80,64%	78,44%
Marking	13.305	7,20%	11.233	10,36%	18,45%
Laser sources	4.479	2,42%	1.478	1,36%	203,13%
Conservation	182	0,10%	327	0,30%	-44,46%
Total industrial systems	**173.974**	**94,13%**	**100.467**	**92,66%**	**73,17%**
Industrial service	10.849	5,87%	7.958	7,34%	36,33%
Total industrial revenue	**184.824**	**100,00%**	**108.425**	**100,00%**	**70,46%**

Again in this case the comparison with 2020 shows an extraordinary growth. If, on the other hand, if we read the results for 2019, the average annual growth is close to 30% and is even greater in the main sector, that of sheet metal cutting.

For this last quarter growth remains very strong especially in the cutting sector, although it is not as intense as it was in the preceding quarters.
In the laser cutting sector, growth remained very strong over the first nine months thanks to the excellent trend both in Italy the rest of Europe and China. Our competitive position of the Chinese market is based on our ten-year presence in their territory with our factories in Wuhan, Wenzhou and Lin Yi where we manufacture systems which are Chinese but based on key technologies which are Italian and European. This feature has always represented an important competitive advantage on a highly competitive market like the Chinese one. With the expansion of our activities, along with the differentiating factors on the market we have added the unique capacity of offering an optimal managment of the ultra-strong cutting powers and we have acted as pioneers in the use of laser systems in applications which can be obtained only using very high powered cutting lasers. During 2021 systems with 30kW sources started being regularly produced and, in recent weeks, we hve engineered the first system with a 40kW system on board. This increase in power promises to open new applicative opportunities and further increase productivity. As stated in the introduction, at this time the Chinese market is showing a slow down in growth which we plan to overcome thanks to the potential offered by our production platform and the innovations of our products.

The growth in the sector of sources is very interesting; this sector has benefitted from an effective reasearch program both for the technical performance of the sources as well as for the applications which, in collaboration with our clients who are integrators of systems, we have been able to develop in many fields. Recovery in the sector of marking has also accelerated. This is demonstrated also by the applications for identification marking created by Lasit of Torre Annunziata which has now started to benefit from the functioning of their new factory and has founded a new company in Poland for the distribution of its systems in an area of high intensity industrialization growth. The same is true also for the applications for decorations with the activities of Ot-las which are now enetering a positive phase of recovery.

In the segment of restoration, instead of commenting on the sales volume, we prefer to mention some of the projects on which we are collaborating which are always a source of great prestige for the superb quality demonstrated in the restoration of world masterpieces which are returned to a perfect state of preservation and made available to the public. At this time, our lasers re being used for the restoration of the Carolingian frescoes in the Church of the Monastery of San Giovanni in Val Mustair in Switzerland, a masterpiece painted in the year 830 AD.

The following are comments on the Income Statement.

The gross margin was 150.203 thousand Euros, an increase of 59% with respect to the 94.407 thousand Euros of September 30th 2020, mainly due to the effects of the substantial increase in sales volume. The incidence of the margins on the sales volume showed a strong recovery thanks to the improvement in the margins in both of the main sectors.

The operating services and chares were 33.984 thousand Euros, an increase with respect to the 23.978 shown on September 30th 2020 but registering a slight decrease in the incidence on the sales volume which went from 8,9% on September 30th 2020 to 8,4% on September 30th 2021. In this cost aggregate we have benefitted from a decrease in marketing expenses mainly due to the reduction of international travel and participation in trade fairs and symposiums which, paticularly in the medical sector, represent a significant amount. We have not been able to participate in very many trade fairs or symposiums this quarter. In September there were a few important international symposiums, in particular the AntiAging congress in Montecarlo, and with this event we have begun to intensify our participation in other events in the next few months and return to international travel for the normal business relations with our clients. It will take a long time before we return to the pre-Covid level of travel and participation in trade fairs and symposiums but up until now these have been satisfactorily replaced by contacts and promotions via Web which have been used with determination and success since the beginning of the pandemic when it was the only marketing instrument available.

Staff costs amounted to 60.556 thousand Euros, an increase with respect to the 44.659 thousand Euros shown on September 30th 2020, with an incidence on the sales volume which decreased from 16,7% on September 30th 2020 to 14,9% on September 30th 2021.

As of September 30th 2021 the employees of the Group were 1.875, an increase with respect to the 1.626 on December 31st 2020. Most of the new hiring was done by the Chinese companies with sales volumes which are now growing rapidly and in the preparatory phase for the new factories.

A large portion of the personnel expenses is directed towards research and development costs, for which the Group receives grants and reimbursements in relation to specific contracts underwritten by the institutions created for this purpose.

Consequently, thanks to the increase in sales volume and the improvement in the absorbtion of the overhead costs, the EBITDA amounted to 55.663 thousand Euros,an increase of 116% wit respect to the 25.770 thousand Euros on September 30th 2020. The EBITDA also showed an increase in its incidence on the sales volume which rose to 13,7% from 9,6% shown on September 30th 2020.

The costs for amortizations, depreciations and accruals showed a sharp increase and rose from 7.635 thousand Euros on September 30th 2020 to 11.086 thousand Euros on September 30th 2021, while their incidence on the sales volume remained substantially unchanged at around 3%.

The EBIT therefore amounted to 44.577 thousand Euros, a sharp increase with respect to the 18.135 thousand Euros on September 30th 2020, with an incidence on the sales volume which increased to 11% from 6,8% for the same period last year.

The financial income amounted to 1.156 thousand Euros with respect to the financial charges of 981 thousand Euros registered for the same period last year and mainly benefitted from the favorable Exchange rates with the US dollar and the RMB which were revalued against the Euro during the quarter.

The income before taxes amounted to 45.562 thousand Euros, as opposed to the 16.875 thousand Euros on September 2020.

Financial position and investments

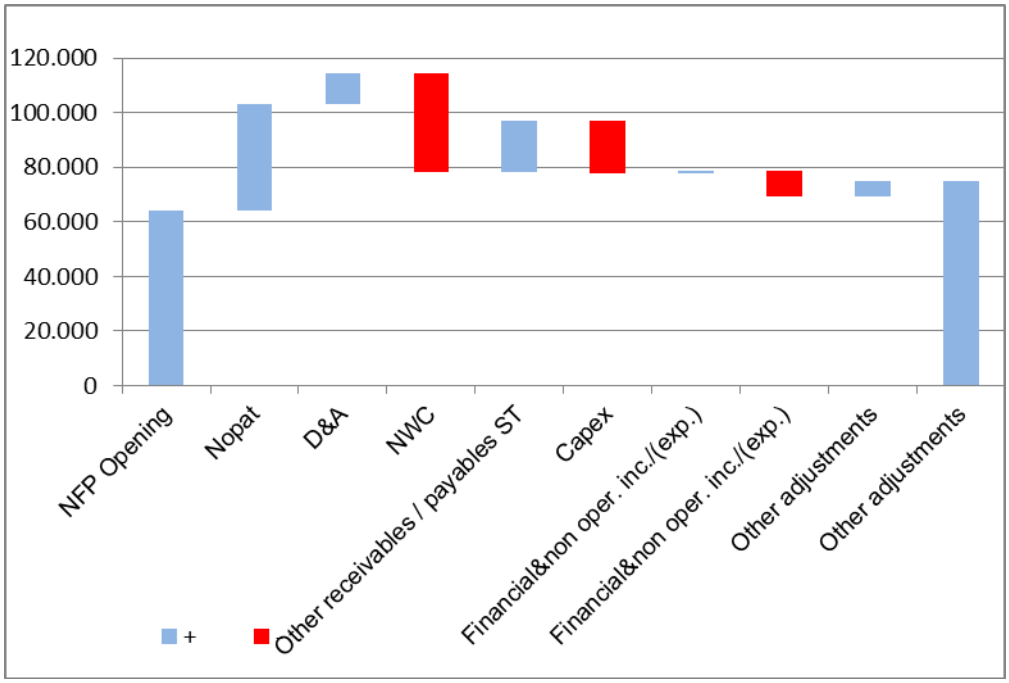
Comments on the net financial position

On July 15th 2020, the European Securities and Markets Authority (ESMA) published their final report for public consultation related to their guidelines regarding the requirements for information in compliance with the regulations contained in the document 1 (ESMA/ 31-62-1426). The guidelines must be applied starting on May 5th 2021 and they update the contents of the preceding communications of the CONSOB, including the references present in Communication n. DEM/6064293 dated July 28th 2006 regarding the net financial position. In compliance with these updates the Group has modified the charts showing the net financial position, including the comparative ones.

In the first nine months of the year, the net financial position registered an increase of about 10,6 million, rising from the 64,2 million shown on December 31st 2020 to 74,7 million on September 30th 2021, and in the third quarter a decrease of about 4,2 million, 1,2 million net of the transfer of 3 million to mid-term financial instruments not included in the NFP.

In the third quarter the approx. 17 million in cash flow generated by the operating activities did not cover the uses required by the increase in the net working capital (15 million) and by the investments (approx. 4 million). The most significant entry in the increase of working capital is represented by the dynamics of the inventory which increased due to the increase in the sales volume and the expected increase in the future, but above all because of the prolonging of delivery times and our desire to prevent problems related to the unreliability of the delivery times (which our supply chain is now able to guarantee) by purchasing raw materials earlier than we did in the past.

The chart below shows the components in the changes of the net financial position as of September 30th 2021:



It should also be recalled that in preceding years the amount of 11,5 million Euros in cash was invested by the Parent Company in financial instruments of an insurance type which, because of their characteristics, must be entered among the non-current financial assets. A similar investment was made last year by the subsidiary Quanta System for 2,5 million Euros and, during the third quarter of 2021, by the subsidiary Deka Mela for 3 million Euros. Since this is a mid-term cash investment these amounts are not part of the net financial position. At the end of this quarter the total fair value of the investments amounted to18,3 million Euros.

Gross investments made this quarter

The chart below show the gross investments made during this period

	30/09/2021	30/09/2020
Intangible assets	968	265
Tangible assets	14.517	9.381
Financial fixed assets	4	
Total	15.489	9.646

3 months	30/09/2021	30/09/2020
Intangible assets	189	62
Tangible assets	4.147	4.495
Financial fixed assets	4	
Total	4.340	4.557

The investments made during this quarter are essentially the same as those made last year, while during the first nine months of the year there was an increase which was mostly due to the purchase in January of a new building adjacent to the factory of Cutlite Penta in Prato, for the amount of about 5,3 million. Moreover, besides this investment during the period we spent an additional 4,7 million for the construction and equipping of new buildings especially in Wenzhou and Lin Yi, but also in Torre Annunziata for Lasit and in Lombardy for the new headquarters of Officina Meccanica Galli. Investiments amounting to 0,8 million were also made for equipping the pre-existing buildings. The remaining approx. 3,6 million was related to purchases of equipment, small plants for specific productions and motor vehicles.

Comments on Research and Development

During the third quarter of 2021, despite all of the difficulties caused by the Covid pandemic emergency, we continued conducting research and development activities according to the strategy which, in times of crisis, is even more valid, pursuing continual innovation intended to open new applications for laser and other energy sources both in the medical and industrial sectors (which includes the applications for the conservation of our cultural heritage) and to release on to the market products that are innovative because of the performance of the devices and/or the technologies that are used.

In general, for highly technological products in particular, the global market requires that the competition be met by rapidly and continually placing on the market completely new products and innovative versions of old products to satisfy the requests of the market with an adequate "time to market". Furthermore the companies of the Group offer a wide range of products; for this reason extensive and intense research and development programs must be conducted and organized according to brief and mid- to long-term schedules.

In our laboratories we conduct research in order to identify and understand real problems in some sectors of medicine and, on the basis of the experience and know-how that we have acquired, we look for solutions concerning the interaction of the electro-magnetic waves, mainly of the laser light, with biological materials, by conducting experiments and preliminary tests in the laboratories that have been specifically created for this purpose at El.En. For industrial applications and for the conservation of works of art we also study the interaction between the electro-magnetic waves and inert materials.

Moreover, for the laser systems that are dedicated both to new and consolidated applications we continue to develop technologies to improve the performance, efficiency and sustainability by applying a process of continual improvement of the laser sources on one hand, and acting on the innovation of their spectral content, the methods for generating it and the optimal level of power and, on the other hand, we program its management over time in relation to the laws governing its disbursement and in space as far as the shape and movement of the light beam to be applied to the target is concerned.

The research which is aimed at obtaining mid-long-term results is generally oriented towards highly innovative subjects which represent major entrepreneurial risks, which are, however typical of our international dimension and inspired by intuitions which have arisen within our companies or by prospects indicated by the scientific work conducted by advanced research centers throughout the world, some of which we collaborate with.

The applied research which is dedicated to achieving results according to a short-term schedule is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and performance specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification.
The research which is conducted is mainly applied and is basic for some specific subjects generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries. In China the expenses for research and development have fiscal advantages due to the increased deductibility.

The El.En. Group is currently one of the few companies in the world that develops, produces, and markets products based on such a wide range of technologies which include: solid state lasers, semi-conductor lasers, active fiber lasers, lasers with colouring agents, CO_2 lasers, as well as conversion systems in frequency including OPO and Taman, which are able to supply solutions from infrared to ultraviolet with various levels of power and duration of emission in order to satisfy a vast range of applications.
Besides laser technology, El.En. is also active in other technologies related to electro-magnetic Energy, including in particular, radio-frequency, microwave and high-intensity electro-magnetic fields. For this reason Research and Development is conducted on many different systems, sub-systems and accessories.

Without going into excessive detail, a description of the numerous sectors in which the research activities of the Parent Company and some of the subsidiary companies have been involved is given below. We conduct an intense activity in order to obtain patents and protect the intellectual property of our inventions; this process becomes increasingly difficult over the years because of the policies of protectionism promoted by the most technologically advanced nations.

Systems and applications for lasers in medicine

Despite the considerable effort made by the research and development teams dedicated to the support activities to deal with the situation of shortage of components, during the third quarter 2021 they continued to conduct intense activity for the development of new products and the improvement of the systems now available.

In the sector of dermatological applications, we have continued research on the new product **"RED TOUCH",** based on a laser source with emissions in red, which represents a unique and innovative solution for photo-rejuvenation of the skin which is based on the direct interaction of the radiation with the collagen present in the tissue; during the studies conducted at the El.En. PhotoBio this solution was found to be very effective in the stimulation of the neocollagenogenesis of elastic fibers which were able to greatly improve the appearance of the skin.

Also in the field of dermatology, we have continued to collect clinical data to confirm the methods used in the "**Luxea"** equipment, whose performance comports a number of uses for various applications in aesthetic medicine; in this equipment the main laser sources for various applications have been added. The level of integration and management met with the approval of the first experimenters and clients who bought it.
We are now developing a project for the improvement of the performance of the **VIRIDIS** handsets for vascular applications (based on pulsating light) which are destined for the American market and will be released in the first half of 2022.

During the third quarter of 2021 we began marketing a new and important accessory belonging to the SmartXide family, the **Scar3** scanner, which offers a specific new solution for skin resurfacing for the treatment and reduction of scars caused by acne or surgery.

As part of the Body Shaping we have continued to gather objective data for the clinical evaluation of the results to enrich the specific scientific literature related to our innovative system for body shaping, **Onda Coolwaves** which, in the first quarter of 2021, was improved with a new handpiece for massaging of the parts being treated and further improve the effectiveness of the Coolwaves treatment.
We have concluded the development of systems with superluminescent LED matrices combined with electro-stimulation for the reduction of the adipose layers and systems for muscular stimulation for the reduction of localized adipose based on electrical **("PhysiQ")** and magnetic **("Schwarzy")** stimulation
This latter equipment using electromagnetic fields for the stimulation of specific muscle masses in the body, may also be used for applications in the rehabilitation field and have already obtained satisfactory results in sales in the first half of 2021. We are also conducting further activities aimed at improving the performance of the devices and the quality of the treatment thanks to the development of specific applicators.
Also in the Body Shaping segment, we have obtained FDA clearance for a new product destined for the American market **LIPO AI**, a new version of the SmartLipo product, which was marketed in the past with great success; it has been redesigned both in the laser part as well as in the control methods of the clinical procedure which has been improved by the implementation of innovative algorhithms of artificial intelligence which offer considerable advantages and improvements in the simplicity of use and guarantee the highest levels of safety and effectiveness of the procedure.

In the hair removal sector we have continued research and development activity aimed at optimizing the clinical aspects of new high-end products (**"Again"**); in particular, we are studying the temporal structure of the impulses produced for the purpose of improving the effectiveness of the treatment by reducing the discomfort, also in association with specific procedures for cooling the skin during the treatment.
Besides the improvements related to the clinical aspects, we are now conducting activities aimed at improving the high-end products for Hair Removal in order to make the treatments faster and reduce as much as possible the down times required for heating and calibrating, with the objective of maintaining the excellence of the El.En products even in the smallest details.

We are about to release on the market the first production lot of **"Motus AZ"**, a new product which is characterized by a complete range of treatments applied with a series of handpieces with cooling on contact: **Moveo HR** (Hair removal); **Moveo PL** (Pigmented Lesions); **Moveo VL** (Vascular lesions); **Moveo SR** (Skin rejuvination). **"Motus AZ"** has already obtained FDA clearance for sale in the USA**.**

In the field of gynecology we have completed the development of systems for the treatment of incontinence caused by stress and, in particular we have completed a medical system called "**Dr Arnold**" for the stimulation of the pelvic floor by means of high intensity magnetic impulses.

For surgical applications we have continued the research and development activities related to CO_2 laser technology. We have created new accessories and systems including ***Multipulse Pro Duo*** which is marketed by the subsidiary Asclepion,

and is a system which makes it possible to perform a vast range of surgical operations thanks to the double function of the arm-fiber. In the third quarter of 2021 we obtained the medical certification of the **multi-use sterile wave guides** (reprocessable) produced by Quanta System SpA.
We began to market a new product, **"SmartPico**", a laser system dedicated mainly to applications for the removal of tattoos and benign pigmented lesions which operates on a pico-second regime. Several clinical studies based on the Smartpico system are now in progress and recently a study of the treatment of hyper-pigmentation has been published and other studies wil be published during the next quarter.

At **Quanta System** they have also conducted intense research and development activity on laser sources and systems destined for the aesthetic medicine market and that for medical therapies in urology even using new technologies for producing sources with emission characteristics able to further improve the performance of systems already on the market.
In the urology sector they are now enlarging the family of laser sources in fiber with TFL (Thulium Fiber Laser), with incremental cuts of mid-power and peak power. They are continuing the comparative study between TFL sources and the exisring technologies in order to evaluate the particulate obtained in urological lithotripsy. After the completion of the development, they are proceeding with the design and prototyping of a new laser system for urology, all solid state on continuous regime, impulse and with ultra-short impulses. Combining all of these options in urological lithotripsy will make it possible to treat concretely with different densities and in different conditions, thus allowing applications that are now possible only using multiple systems.
On Pico and Q-switch systems, the new solid state laser handpiece (OPO) for generating wave lengths in red (694 nm), using a patented delivery system of the pump energy, is now available. They have also concluded the prototyping of the zoom handpiece with focal variability for the Pico and Q-switch systems which is available on the new systems and compatible with the equipment already installed in the field.
They are continuing with the design and prototyping of a new platform which is the evolution of the EVO system and which will include all the long impulse sources available with fiber exits. New laser source technologies and new materials will be used to increase the specifications of optical power. This system will make it possible to combine the different sources into a single or simultaneous function with new specifications.
They are continuing in the development of a new generation of handpieces and accessories for applications in dermatology. In particular, on the new platforms there will be new interchangeable zoom handpieces which will make it possible to amplify the range of laser spot and energy density.
They are proceeding with the development of new accessories for cutaneous cooling with a new family of accessories with contact cooling and air cooling with improved efficiency and ergonomics which can be perfectly integrated on platforms with multiple sources. This development will make it possible to guarantee an improved uniformity in the distribution of the gradient of the contact temperature, with greater comfort for the patient in the dermatological and aesthetic applications like hair removal, vascular lesions, skin rejuvenation. Moreover, the new design will allow the greater efficiency, comfort and simplicity of use.

At **Asclepion** they are now completing the development activity which is part of an updating strategy of all the systems in their range which includes a new philosophy of interface with the client, new electronics and new design. They have developed an automatic recognition system of vessels for vascular treatments using a camera and they are now conducting rhe clinical and technical experimentation. They have continued with the development of a surgical system for urological applications which features the presence of a morcellator integrated into the system.

In the third quarter of 2021 at **Elesta** they worked on the development of fiber guides for urological applications. They continued the activity of fine tuning of the new hardware platform for the ESI (Echolaser Smart Interface) device and extended the application to the programming of the treatments of malign pathologies mainly in endocrinology and urology. Another important activity has been dedicated to the qualification and possibility of integration of an American system for fusing NMR images with those from ultrasound in real time in order to increase the support of operations on focal lesions of the prostate. Theey worked on the extension of a pair of patents in China and the USA. The research and development team was also involved in the support of the intense regulatory activity for the USA.

Now that they have obtained the CE brand for their Accure Laser ™ system for the treatment of moderate acne vulgaris the associated company, **Accure Acne Inc.** is now conducting clinical trials aimed at obtaining the FDA clearance for sales in the USA.sta svolgendo ora gli studi clinici finalizzati all'ottenimento della Clearance FDA per a vendita negli USA. Accure Laser is the first laser platform in the world developed to selectively target the sebaceous glands which are the source of the production of sebum and the key or an effective and long lasting treatment of acne.

Accure Laser ™ is the result of a major research and development project conducted by Accure Acne Inc. in collaboration with El.En. and Quanta System, and represents a product of great innovative value in the field of dermatology treatments. It is, in fact, the first laser system in the world which combines sophisticated automatic control elements aimed at guaranteeing the effectiveness and the safety of the treatment which is automatically adapted to the

specific area to be treated in the individual patient. Among the automatic elements of Artificial Intelligence (AI) there i s an"auto trigger system" which automatically activates the laser emission only when the target cooling temperature has been reached, the ADD system of Automatic Determination of Dose and the DEM system which automatically controls the interruption of the emissions by applying a direct measurement of the limit when the end point has been reached. This product is protected by a massive portfolio which includes more than 14 patents.

Asa has continued in their project of clinical experimentation and validation of the therapeutic effectiveness of their equipment for physical therapy by making use of their own research structures at ASA campus which characterizes the high level of scientific content of the body of documents for the clinical reference of the Asa instruments.

All of the companies of the Group working in the medical sector in recent months have had to deal with the complex and onerous task of adapting the technical and clinical documentation required in order to obtain the quality certification for laser systems used in medicine (EU brand). In fact, as part of the series of modifications in the regulations imposed by the new "MDR" directive the documentary requirements and the experimental evidence necessary to prove the safety and effectiveness of medical devices which is already very extensive are now even more stringent.

Laser systems and applications for industry and for restoration

At **El.En.** we have launched a campaign of product re-engineering in light of the increasingly demanding applications to which its products are aimed. We have continued to work on the improvement of the range of mid-powered sealed CO2 sources also with applicative experiments on the first examples of the series of Blade RF1222 sources which, with 1.200 Watt is now the most powerful in the range.
We continued to improve the source for the purpose of increasing the average power up to 1,5 kW, a threshold which would make it possible to use RF in come specific applicative fields which otherwise would be precluded, like that for dies developed by Cutlite Penta. The first operative models are already installed in pilot sites in the field.
These sectors require performances in terms of the lengthening of the intervals for ordinary maintenance, and direct the efforts for development towards materials and status monitoring systems of the opening of the cavity as well as a greater autonomy of the refill cartridge of the laser gas mix. For this family of products the activities are moving away from research on performance in terms of power, quality and reliability to a more mature phase of the product with research directed towards the maximum production efficiency.
In order to deal with the present emergency with a strong demand on the market in opposition to a shortage of components, the resources of the R&S team have been used in order to revise the technical solutions so that production can minimize the difficulties we are facing at this particular time.
We have made modifications on the beam shaping of model RF188 which was created for the Chinese market on the basis of the feedback we received from the Chinese clients.
In the sector of systems for galvanometric scansions, we have begun a program for the renewal of the control electronics and related software and have concluded the initial phase for creating the equipment for the control and testing of the galvanometric assemblies and the relative testing procedure. These components are being increasingly installed also in the medical systems manufactured by the Group with requests for greater performances and production efficiency. The controlling software was the subject of an important development project aimed at stabilizing the performance and implementing the control algorithms that were capable of guaranteeing them at every level of operation.
Another important activity has been directed to the study of FEM dynamics of deflection mirrors that have a large optical aperture with materials that are innovative with respect to the traditional ones. The results of this activity were used in an initial phase for an adaptation using inverse filtering, of the controlling SW so as to compensate the dynamic behavior of the new mirrors. Once again, in relation to the shortage of components on the market, we are now working on a system to satisfy the requirements of a client who is a top player in the world of high-speed paper conversion and trying to reach the extreme performances required in this sector by using our galvanometric groups. In normal conditions, in fact, this type of performance was possible only with American galvanometric groups which represent the state of the art, but taking advantage of the patience of the client since these groups were not available, our R&S team is working on obtaining this frontier level of performance using our own components produced in the factory and which for now represent a product that is slightly immature with respect to the leaders in the sector.

The system which is dedicated to restoration, Infinito Laser 100W, has been drastically renovated in terms of both hardware and software related to the controls and interface with the operator and now completing a phase of fine tuning and debugging using a Beta-tester at the clients'. We are now at an advanced stage of development of a 300W system which is also trasportable, for applications to a broader type of conservation, which could be extended to paint stripping and industrial cleaning. This product, which is still in the proto-type stage, was presented in a trade fair in Paris and received positive feedback.

Cutlite Penta has continued with the development of its new range of machines and ccessories for laser cutting. They have continued in the work of evolution of the cutting heads for lasers in fiber by improving the performance and

capacity of managing extremely high powers and introduced new control methods and have remained in close collaboration with Penta Chutian Wuhan and Penta Laser Wenzhou. In the area of machines for cutting metal the new optical, mechanical, fluid-dynamic and sensoristic developments of the EVO2 cutting heads have made it possible to introduce new product ranges with laser powers of over 15kW and up to 40 kW. The machines that are equipped with 30kW and 40kW sources, which are new highly successful models, represent a product tht is in continul evolution thanks to the fine tuning of the cutting processes which are increasingly pionieristic. This activity requires reaching new limits in performance that are always more advanced. Other activities were conducted for the development of innovative systems for cutting pipes and for combined machines for cutting both pipes and flat sheets, a segment which shows great potential for growth.
The development of the software and the characterization of the cutting parameters, also with the relative support gases, made it possible to fully exploit the potential derived from the high-powers used with significant increases in the performance in terms of productivity and quality and the creation of innovative machinery for bevel cutting 2D and 3D which will be used to create a new line of application for cutting with fiber lasers and a distintive feature for differentiation on the market.
They have also continued the development and amplification of a range of machines for making American dies, a field in which Cutlite Penta has always been a world leader by presenting a new line based on the El.En. RF1222 laser and initiating a strong marketing campaign of the machines which install the new RF1555 with a power of 1,5kW, to be installed at selected clients with the function of beta-tester for the purpose of verifying in the field the work achieved by the implementation of this source.

On the machines of **Ot-las** they have continued the experiments on the use of a new CO_2 RF1222 laser source by El.En. and on the new scanning optics which have been specifically developed for it and are able to manage the high average power and peak along with the growing request for dynamic performance. With an aim for the growth of the machines produced in terms of automation, they have designed new systems for specific functions, including, for example, the use of positioning devices for forming the insoles of shoes, systems for moving large blocks of natural stone and others.
They have also continued to conduct research for the optimization of processes in the field of leather, textiles and shoes with the consequent improvements in performance and production flexibility. They continue to work on solutions for personalization to be integrated into the complete production processes which require surface treatments of various materials besides those to add to the production lines with the use of universal robotic systems.

At **Lasit** the development was related to 3 axis marking systems in applications of mass production of high-quality components in the field of cycling, automotive and machine tools with personalized solutions, as well as in the field of accessories for high fashion.

The chart below shows the costs of Research and Development for this period:

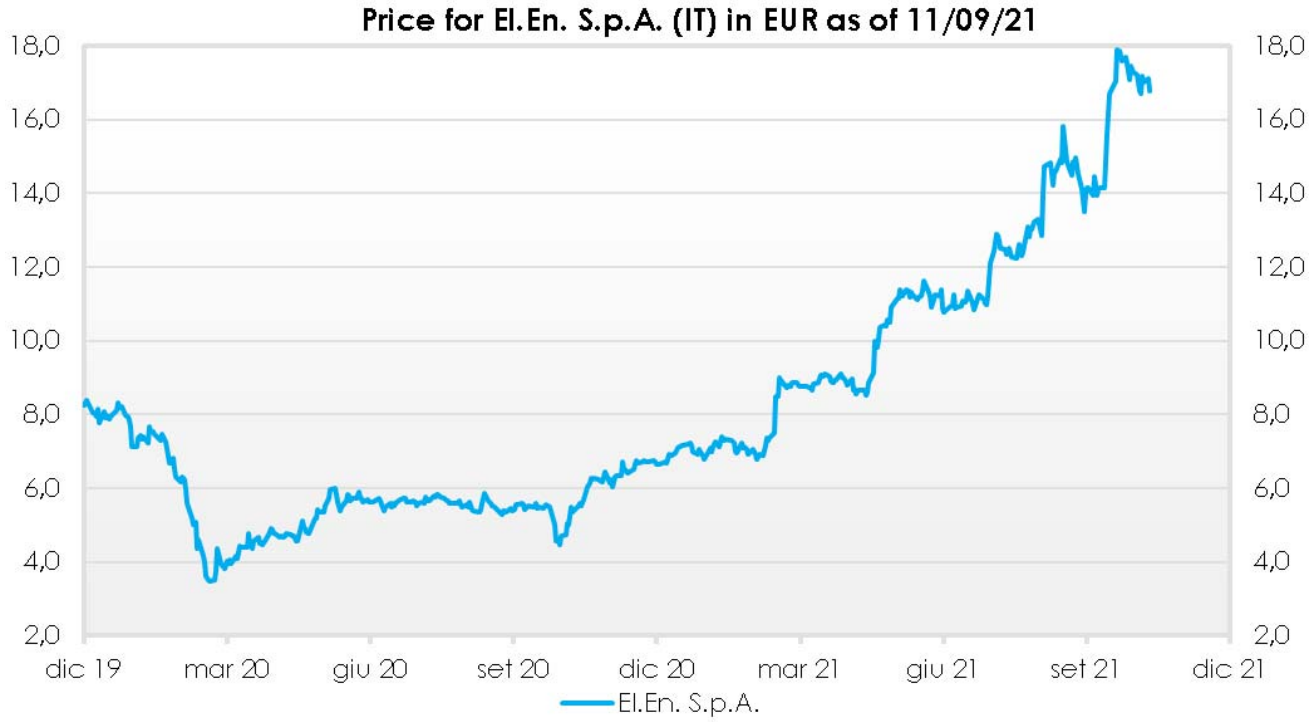
Thousands of Euros	**30/09/2021**	**30/09/2020**
Staff costs and general expenses	8.546	7.861
Equipment	261	265
Costs for testing and prototypes	5.142	2.699
Consultancy fees	341	546
Other services	111	64
Total	**14.401**	**11.435**

Following the usual company policy, the expenses shown in the chart have mostly been entered in the operating costs because it is not possible to make a reasonable estimate of the return on the investment.

The amount of expenses sustained corresponds to about 4% of the consolidated sales volume of the Group. The expenses sustained by El.En. S.p.A amounted to 4% of its sales volume.

Trend of El.En. stock

The graph below shows the performance of the stock:



Other information

It should be recalled that on October 3rd 2012 the Board of Directors of El.En. S.p.A. voted to adhere to the possibility of *opt-out* in compliance with art. 70, sub-sections 8 and 71, sub-section 1-bis of the Consob Regulations 11971/99, exercising their right to waive the requirement to publish the information documents concerning any significant extraordinary operations related to mergers, divisions, increases in capital in kind, acquisitions and sales.

Significant events which occurred this quarter

On July 20th 2021, the Shareholders' meeting of El.En. S.p.A., in an extraordinary meeting approved the proposal of the Board of Directors of EL.EN. S.p.A. related to the elimination of the nominal value expressed for the stock and the increase in the total number of shares by means of splitting of the ordinary shares in circulation in a ratio of one to four with the objective of facilitating the liquidation and negotiability of the stock in consideration of the present market value. The elimination of the indication of the nominal value of the shares expressed in the by-laws was decided for the purpose of obtaining greater flexibility in the conducting of operations on the capital and simplification of operations like the increase or reduction of capital, the combining or splitting of shares, and the cancellation of treasury stock and comports a reduction in the costs related to some bureaucratic procedures.
The stock split with a ratio of 1:4 of the 19.929.586 ordinary shares created an increase in the number of shares in circulation which now amount to 79.718.344 after the withdrawal and cancellation of the shares issued and now in existence and the and the distribution of four newly issued ordinary shares for each share that was withdrawn and cancelled. The capital stock did not undergo any variations as a result of the stock split.

Consequently the Assembly approved the following modifications to article 6 of the by-laws (sub-sections 1-3-4) related to the capital stock, in compliance with articles 2328, 2346 and 2443 c.c. and the rectification of the Stock Option Plan for 2016-2025. The operations related to the withdrawal and issuing of the split stock without the expression of nominal value began on August 2nd 2021 with the attribution of the new ISIN code IT0005453250.

Subsequent events

No significant events occurred after the closing of the quarter.

Current outlook

The results of the third quarter and the portfolio of orders received allow us to confirm the forecasts for a closure of the year showing strong growth in both sales volume and revenue. With all the caution necessary due to the persistence of the effects of the Covid pandemic and problems that it has caused on the supply chain, we also confirm the forecast for a sales volume of over 550 million Euros and an EBIT for the second half of the year which is greater than that for the first half.

For the Board of Directors

Managing director
Ing. Andrea Cangioli

Attachment "A": List of consolidated companies as of September 30th 2021

Subsidiary companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Parent company					
El.En. S.p.A.	Calenzano (ITA)				
Subsidiary companies					
Ot-Las S.r.l.	Calenzano (ITA)	98,89%		98,89%	98,89%
Cutlite Penta S.r.l	Calenzano (ITA)		100,00%	100,00%	83,60%
Deka Mela S.r.l.	Calenzano (ITA)	85,00%		85,00%	85,00%
Esthelogue S.r.l.	Calenzano (ITA)	50,00%	50,00%	100,00%	100,00%
Deka Sarl	Lione (FRA)	100,00%		100,00%	100,00%
Lasit S.p.A.	Torre Annunziata (ITA)	70,00%		70,00%	70,00%
Quanta System S.p.A.	Milano (ITA)	100,00%		100,00%	100,00%
Asclepion GmbH	Jena (GER)	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	Arcugnano (ITA)		60,00%	60,00%	51,00%
BRCT Inc.	New York (USA)	100,00%		100,00%	100,00%
With Us Co., Ltd	Tokyo (JAP)		78,85%	78,85%	78,85%
Deka Japan Co., Ltd	Tokyo (JAP)	55,00%		55,00%	55,00%
Penta-Chutian Laser (Wuhan) Co., Ltd	Wuhan (CHINA)		100,00%	100,00%	83,60%
Penta-Laser Equipment Wenzhou Co., Ltd	Wenzhou (CHINA)		84,54%	84,54%	83,60%
Cutlite do Brasil Ltda	Blumenau (BRASIL)	98,27%		98,27%	98,27%
Pharmonia S.r.l.	Calenzano (ITA)	100,00%		100,00%	100,00%
Merit Due S.r.l.	Calenzano (ITA)		100,00%	100,00%	98,89%
Galli Giovanni & C. S.r.l.	Cassano Magnago (ITA)		70,00%	70,00%	70,00%
Lasit Laser Polska	Tychy (POL)		65,00%	65,00%	45,50%
Penta Laser Technology (Shangdong) Co., Ltd.	Linyi (CHINA)		100,00%	100,00%	83,60%

Associated companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Immobiliare Del.Co. S.r.l.	Solbiate Olona (ITA)	30,00%		30,00%	30,00%
Actis S.r.l.	Calenzano (ITA)	12,00%		12,00%	12,00%
Elesta S.p.A.	Calenzano (ITA)	50,00%		50,00%	50,00%
Chutian (Tiajin) Laser Technologies Co.,Ltd	Tianjin (CHINA)		41,00%	41,00%	34,27%
Quanta Aesthetic Lasers Usa, LLC	Englewood (USA)		19,50%	19,50%	19,50%
Accure Inc.	Delaware (USA)		39,44%	39,44%	39,44%

Attachment "B": DECLARATION IN COMPLIANCE WITH ART. 154BIS, SUB-SECTION 2, D.LGS. N.58 / 1998

The undersigned Dr. Enrico Romagnoli, as the executive officer responsible for the preparation of the financial statements of El.En. S.p.A. declares, in compliance with sub-section 2 of art. 154-bis of Legislative Decree n. 58 of February 24th 1998, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

Calenzano, November 12th 2021

Executive officer responsible for the preparation of the financial statements
Dott. Enrico Romagnoli