Half Yearly Financial Report as of 30th June 2022

ELEN™

THE FUTURE IN A BEAM

EL.EN. S.P.A.

El.En. S.p.A.
Headquarters in Calenzano (Florence) – Via Baldanzese n. 17
Capital stock: underwritten and paid € 2.594.007,91 (*)
Company registered with the Registro delle Imprese di Firenze n. 03137680488

(*) At 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.
The financial statements constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financial statement on June 30th 2022)

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

Carlo Carrera

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

EY S.p.A.

EL.EN. GROUP

HALF-YEARLY MANAGEMENT REPORT

1.1 Adoption of international accounting principles

This half-yearly financial statement for the half ending on June 30th 2022, approved by the Board of Directors on September 12th 2022, drawn up in consolidated form in compliance with to Art. 154-ter of February 24th 1998, Legislative Decree 58 (TUF) and later modifications and additions, has been drawn up in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and ratified by the European Union.

By IFRS we mean also the International Accounting Standards (IAS) which are still in force, as well as all of the interpreting documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
In this report which is drawn up in conformity with IAS 34, Intermediate Reports, we have used the same accounting principles used for the consolidated financial of December 31st 2021 with the exception of the accounting standards that went into force starting on January 1st 2022 described in the Explanatory Notes – paragraph pertaining to the "Accounting Principles and Evaluation Criteria".

All amounts are expressed in thousands of Euros unless otherwise indicated.

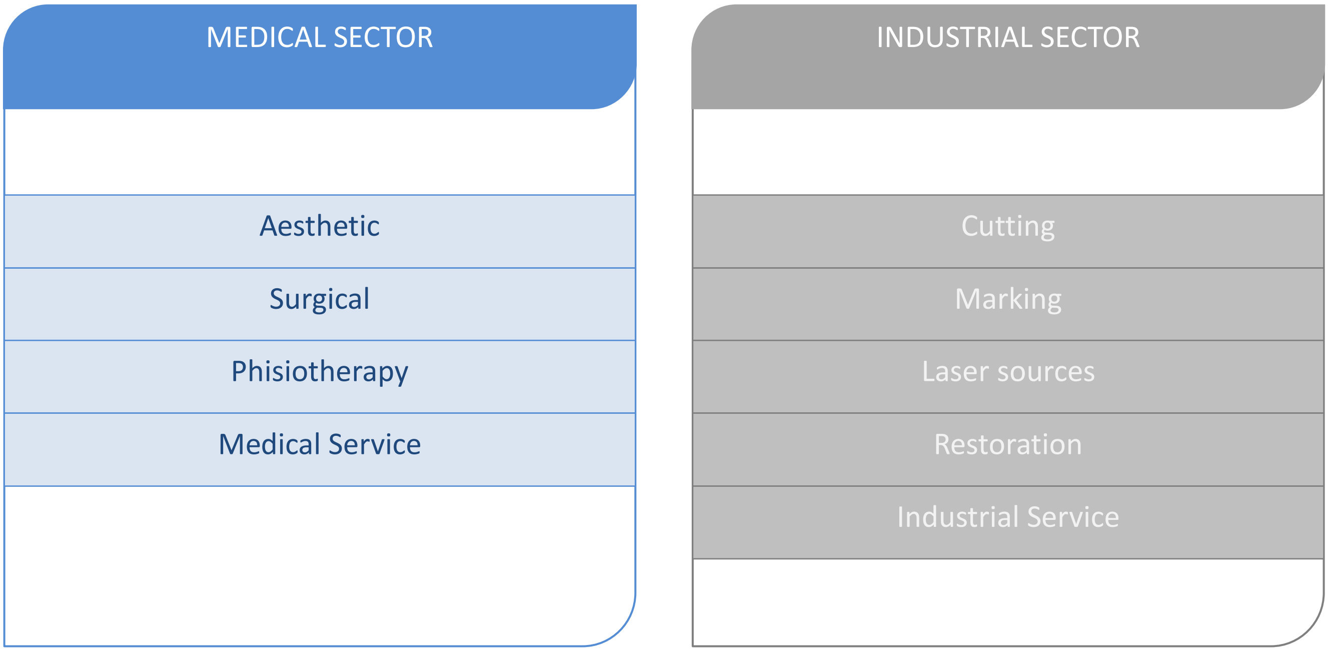
1.2. Description of the activities of the group

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, have always conducted the company as 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. Telecommunications, 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" will unite into a single organization the pre-existing networks of Deka and Quanta System.
In 2020 the integration of the networks of the Group will continue: the laser systems for aesthetic applications produced by Asclepion will be 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 will offer 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

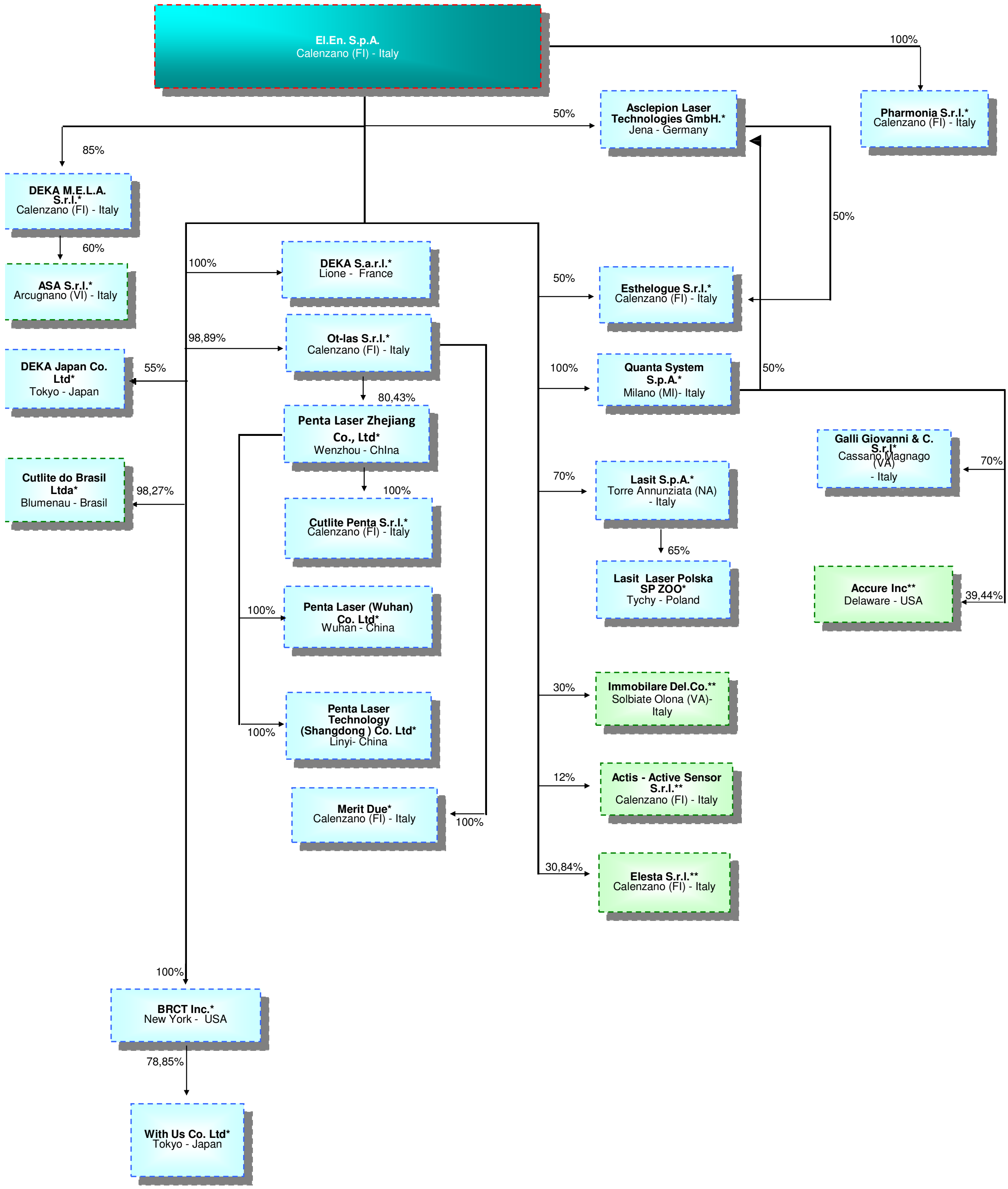
increasingly indispensable tool for manufacturing since they offer flexible, innovative technologies to companies that are competing on the international market and wish to raise their qualitative standards and increase productivity. Although they continue to be used on the traditional market of manufacturing, 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.

1.3. Description of the Group

As of June 30th 2022 the structure of the Group was the following:



* *Subsidiaries*
** *Associates*

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

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

- the **net financial position** which means: cash available + securities entered among current assets + current financial receivables – debts and non-current financial liabilities - current financial debts – other non-current debts (arranged according to the ESMA Orientations which, starting on May 5th 2021 modified the references contained in the preceding communications of the CONSOB, including the references present in Communication DEM/6064293 del 28-7-2006 concerning the net financial position).

1.5. Performance indicators

The following performance indicators have been shown for the purpose of providing additional information on the economic and financial performance of the Group.

	30/06/22	30/06/21
Profitability Ratios (*):		
ROE (Net Income / Own Shareholders' Equity)	22,4%	20,2%
ROI (EBIT / Total Asset)	12,5%	10,9%
ROS (EBIT / Sales)	12,7%	11,3%
Capital structural ratios:		
Investments Flexibility ratio (Current Asset / Total Asset)	0,78	0,78
Debt Ratio (Total Liability / Total Asset)	0,54	0,54
Leverage ((Net Equity+ Loans) / Net Equity)	1,23	1,21
Current Ratio (Current Asset / Current Lability)	1,73	1,74
Current liability coverage ((Current receivables + Cash & cash equivalent + Investments) / Current liabilities)	1,07	1,17
Quick ratio ((Cash & cash equivalent + Investments) / Current liabilities)	0,40	0,55

(*) For interim periods, the income statement amounts are annualized

In order to facilitate comprehension of the chart above and, in consideration of the regulations concerning alternative performance indicators, below we are giving the definitions of some terms used in the charts of the financial statement:

- Own Capital = Shareholders' equity of the Group – Net income (loss)

1.6. Group financial highlights

The first half of 2022 confirmed the favorable phase we are now experiencing with sales volume and revenue still increasing and reaching or exceeding the forecasts made by the Group at the beginning of the year.
The consolidated sales volume for this half was over 326 million Euros and showed an increase of 19,4% with respect to the first half of 2021, again setting a new record for the Group. The EBIT benefitted from the exceptional sales volume and registered a result of 41,4 million Euros, an increase of 34% over the first half of 2021, and with 12,7% on the sales volume reached an excellent level of profitability.

Demand remains high and is solid on most of our markets; the portfolio of orders continues to increase and despite the increase in the volumes and speed of production in our factories, maintains a very significant level. Up to now the solid demand for our products has not been affected by the general economic conditions which show many critical areas: the was in Ukraine, the inflation rate which is by now continually high both in Europe and the USA, the recession in the USA, the paralysis of the Chinese economy which has not been able to overcome the effects of the Covid, the energy crisis which is looming over Italy and part of Europe.
We attribute the continuation of this favorable phase to the variety and the quality of the products we offer which successfully interpret the needs of the customers in sectors in which demand is still high, like the medical sector for aesthetic treatments and sheet metal cutting in the manufacturing sector. This position is derived from our continual research for improvements, mainly technical ones with the constant technological innovations which improve the performance of our products, but also the placement on the market of our brands and our selling structures which are increasingly recognizable and recognized as being leaders in their particular segment of application.

We are very satisfied with the results which we have obtained especially in consideration of the circumstances in which they have been achieved. The greatest difficulties have not been those related to the markets or the complex and uncertain general economic conditions described above, but from the supply chain furnishing components which continue to be expensive and unreliable. The prices for components and raw materials have been increasing gradually and inexorably as a result of the pervasive inflation, but above all the availability of certain electronic and optical components and even generic raw materials is often inadequate and often the delivery times are extended to over 12 months, thus making it impossible to set mid- to long-term schedules. The impossibility of rapidly expanding the volumes of purchases has represented the main obstacle to a further rapid development of the production volumes which the demand would require. In order to overcome these problems, the companies of the Group have used the solution of making massive purchases of components and raw materials in an attempt to stabilize the availability of materials for production. It has been due to this practice that we have been able to continue to expand the production volumes; the unwanted side effect has been the growth in the quantity of inventory and the impact of the working capital on the net financial position. This must be considered a transitory investment which is aimed at creating a competitive edge by maintaining a brief time in the deliveries to our clients and represents an investment which has allowed us to limit the damage caused by the lack of raw materials and register a considerable growth. Only in a few cases did production obstacles turn out to be insurmountable; the most significant case was the production line at Asclepion in Jena manufacturing Mediostar laser systems which prevented the growth of Asclepion’s sales volume as well as that of Esthelogue which distributes the system in Italy in the sector of professional aesthetics.

The war which, at this time impacts the Group directly by penalizing the sales on the Russian and Ukranian markets is also felt indirectly due to the inflation. As of now neither the war nor the inflation have affected the determination of the clientele to invest in our products, but the uncertainties they create on the market represent a significant risk factor if it should influence potential clients and convince them to put off the decision to invest.
The return of the lockdown in China two years after the first closure in Wuhan and the frequent sporadic closures in some quarters or entire cities has represented a drag in China both for the selling and promotional activities and for the simple delivery and installation of the systems. The worsening of the pandemic issues is a physical and psychological obstacle which has prevented the general recovery of the Chinese economy which we were counting on for 2022 even in light of the isolation which China has chosen as the primary instrument for protecting themselves from the Covid. The results of our Chinese activities have been profoundly affected by these factors and have shown a drop of 16% in the sales volume (in local currency) and of 25% in the net income.

The medical sector showed a growth of almost 25% with the positive contribution of all the applicative sectors. The most significant growth in absolute terms was registered in the main segment, aesthetics, thanks mainly to hair removal systems. In percentage terms, the faster growth in the surgical and physical therapy sectors demonstrates that the slow down they underwent in the past was prevalently due to the effects of the Covid pandemic. The trend in sales of after-sales services and goods was excellent, in particular due to the flow of revenue from consumable optical fibers used in urological surgery. In the medical sector, brilliant results were registered both in terms of sales volume and revenue with great improvement shown over the preceding periods, at Quanta System, El.En., Deka and ASA. As mentioned above, the impossibility of procuring essential components slowed down production and growth at Asclepion and consequently, also at Esthelogue. The negative phase of the Japanese branches continues, above all due to the weakness of the selling cycle of small electrical home appliances which has characterized the last two years.

In the applicative segment of the industrial sector, laser cutting, the results show, on the one hand, the enormous success of the systems for sheet metal cutting with high-powered laser sources on the Italian and European markets where Cutlite Penta registered an extraordinary growth of 52%, while, on the other hand they show the uneasy state in which the Chinese market is operating because it is severely obstructed by the return of rigid periods of lockdown which on several occasions have blocked not only numerous cities but populations of millions of people. This situation continues to slowdown all of the economic activities including our own which, on its own, would have the potential for a much more rapid development.

In the first half we made use of our available cash in order to increase the expansion of the working capital. The current and expected production volumes are increasing rapidly and in order to give stability to the production processes which are obstructed by the difficulty in obtaining components, the cycle of the inventory has become longer. Materials are ordered and purchased far in advance, payment to suppliers is faster and sometimes even in advance to guarantee our priority in the deliveries. The details are given further on in this report. Overall, despite the excellent flow of cash derived from the operating revenue, the variations in the net amount of circulating cash, the significant investments and the payment of dividends have comported a decrease in the net financial position of about 72 million. The net financial position remains at over 40 million Euros to which should be added the investments of cash which are entered into accounts with the financial assets, which on June 30th 2022 amounted to 21 million.

Even though in this half the amounts set aside for working capital are not as significant, we have continued to make investments intended to improve our production facilities and make it possible to increase the production volumes that are part of our expansion program. The investments in technical assets this half amounted to about 9 million, 6 million of which were spent for the enlargement and modernizing of production facilities, with new purchase and equipment also in the pre-existing plants (at Samarate, Calenzano, Torre Annunziata, Prato and Wenzhou) and about 3 million for purchases of an ordinary nature like equipment and motor vehicles.

Moreover, there has been a favorable trend in currency exchange. The American dollar as increased with respect to the Euro and exceeded the equal amount after the closure of this half and this contributed to the maintaining of a good margin in the medical sector where sales in dollars represented an important and increasing quota. The strengthening of the Brazilian Real facilitated Cutlite do Brasil in the distribution of the systems produced in Italy by Cutlite Penta and comported an advantage in the conversion of the budget of the subsidiary in Euros. Analogously and to an even greater extent, considering the dimensions of the activity, the conversion of the consolidated in Euros of the results of the Chinese companies which benefitted from the re-evaluation of the Renminbi with the Euro.

During this half the Group continued the activities which they had undertaken in relation to sustainability, which are also included among the performance indicators for the remuneration of the management. The multi-year Sustainability Plan includes, besides the monitoring of the current programs and the achievement of certain goals, other areas and projects for improvement; the Group is pursuing these objectives by implementing new initiatives and equipping themselves with operational instruments to improve the monitoring and the actions that are part of the Plan in the various aspects of the different issues, ESG, the policy on diversity and ESG requirements in the supply chain, as well as the processes of circularity.

The Group has demonstrated that they have the organizational technical means to satisfy the needs of the clients and to innovate in such a way as to stimulate the demand to their advantage. We have faith in the capacity and potential of our organization and our people so that we can benefit in the future from the developments in demand that are expected on our markets.

The specific situation on our markets remains positive, while the general economic conditions which are already affected by the critical factors described in this half-yearly report, will now also have to deal with two more elements which have appeared in the last few weeks and that are able to cause uncertainty and difficulties: the political instability in Italy with the legislative elections moved up to the 25th of September which may not confirm the stability that had been guaranteed by the Draghi government, and the impact on the markets by the sudden rise in energy costs for numerous companies and families with results, certainly negative, that are difficult to forecast.

The chart below shows the division of the sales volume in the first six months of 2022 by sector of activity in the Group, compared with the same division for the same period last year.

	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Medical	182.936	55,95%	146.688	53,55%	24,71%
Industrial	144.038	44,05%	127.223	46,45%	13,22%
Total revenue	**326.975**	**100,00%**	**273.911**	**100,00%**	**19,37%**

The overall growth exceeded 19% and was greatest in the medical sector.

The chart below shows the geographical distribution of the sales volume for this half.

	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Italy	65.906	20,16%	50.276	18,35%	31,09%
Europe	69.180	21,16%	53.888	19,67%	28,38%
ROW	191.888	58,69%	169.747	61,97%	13,04%
Total revenue	**326.975**	**100,00%**	**273.911**	**100,00%**	**19,37%**

The charts below show the subdivision by geographical area of the sales volume on the basis of the sector of activity. The growth rates are outstanding in every area and segment. The foreign markets determined most of the growth for the medical sector. In the industrial sector however, Italy showed the greatest growth with an exceptional +42%, and the growth was also significant in the rest of Europe, +25%. Sales in the rest of the world were stable since they were influenced by the Chinese slowdown.

Medical sector

	30/6/2022	Inc %	30/6/2021	Inc %	Var. %
Italy	17.897	9,78%	16.664	11,36%	7,40%
Europe	53.749	29,38%	41.579	28,35%	29,27%
ROW	111.291	60,84%	88.444	60,29%	25,83%
Total revenue	**182.936**	**100,00%**	**146.688**	**100,00%**	**24,71%**

Industrial sector

	30/6/2022	Inc %	30/6/2021	Inc %	Var. %
Italy	48.009	33,33%	33.612	26,42%	42,83%
Europe	15.432	10,71%	12.309	9,68%	25,37%
ROW	80.597	55,96%	81.303	63,91%	-0,87%
Total revenue	**144.038**	**100,00%**	**127.223**	**100,00%**	**13,22%**

The chart below shows the results of sales in the various segments of the sector of medical and aesthetic systems, which represents 56% of the sales volume of the Group:

	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Aesthetic	110.979	60,67%	94.136	64,17%	17,89%
Surgical	30.053	16,43%	21.038	14,34%	42,85%
Physiotherapy	7.931	4,34%	6.339	4,32%	25,12%
Others	693	0,38%	475	0,32%	45,86%
Total medical systems	**149.656**	**81,81%**	**121.988**	**83,16%**	**22,68%**
Medical service	33.280	18,19%	24.700	16,84%	34,74%
Total medical revenue	**182.936**	**100,00%**	**146.688**	**100,00%**	**24,71%**

Again in the first half of 2022 growth was significant in all of the applicative segments for which we are showing the reports for the medical sector. Average growth was close to 25%.

The aesthetic sector was the most important and represents about 61% of the overall sales volume, a quota which dropped slightly during this half due to the rapid growth in the other segments which are now recovering after having suffered during the most severe phases of the pandemic. The result in the surgical sector is very significant and even exceeds the record levels set in 2019; this result was also obtained in physical therapy. In the sector of aesthetic applications, the excellent trend in sales of high-powered alexandrite laser systems for hair removal continued and for these systems the Group is now acquiring a position of world leadership.

The sales in the sector of after-sales service are close to 20% of the sales volume in the sector and has greatly increased mainly due to the sale of optical fibers for surgical applications in urology; production of these fibers had almost come to a halt at the beginning of 2021 due to some technical issues which were solved in the following months.

The chart below shows the break-down of the sales volume for the sector of industrial applications according to the market segment in which the Group operates.

	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Cutting	122.064	84,74%	106.211	83,48%	14,93%
Marking	10.836	7,52%	10.935	8,60%	-0,91%
Laser sources	2.050	1,42%	1.894	1,49%	8,24%
Conservation	272	0,19%	119	0,09%	127,41%
Total industrial systems	**135.222**	**93,88%**	**119.160**	**93,66%**	**13,48%**
Industrial service	8.817	6,12%	8.064	6,34%	9,34%
Total industrial revenue	**144.038**	**100,00%**	**127.223**	**100,00%**	**13,22%**

The growth of the sales volume was 13%, a very good result considering the conditions of the Chinese market, the main market for the Group in this sector.
The segment of laser cutting in fact was characterized by brilliant sales results in Italy and the rest of Europe, while in China the results were barely satisfactory and far below expectations. The performance of our Chinese companies was compromised by the limitations derived from the new wave of lockdowns imposed all over China. Unlike what occurred two years ago, our factories were not forced to close (as had happened at Wenzhou and Wuhan) but the sales activity and the deliveries and installations slowed down because of the closure of some of the clients which had been ordered in various parts of the country. Our product continues to be in a favorable position for further growth as is demonstrated by the excellent trend in sales registered in Italy with Cutlite Penta which registered an excellent +52% in their half-yearly sales volume.
The marking segment remains stable but there is a good outlook for development, and the sector of laser sources showed a good growth.

To the sector of conservation of our artistic heritage (restoration), the El.En. Group attributes a role of importance that goes well beyond the results of the sales volume. The preservation of the artistic heritage is one of the most significant commitments of the Group in the area of social participation where our skills and technology are made available for the restoration of works of art. This often involves masterpieces of global importance and El.En., which developed in a city

which is world famous for its cultural heritage, considers this mission among the most essential in relation to the needs of the community.
In recent months we have collaborated with our lasers on restoration and conservation work of the Christ Church Gate of Canterbury Cathedral, a masterpiece of Gothic architecture and seat of the most important ecclesiastical office of the Anglican Church.

1.7. Consolidated income statement as of June 30th 2022

The chart below shows the consolidated income statement for the period ending on June 30th 2022, compared with the same period last year.

Income Statement	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Revenues	326.975	100,0%	273.911	100,0%	19,37%
Change in inventory of finished goods and WIP	9.734	3,0%	12.745	4,7%	-23,63%
Other revenues and income	2.981	0,9%	2.162	0,8%	37,88%
Value of production	**339.690**	**103,9%**	**288.819**	**105,4%**	**17,61%**
Purchase of raw materials	218.320	66,8%	184.890	67,5%	18,08%
Change in inventory of raw material	(29.450)	-9,0%	(16.934)	-6,2%	73,90%
Other direct services	28.964	8,9%	20.948	7,6%	38,27%
Gross margin	**121.855**	**37,3%**	**99.915**	**36,5%**	**21,96%**
Other operating services and charges	27.646	8,5%	20.763	7,6%	33,15%
Added value	**94.209**	**28,8%**	**79.153**	**28,9%**	**19,02%**
Staff cost	46.982	14,4%	40.015	14,6%	17,41%
EBITDA	**47.227**	**14,4%**	**39.138**	**14,3%**	**20,67%**
Depreciation, amortization and other accruals	5.836	1,8%	8.280	3,0%	-29,52%
EBIT	**41.391**	**12,7%**	**30.857**	**11,3%**	**34,14%**
Net financial income (charges)	255	0,1%	1.088	0,4%	-76,58%
Share of profit of associated companies	7	0,0%	(111)	0,0%	
Income (loss) before taxes	**41.653**	**12,7%**	**31.835**	**11,6%**	**30,84%**
Income taxes	11.011	3,4%	6.928	2,5%	58,95%
Income (loss) for the financial period	**30.641**	**9,4%**	**24.907**	**9,1%**	**23,02%**
Net profit (loss) of minority interest	2.219	0,7%	2.457	0,9%	-9,66%
Net income (loss)	**28.422**	**8,7%**	**22.451**	**8,2%**	**26,60%**

The gross margin amounted to 121.855 thousand Euros, an increase of about 22% with respect to the 99.915 thousand Euros on June 30th 2021. The increase is greater than that for the sales volume thanks to a margin on sales which has recovered slightly from 36,5% to 37,3%, thanks to the improvement on sales margins especially in the industrial sector.

The costs for operating services and charges were 27.646 thousand Euros an increase with respect to the 20.763 thousand Euros on June 30th 2021 with an incidence on the sales volume which increased from 7,6% to 8,5%. Among the items responsible for the increase in costs were the resumption of international travel and participation in fairs and symposiums, in particular in the medical sector, which before the pandemic represented a significant amount, besides the costs for electricity and heating.

The cost for personnel was 46.982 thousand Euros and showed an increase with respect to the 40.015 thousand Euros on June 30th 2021, with an incidence on the sales volume which was substantially unchanged (a slight improvement from 14,6% in 2021 to 14,4% to 2022).

On June 30th 2022 the number of employees in the Group was 2.067, an increase with respect to the 1.902 on December 31st 2021. More than half of the new employees were hired by the Chinese companies and the rest by the other rapidly growing companies.

A large part of the personnel expenses is directed towards research and development costs for which the Group receives grants and reimbursements on the basis of specific contracts underwritten by the institutions created for this purpose.

The EBITDA amounted to 47.227 thousand Euros, an increase of 20,7% with respect to the 39.138 thousand Euros on June 30th 2021, thanks to the increase in the sales volume and the absorption of the overhead. The incidence on the sales volume remained substantially the same (14,3% in 2021, 14,4% in 2022).

The costs for amortizations, depreciations and accruals showed a sharp drop from 8.280 thousand Euros on June 30th 2021 to 5.836 thousand Euros on June 30th 2022 and the incidence on the sales volume fell from 3% to 1,8%.

The EBIT therefore amounted to 41.391 thousand Euros, an increase with respect to the 30.857 thousand Euros for the first semester 2021, with an incidence on the sales volume which rose from 11,3% to 12,7%.

The net financial income amounted to 255 thousand Euros with respect to 1.088 thousand Euros registered for the same period last year and showed a positive result thanks mainly to the difference in the exchange rates which, in any case, were less than those registered in the first half of 2021. It should also be noted in relation to these amounts, the costs of the hedging of the US dollar which at the start of 2022 registered a rate of 1,1 dollar for each Euro which was then completely covered by the US dollar in these last few months.

The pre-tax income amounted to 41.653 thousand Euros, an increase with respect to the 31.835 thousand Euros shown on June 30th 2021.

The income tax for the period amounted overall to 11 million Euros; the taxes for this half were calculated on the basis of the best estimate of the fiscal aliquots expected for he year 2022.

Il tax rate for this period was about 26,4%, an increase with respect to the 21,8% for the same period last year.

The first half ends with a net income for the Group of 28.422 thousand Euros which is far greater than the result registered for the first half of 2021 which amounted to 22.451 thousand Euros.

1.8. Consolidated statement of financial position and net financial position as of June 30th 2022

The statement of financial position shown on the chart below makes it possible to compare the financial position for this half with that of last year.

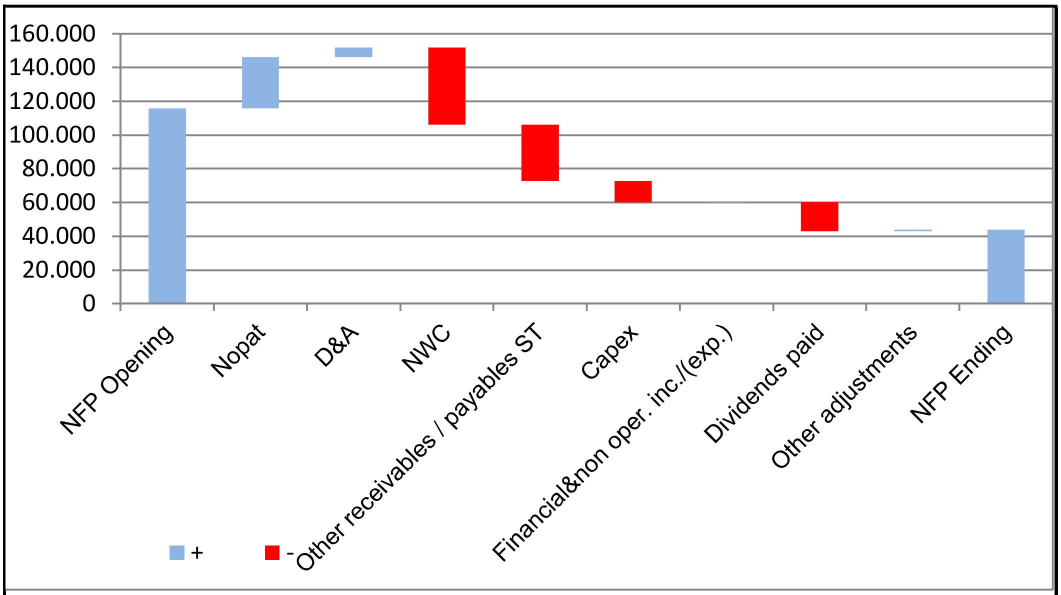
Statement of financial position	30/06/2022	31/12/2021	Variation
Intangible assets	4.835	4.914	-79
Tangible assets	106.871	100.822	6.049
Equity investments	2.069	1.949	119
Deferred tax assets	11.128	10.364	764
Other non-current assets	21.331	18.599	2.732
Total non current assets	**146.233**	**136.648**	**9.586**
Inventories	196.331	155.939	40.391
Accounts receivable	160.374	146.774	13.601
Tax receivables	18.912	15.725	3.187
Other receivables	21.416	13.155	8.261
Financial instruments	953	1.091	-137
Cash and cash equivalents	119.980	181.363	-61.383
Total current assets	**517.966**	**514.047**	**3.919**
Total Assets	**664.199**	**650.695**	**13.505**
Share capital	2.594	2.594	0
Additional paid in capital	46.858	46.841	17
Treasury stock	-282	0	-282
Other reserves	96.484	88.077	8.407
Retained earnings / (accumulated deficit)	107.935	86.425	21.510
Net income / (loss)	28.422	45.436	-17.014
Group shareholders' equity	**282.011**	**269.372**	**12.638**
Minority interest	20.932	18.329	2.603
Total shareholders' equity	**302.942**	**287.701**	**15.241**
Severance indemnity	4.291	5.101	-810
Deferred tax liabilities	2.554	2.506	48
Reserve for risks and charges	10.385	10.470	-85
Financial debts and liabilities	37.100	36.982	117
Other non current liabilities	6.950	6.184	766
Total non current liabilities	**61.279**	**61.242**	**37**
Financial liabilities	32.963	23.522	9.441
Accounts payable	166.087	158.072	8.015
Income tax payables	6.524	9.906	-3.382
Other current payables	94.405	110.252	-15.846
Total current liabilities	**299.978**	**301.751**	**-1.773**
Total Liabilities and Shareholders' equity	**664.199**	**650.695**	**13.505**

	Net Financial Position	30/06/2022	31/12/2021
A	Cash	119.980	181.363
B	Cash equivalents	-	-
C	Other current financial assets	957	1.092
D	**Liquidity (A + B + C)**	**120.937**	**182.455**
E	Current financial debt	(28.852)	(20.388)
F	Current portion of non-current financial debt	(4.111)	(3.134)
G	**Current financial indebtedness (E + F)**	**(32.963)**	**(23.522)**
H	**Net current financial position (D + G)**	**87.974**	**158.932**
I	Non-current financial debt	(26.862)	(27.204)
J	Debt instruments	(10.238)	(9.778)
K	Non-current trade and other payables	(6.950)	(6.184)
L	**Non-current financial indebtedness (I + J + K)**	**(44.049)**	**(43.166)**
M	**Net Financial Position (H + L)**	**43.925**	**115.766**

During this period the net financial position registered a decrease of 72 million from the 115,8 million shown on December 31st 2021 to 43,9 million on June 30th 2022.

This considerable difference requires a careful analysis of the use of cash registered in the last 6 months, a summary of which is shown on the chart below. The variation in the net working capital amounts to about 46 million and is caused by the rapid growth and by the need to prevent or reduce the impact of the supply chain crisis on the production. In order to avoid delivery times which are increasingly long and uncertain, the amounts of inventory of raw materials have been greatly increased; in order to obtain better service from our suppliers the times for payment have been shortened. The change in the other amounts of current debts and credits for the amount of 14 million represents the decrease in down payments received from clients (especially in China where both the receipt of new orders and the sales volume have been relatively weak), and the increase in down payments paid to suppliers which, again in this case, is necessary in order to guarantee a fast delivery. The amount of about 7 million is derived from the temporary trend of tax debts and credits, with the payments made for direct and indirect taxes which created credits that were greater than the debt amounts created by the taxes for the period.
Even though the investment activity was very intense, its effect on the absorption of cash this half was relative. The investments in new buildings and the relative equipment and in the improvement of the pre-existing buildings belonging to the Group absorbed about 6,2 million this half, of this amount, 2,4 million was for the second factory of Quanta Systema at Samarate, and 1,7 million for the Chinese activities in the cutting sector. The other investments in equipment, motor vehicles and plants amounted to 2,6 million during this half. Moreover, of the 11,9 million of investments entered into accounts, 3 million are actually an investment of cash that is entered among the financial assets in order to reflect their multi-year nature.
During this half, dividends for an amount of 17,2 million Euros, 16 million of which by El.En. Spa for an amount of 20 Euro cents per share.
The current profitability, despite the fact that it is very good, during the half was not able to cover all of the uses of cash and the net financial position showed a sharp decrease, although it remains a very significant amount.
This half clearly demonstrates the strategy of the Group to promote and facilitate the rapid growth of the company by using available cash even as working capital, an investment which is in part temporary and necessary in this phase to overcome the obstacles created by the general unreliability of suppliers of components.

The graph below shows the variations in the net financial position during this half.



* Nopat =Ebit-Income tax
**D&A= Depreciation, Accruals and Devaluation
***NWC= Net Working Capital

It should also be noted that the amount of bank and postal deposits includes about 9 million Euros for the Chinese companies containing deposits which will become available upon the expiration of some payments to suppliers with the issuing of some bank bills.

It should also be recalled that 20 million Euros in cash has been invested in financial instruments of an insurance type which, due to their characteristics, must be entered into accounts among the non-current financial assets. This type of cash investment is currently held by El.En. Spa for an amount of 11,5 million, by Quanta System for 2,5 million Euros and by Deka Mela for 6 million Euros, of which, 3 million during the second quarter of this year. Since these are mid-term cash investments, these amounts are not part of the net financial position. At the end of this period the total fair value of these investments amounted to 21,3 million Euros.

1.9. Subsidiary results

El.En. SpA controls a Group of companies which operate in the same overall area of lasers and to each of which a special application niche and particular function Son the market has been assigned
The chart below contains a summary of the results of El.En. Spa and its subsidiaries. Following the chart there is a series of brief explanatory notes describing the activities of each company and commenting on the results for the first half of 2022.

	Revenues 30/06/2022	Revenues 30/06/2021	Variation	EBIT 30/06/2022	EBIT 30/06/2021	Income (loss) for the financial period 30/06/2022	Income (loss) for the financial period 30/06/2021
El.En. S.p.A.	73.734	52.529	40,37%	13.117	6.405	20.924	15.033
Ot-Las S.r.l.	1.954	2.448	-20,18%	(22)	196	(37)	116
Deka Mela S.r.l.	37.421	28.870	29,62%	3.445	2.220	3.082	2.209
Esthelogue S.r.l.	7.806	7.462	4,61%	384	316	334	260
Deka Sarl	2.331	2.697	-13,57%	96	16	96	15
Lasit S.p.A.	9.631	8.459	13,86%	660	1.290	461	920
Quanta System S.p.A.	63.421	41.586	52,51%	13.996	8.938	10.957	6.776
Asclepion GmbH	27.818	27.410	1,49%	2.803	3.140	1.729	2.014
ASA S.r.l.	7.994	6.535	22,33%	2.339	1.661	1.729	1.231
BRCT Inc.	-	-	0,00%	(5)	1	(12)	4
With Us Co., Ltd	10.366	18.890	-45,12%	(840)	1.319	(699)	835
Penta-Chutian Laser (Wuhan) Co., Ltd	15.635	19.452	-19,62%	(538)	247	(390)	521
Cutlite do Brasil Ltda	4.456	3.028	47,16%	653	38	834	104
Pharmonia S.r.l.	-	-	0,00%	(3)	(3)	(2)	(3)
Deka Japan Co., Ltd	1.584	961	64,83%	219	116	119	56
Penta Laser Zhejiang Co., Ltd	64.029	65.564	-2,34%	2.436	2.087	2.230	2.166
Merit Due S.r.l.	37	37	0,00%	16	9	12	5
Cutlite Penta S.r.l	56.183	36.988	51,90%	3.081	2.980	2.137	2.896
Galli Giovanni & C. S.r.l.	634	462	37,23%	130	133	86	92
Penta Laser Technology (Shangdong) Co., Ltd.	26.333	21.825	20,66%	827	638	890	609
Lasit Laser Polska	648	-	0,00%	(275)	(97)	(297)	(98)

El.En. S.p.A.
The parent company, El.En. SpA, is active in the development, planning, manufacture and sale of laser systems for use on two main markets, the medical-aesthetic market and the industrial market; it also includes a series of after-sales services, like supplying of spare parts and consulting and technical assistance.
In following a policy of continued expansion over the years, El.En. SpA has founded or acquired numerous companies which operate in specific sectors or geographic areas, the activities of which are coordinated through the definition of the supply channels, the selection and control of the management, the partnerships in research and development activities and financing both on capital account and financing with interest or through the granting of credit on sales.
The importance of this coordinating activity continues to be very evident, since most of the sales volume of the company is absorbed by the subsidiaries and determines the allocation of important managerial and financial resources, as a large part of the resources of the company are allocated to sustain the activities of the Group.
As in earlier years, the activities of El.En. SpA, take place at the headquarters in Calenzano (Florence) and in the local branch in Castellammare di Stabia (Naples).

The remarkable development of the sales volume which had started in 2021 continued in the first half of 2022 and the sales registered an increase of + 40,4% with respect to 2021. The industrial sector showed an increase of over 10% while the medical sector achieved the outstanding result of about +45%, with the North American market in great shape.
Along with the arrival of numerous new orders, the activity in 2022 was characterized by the difficulty in rapidly acquiring the components necessary for production, due to the effects of the supply chain crisis. This situation forced the technical departments, buying offices and scheduling departments to become involved in a continual search for alternate solutions, placing pressure on the suppliers and rescheduling of production programs and advance purchase of materials which caused a considerable increase in the volumes in the attempt to circumvent the unreliability of the deliveries. With a sales volume of 73,7 million for the half, which was greater than the annual sales volume up until 2019, the profitability of El.En. significantly improved and, with it, the net income which reached 20 million this half thanks also to the dividends received by the subsidiaries. The outlook for the second half is good and based on portfolio of numerous orders which are engaging the production departments to the fullest as they try to respect a difficult delivery schedule.

Deka M.E.L.A. S.r.l.
Deka M.E.L.A. was the first company in the Group to attend to the marketing of medical systems in Italy and abroad, the natural market for the systems developed and manufactured by El.En. in Calenzano, for which Deka is still the main channel of distribution. DEKA is now the most prestigious and famous brand name on the Italian market for laser applications for medicine and aesthetics and this leadership has been re-enforced by the introduction of the Renaissance brand in which the Group has united the distribution in Italy of the medical systems manufactured by Quanta System and Asclepion. At the international level, the Deka brand has a very prestigious role and is one of the main players on the market.
Deka operates in the sectors of dermatology, aesthetics and surgery and makes use of a consolidated network of agents for the direct distribution in Italy and a network of highly qualified distributors who have been selected over time for international export.
The Deka organization, both in Italy and in the international network, is a highly visible and recognized presence and a synonym for product innovation, professionalism in supplying and excellent performance of the laser systems they offer. These features represent the conditions in which the Group is investing in order to augment its further growth, thanks to their ability to move new products through their consolidated and effective distribution network.
In the first half of 2022 their activities again showed a rapid growth in the volume of business (+30% in the sales volume), and the EBIT (+55%), and they have continued in the favorable phase which they started in the first months after the most severe phase of the pandemic.
The market conditions appear to be favorable with the exception of Russia and the Ukraine, but this issue was made less relevant by the growth on the other markets; the outlook is favorable also for the second half of 2022.

Ot-Las S.r.l.
Ot-Las Srl deals in the business of laser marking systems with CO_2 laser source for large surfaces with galvanometric type movement of the beam and makes use mostly of the scanning systems and the mid-power CO_2 laser sources supplied by El.En.
After a first quarter that was rather slow, sales picked up speed and mostly recovered the gap left after last year. Despite the drop in sales volume the company was able to limit the losses for the half and they are counting on an improvement in the second half of the year.
Ot-las holds a significant equity in the companies of the Group that operate in the sector of sheet-metal cutting for which it is the main holding company. After the re-organization that was conducted in the last two years, Ot-las controls Penta Laser Wenzhou (since February 2022 Penta Laser Zhejiang) with an equity of 80,43%, and this company in turn controls 100% of the Chinese companies Penta Laser Wuhan, Penta Laser Shandong and the Italian company Cutlite Penta.

Cutlite Penta S.r.l.
Cutlite is dedicated exclusively to the segment of laser cutting for which it conducts the activities of production planning and sales. Cutlite installs on “X-Y” movements controlled by CNC the powerful laser sources produced by the Parent Company, El.En. S.p.A. for applications of plastic cutting and sources produced by other suppliers for the cutting of metal and dies. Besides flat cutting, Cutlite has developed and produces 5-axis systems and rotary axis systems for dies and metal pipes.
The possibility of installing on laser cutting systems for metals sources in optical fiber that are increasingly powerful, economical and reliable with respect to the CO_2 traditionally used for this purpose has given rise to a profound transformation of the market. The systems equipped with this new technology offer a significant increase in productivity and applicative potential and increase the number of potential clients both for the current as well as for the new applications which can be conducted effectively only with this new technology (for example, high-speed cutting of great thicknesses and cutting without a supporting gas).

Thanks also to the contribution of the Chinese companies who used the optical fibers before they did, Cutlite integrated the advantages of this new technology into the systems that they now offer on the market. The company was very quick to place on the market a range of systems based on the price/performance ratio, and they were able to achieve a considerable advantage in terms of innovation. The results transformed the company which rapidly doubled their sales volume which rose from 33 million in 2018 to 84 million in 2021. Massive investments were made in order to increase the production capacity which is now concentrated in the building complex in Prato where operations were transferred in 2019 and where a second building adjacent to the headquarters was purchased and occupied in 2021.
After the record results achieved in 2021, 84 million in sales volume and 5 million in net profits, 2022 is revealing even more outstanding results in terms of sales volume and has arrived at 56,2 million Euros in six months. The revenue remains good although it is declining because of the strategic choices which still favor growth but also because of the delivery times which are very long and which have exposed the company to the increase in the costs of components. The portfolio of orders is still very significant and promises ta closure of the year aligned with the good trend of the first six months of the year.

Penta Laser (Wuhan) Co., Ltd, Penta Laser Zhejiang Co., Ltd e Penta Laser Technology (Shandong) Co., Ltd.
The Group has been present in China since 2007 with the Joint Venture started in Wuhan for a local production, characterized mainly by European technology, on the market of sheet metal cutting. The successful outcome of this initiative led to the creation of five factories, with two in Wenzhou and two in Lin Yi, which make it possible to preside with the greatest efficiency over the market which has the greatest demand for plants for manufacturing. There are over 900 employees active in the production facilities, the dense marketing network and the effective after-sales technical support for our clients. Penta is now one of the most significant presences on the Chinese market for laser cutting systems and has shown that they are able to distinguish their products from the ferocious local competition thanks to the quality of the key components which are designed and mostly made in Europe, without losing the competitiveness necessary for the local market. The company has acquired a portion of the market which establishes it as one of the key players in the laser cutting field in China and leader, in particular, in the most innovative segments of the market like the applications which require the highest powers. In fact, the ability to manage with the greatest efficiency laser sources having an average power of over 10kW, up to 30kW and not even 40kW, represents the distinctive feature which distinguishes our products on a highly competitive market. The increase in the power available at moderate costs makes it possible for laser cutting applications to become economically more attractive in terms of productivity and technically effective in applicative fields that up to now were reserved for traditional technologies respect to which the laser systems offer advantages in terms of quality, flexibility, environmental impact and, in the last analysis, also costs.
The trend in Chinese activities, which is of considerable importance, has been commented on in the paragraphs dealing with the consolidate results; it is characterized by the slowdown of the market caused, in the first place, by the persistence of the effects of the pandemic, with the return of frequent lockdowns by the local authorities. We still have faith in the potential of our operating structures and our markets, while we wait for the conditions of everyday life in China to be able to benefit from a different and less rigid approach to limit the contagion of Covid 19.

Quanta System S.p.A.
This company was created as a spin-off of the laboratories of scientific research on photonics and became part of the Group in the early 1990s and a subsidiary in 2004 thanks to its particular skills it developed in the sector of applications for lasers in medicine. The company now produces sophisticated laser systems for aesthetic medicine and for surgery, in particular in the segment of urology, in which it detains an important part of the international market.
The results for this half were excellent with a growth in sales volume and an EBIT of over 50%, thanks mainly to the recovery of the surgical sector and the relative sales of single and multiple use optical fibers used for surgical operations.
The market position of Quanta System, thanks to the characteristics of the systems offered for medical, aesthetic and surgical operations is such that we can forecast further growth in the second half of 2022.

Lasit S.p.A.
This company is specialized in the design, manufacture and sales of systems for marking small surfaces and conducts its manufacturing operations and product development in their headquarters in Torre Annunziata (Naples).
Its systems are used for the identification of products, parts and sub-assemblies, a requirement that has become very frequent in the manufacturing world where the need for traceability of products and components has become increasingly stringent. Laser marking systems with their flexibility and low environmental impact are able to satisfy this requirement with the greatest efficiency.
The mechanical workshop is equipped with state-of-the-art numerical control systems and even laser systems for cutting sheet metal and represents a qualified internal supplier also for the rest of the Group.
Lasit is now continuing in a phase of recovery and consolidation after the pandemic. During this half the sales volume increased but the costs of overhead and personnel also increased because they were set up for a larger volume of sales and production, including the remodeling of some of the rooms.
Since 2021 the subsidiary Lasit Laser Polska has been operating in Poland; the company was founded for the purpose of taking advantage of the opportunities offered by the rapid development of manufacturing in that country The company

is still in the start-up phase and is counting on consolidating it by the end of 2022 by breaking even, a goal it was unable to reach in the first six months of 2022.

Asclepion Laser Technologies GmbH

This company was founded as Asclepion-Meditec and then became the aesthetic division of Carl Zeiss Meditec, which was purchased from Zeiss in 2003. At the time the company had about forty employees who worked inside the Zeiss factory. It grew rapidly and acquired a significant position on the market of laser systems for medical and aesthetic applications, for which it constitutes one of the three business units of the Group. As of this date, Asclepion has almost 150 employees and their own factory which was recently doubled in size with ample spaces dedicated to the training of its clientele and employees.

The location in Jena, international cradle of photonics and a lively cluster of start-ups active in the world of electro-optics, represents a significant advantage for Asclepion, both for its high-tech image as well as the facility of access to environments that are very proactive in the basic and complementary technologies necessary for the production of our systems.

Asclepion is considered an authoritative point of reference on the market for the two laser technologies in which it excels: that for diode laser (semi-conductor) hair removal and that for erbium systems for dermatology. For the Mediostar system, the first design had already been developed before we acquired the company and later developments radically modified its structure and improved its performance, making it an international point of reference. The erbium technology for ablation applications in dermatology has thousands of installations, especially in Germany.

More recently, Asclepion has been involved in the surgical sector, with technologies for applications in otolaryngology and, above all, urology. For this latter segment Asclepion has developed system with holmium and thulium technology and has achieved excellent results also in terms of the technical performance of the equipment. The laser systems are marketed under the brand name of Jenasurgical.

During the first half of the year the company showed an excellent trend in acquiring new orders, but they were not able to fill the orders because of the long delays in deliveries from their suppliers. The supply system in Germany in this situation turned out to be more rigid than the Italian one and although they were never forced to actually shut down production, Asclepion was not able to fill all of the orders. The sales volume for this half showed a slight improvement while the revenue decreased due to the increase in in operating expenses which had, also in this case, been established on the basis of another level of the sales volume. Consequently, the revenue can be improved in the second half only if there is an improvement in the performance of the supply chain.

With Us Co Ltd

With Us Co. with headquarters in Tokyo is the distributor of El.En./Deka products for the aesthetic sector in Japan, where it has been able to acquire an important position in particular in the applicative sector of hair removal. Besides the Deka/ El.En. systems, With Us distributes creams and accessories and small equipment for the aesthetics business or intended for home use, in significant volumes considering the high number of stores they serve.

The all-inclusive maintenance services they provide for the systems previously installed contribute significantly to the sales volume.

The company is going through a selling phase which has deteriorated the financial results; this phase has been caused, in the first place, by a drop in the volume of sales of small, locally produced electrical appliances. The sales volume dropped by 45% and the half ended with a loss. The reduction in sales volume and the losses were caused mainly by the lower sales volume of systems for home use. The company is waiting for new products which can replace, at least partially, the lost sales volume and allow the company to break even. This objective would appear unlikely to be reached before the end of 2022.

ASA S.r.l.

ASA of Vicenza operates in the sector of physical therapy for which it develops and manufactures a line of low and mid-powered semi-conductor lasers. Thanks to the range of products which it offers and their capacity to supply training services to their clients which make it possible for the clients to take best advantage of the benefits of the technologies in their elective applications, ASA has grown rapidly and consistently in size over the years and has always maintained a good level of profits.

ASA is equipped with its own Research and Development office which is dedicated to the creation of diode lasers and the company has taken advantage of the Nd.YAG technology systems manufactured by the Parent Company, El.En S,p,A, which distributes them all over the world, beside contributing concretely to the definition of specific products and of new applicative protocols.

The results for the first half of the year were very good and registered a growth rate of over 20% and an EBIT close to 30% of the sales volume and return the company to the phase of rapid and solid growth that it had always shown before the spread of the COVID pandemic.

Other companies, medical sector

Deka Sarl distributes the Deka and Quanta brands of medical devices in France. Its presence represents a direct and useful instrument for the positioning of the brand on the French market and the French speaking countries of North Africa. After the profound sales re-organization conducted in 2020 and 2021, during this half the company was able to maintain an economic balance despite a slight drop the volume of business with respect to the first half of 2021. At this time the objective of the company is to repeat the results of the first half of 2022 in the second half of the year.

Deka Japan is active in Japan and distributes Deka brand medical systems on the Japanese market. Since 2018 they have been collaborating with DKSH which acts as the sole distributor on the market, while Deka Japan concentrates on obtaining the authorizations necessary for the sale of new products and the logistical support of DKSH The results for this half showed a significant improvement over the results for the first half of 2021 and the outlook for the rest of the year is good.

Esthelogue S.r.l. distributes the laser systems of the Group in the professional aesthetic sector in Italy. This is a varied and lively market in which the company has acquired an increasingly important role for various hair removal applications and for non-invasive body contouring. For hair removal, the Mediostar systems represent the most typical product featured by Esthelogue and are able to satisfy every requirement of the clientele with a vast range of devices including the very powerful Monolith handpieces. For non-invasive body contouring Esthelogue offers a complete range which includes the Icoone in its latest version, the B-Star system and the B-strong Plus system which use innovative technologies and methods. In the first months of 2022 the company received numerous orders and the sales volume was not able to repeat the growth rates registered by the orders because of the difficulty in delivering some of the technologies which was cause by the crisis in the supply chains. We believe that we will be able to normalize the situation and, in the second half of the year, to render concrete the excellent marketing work conducted up to now.

Pharmonia S.r.l. is a company which sporadically conducts marketing activity.

Galli Giovanni & C. Srl is a machine shop specialized in high precision mechanical work. The company became part of the Group in 2019. Thanks to the characteristics of the CNC machinery and the high level of professionalism and specialization of the staff, it contributes to the maintenance of the high level of quality and flexibility of the production of mechanical parts. During 2021, with an investment of about 300 thousand Euros, we acquired a building which, when the remodeling is completed, will be used to add extra space to the area which is now available and make it possible to expand and add other machinery. The results for this half remained positive.

BRCT Inc. acts as a financial sub-holding company.

Other companies, industrial sector

Cutlite do Brasil Ltda which has a factory in Blumenau in the state of Santa Catarina founded in 2007 for the production of laser systems in Brazil, now attends to the distribution of laser systems produced by their Italian associates and operates in a factory that is able to supply an effective technical support for the hundreds of installations in the territory. Cutlite has been able to benefit from the opportunities which, in Brazil, have been opened by the technology of sheet metal cutting using increasingly powerful fiber laser sources. In the past few years, Cutlite do Brasil has progressively increased its sales volume and gradually acquired a significant role on the sheet metal cutting market in Brazil while benefiting from the same competitive edge that is at the base of the success of Cutlite Penta to which it adds the advantage of being local. The trend in for the first half of 2022 confirms this positive phase with a very good result obtained thanks to the record level of the sales volume which came close to 25 million Reals, amounting to about 4,4 million Euros. The outlook for the second half of the year is also good.

1.10. Comments on Research and Development

During the first half of 2022, despite all of the difficulties which continue to be caused by the Covid pandemic emergency, we continued conducting research and development activities according to the strategy of 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.

The El.En. Group is one of the few companies in the world which develops, produces and markets products which are based on the widest range of technologies available, including: solid state lasers, semi-conductor lasers, active fiber lasers, coloring lasers, CO_2 lasers, as well as systems for frequency conversion like OPO and Raman, which are able to supply solutions from infra-red to ultra-violet, with various levels of power and duration of emission in order to satisfy a vast range of applications. Besides the laser technology, El.En. is active in other technologies that are related to other types of electromagnetic energy, including, in particular, radio frequency, microwave and high intensity magnetic fields. Consequently, research and development is concentrated on many different types of systems, sub-systems and accessories.
At the end of last year, we inaugurated some new photonics laboratories to be used by the medical division of El.En. S.p.A. dedicated to the development of laser sources, which added an additional 300 sq.mt of working space to the pre-existing laboratory and comported an increase in staff with the hiring of a new researcher (Ph.D in photonics) and the collaboration, starting this year, of a research fellow with a grant for collaboration with the Physics Department of the University of Florence.
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.
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.

Systems and applications for lasers in aesthetic medicine and surgery
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 the activity of research and development to improve the performance of the "*Viridis*" handpiece of the "*Luxea*" platform which will make it possible to reach the highest standards now available on the market for vascular applications based on pulsating light.
We have completed the development of a new product for dermatology called "*Helix*", which combines the ablative effect of the traditional CO_2 laser with a non-ablative effect created using a source with emissions at 1570 nm. The product is intended for the US market and the submission for the FDA certification of the product was completed at the end of July while the relative clearance is expected for the end of 2022.
In the sector of hair removal, they have continued research and development activity aimed at improving the products of the high-end range *"Again"* and *"Elite IQ"*. In particular they are studying the temporal structure of the impulses produced in order to improve the effectiveness of the treatments and reduce the discomfort as much as possible, in particular for the treatment of vascular lesions with the devices of the "*Again*" family. We have also continued with the improvement of the high-end devices for hair removal aimed at making the treatments faster and reducing as much as possible the downtime required for heating and calibration, with the objective of affirming the excellence of the El.En. products even in the minimum details.
We have initiated production and sale of the new product, *"Motus AZ"*, destined for the American market. The new product is characterized by a complete range of treatments conducted by a series of handpieces with cooling upon contact: *Moveo HR*, for hair removal; *Moveo PL* for the treatment of pigmented lesions*, Moveo VL* for the treatment of vascular lesions; *Moveo SR* for skin rejuvenation treatments. This product has been highly successful and demonstrates the correct direction of the development conducted. The request for an international patent has been deposited in order to protect the significant intellectual property generated by this activity.
Last year Deka started marketing their new product, *"SmartPico"*, a laser system intended mainly for removing tattoos and treating benign pigmented lesions which operates in a regime of picoseconds. They are now conducting an intense research and development activity aimed at increasing the specifications of the product, in particular the conversion in frequency in order to offer an adequate solution in the spectral region of red. In the first half of 2022 they completed the study of the handpiece which was able to make the conversion into frequency at a wavelength of 694nm with a significant improvement in the performance and reliability of the product. They are now conducting further research in order to make conversions in frequency in other spectral regions. During the third quarter of 2022 they have planned a comparative study of the different solutions which have been found for the purpose of identifying the best solutions for specific applications.

In relation to the sector of body shaping, they have continued the research and development activity on our innovative system, *"Onda Coolwaves"*, which is aimed at the release, which will take place in the next few months, of a new, small-sized handpiece which is specific for treatments of the face. They are now conducting an important research and development study aimed at further improving its performance, with the development of the latest microwave generators, which may be available in the second half of 2022.
For another product belonging to the "Onda" family, it should be mentioned that the new product "TIAC II" for the American market, last year received FDA clearance so that they can now begin to market this device for the treatment of blemishes caused by cellulitis.
They have continued research and development activities for muscular stimulation and for the reduction of localized adipose tissue based on electrical *("PhysiQ")* and magnetic *("Schwarzy")* excitation**.** These latter devices for stimulating specific muscular masses of the body have prospects for use also in the sector of rehabilitation and confirmed interesting sales results also in the first half of 2022. They are now conducting studies aimed at improving the performance of the devices and the quality of the treatments thanks to the development of specific new applicators.
Also in the segment of *Body Shaping* they have started to manufacture a new product *"LIPO AI"*, for the American market; it is a re-design of the *"SmartLipo",* product which was sold in the past with great success and has now been up-dated both in the laser part and in the part controlling the clinical procedure which has been improved through the implementation of innovative algorithms of Artificial Intelligence which offer significant advantages and improve the ease of use, guaranteeing the maximum levels of safety and effectiveness for this procedure.
For the applications in gynecology, we can mention the release of the new family of products called *"GLIDE"***:** *"Monalisa Glide"* and *"Monalisa duo glide"*. This new family represents an evolution of the iconic *Monalisa Touch*, of which it maintains the exceptional characteristics for the CO^2 technology of El.En. while improving the design of the control system which offers, among other things, improved ergonomics thanks to a new graphic interface and a new large-sized adjustable display. The new *"Monalisa duo glide"* moreover combines the ablative characteristic of the CO_2 laser with the non-ablative heat treatment performed thanks to the wavelength of 1540 nm, emitted by an additional laser source available in the system.
We are now concluding the development of a revolutionary new accessory called "*Monalisa Butterfly*" which will be able to automate the "*Monalisa Touch*" treatment and will be released by the end of 2022. "*Monalisa Butterfly*" will make it possible to conduct the "Monalisa" treatment automatically by means of a system of motorized activation both of the linear advancement as well as the rotation movement which was traditionally done manually by the operator. With the addition of the automation, the treatment will faster and safer because the results will not depend on the experience of the operator.
Also, in the field of Gynecology, we have continued research and development on the treatment of incontinence caused by stress. The *"Dr Arnold"* medical system for the stimulation of the pelvic floor using high intensity magnetic impulses has been very successful on the market.
In the SVATT project El.En. is involved as a research partner in a group called ATS (Temporary Purpose Association). As part of the project, research and development activities will be conducted aimed at the creation of a new technology which is robust and moveable to the hospital structures, for the creation of products to be used in the field of immunotherapy and immunotherapy re-enforced by nanoparticles in the treatment of melanoma pathologies. The activity of El.En. for the year 2022 was focused on the study and amplification of the research initiated in 2020 and the startup of the prototype RF generator with the relative applicator, devices that were specifically designed for the use of nanoparticles for therapeutic purposes. They conducted studies, analyses and simulations inherent to the design of the applicator and the definition of the performance and requirements of the generator; the research activities also involved the production of preliminary demonstrators and laboratory tests.
For surgical applications we continued the research and development activity related to CO_2 laser technology. Created new accessories and systems, including "*Multipulse Pro Duo"* which is marketed by the subsidiary Asclepion, and makes it possible to perform a vast range of surgical operations thanks to the double function of the arm and fiber.

In **Quanta System S.p.A.** during 2022 they continued with the development of new products both in the surgical division and in the dermatological and aesthetic/medical sector and successfully launched some new systems.
In the surgical sector, the company released on to the market laser systems based on a new technology, *Thulium Fiber* laser - *Fiber Dust*, which completed the range produced by the company for the treatment of stones in the urinary tract and benign hyperplasy of the prostate. At the same time, they created custom versions of the same product for some important OEM clients. Currently the company is engaged in the power development of this range of products in order to complete the range of technical specifications that are increasingly driven to satisfy the growing demand for innovative technologies that is registered for this sector.
In this segment, they are also continuing with the development of new sources based on non-linear optics, and on the use of Tullium lasers for the treatment of stones on the urinary tract. Quanta has been confirmed as the leading company in the El.En. Group in the research and technological innovation on the field of lasers for applications in urology.

At Quanta they have intensified the production and marketing of the system called *"Chrome Lase Station"*, a new laser system for the removal of tattoos and for the treatment of skin and dermatological lesions in general, based on the use of a new laser resonator capable of emitting more uniform kinds of beams, entirely developed by Quanta System
For all of the main dermatological applications they have completed the development of two new laser platforms with energy levels that are 30% higher than the current ones. These platforms will be used to create new products for which marketing will be started before the end of the year.
Quanta System continued their collaboration with the Center for Photo-Medicine at the Massachusetts General Hospital which brought about the development of a new application in the field of dermatology: the treatment of acne in the active state. This project brought about the EC certification and completion of a laser system which was innovative for the type of source, with emissions at a wavelength which previously had not been available on the market: Accure Laser is the first laser platform in the world that was developed to selectively strike the sebaceous glands, the source of the production of sebum and the key to an effective and long-lasting treatment of acne
The clinical development also involves, under the responsibility of the associated company, **Accure Acne Inc.** some research centers in America and was intensified in 2022. The company has obtained the EC brand for the Accure Laser ™ system for the treatment of patients with moderate acne vulgaris and the associated company is conducting clinical studies aimed at obtaining the FDA clearance for sales in the USA
Accure Laser ™ is the result of a great 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 products for dermatology. In fact, it is the first laser system in the world which combines sophisticated automatic control elements for the purpose of guaranteeing the effectiveness and safety of the treatment, which is automatically adapted to the specific area to be treated on each patient. Among the automatic elements of artificial intelligence (AI) we should mention the "auto trigger system" which automatically triggers the emission of the laser only when the target cooling temperature has been reached, the "ADD" system or automatic determination of the dose, and the "DEM" system which automatically controls the interruption of the emissions by direct measurement of the end point. This product is protected by a massive patent portfolio which contains more than 14 different patents.

At **Elesta** they have been working on the development of guides for the fibers used in urologic applications. They continued the fine tuning of the new hardware platform for the ESI (Echolaser Smart Interface) and of the programming of the schedule for the treatment of malign pathologies mainly in endocrinology and urology. Another important activity was that dedicated to the qualification and possibility of integration of the American system of fusion of NMR images with those of ultrasounds in real time in order to increase the support of operations on the focal lesions of the prostate. They also worked on the extension of a couple of patents in China and the USA. The research and development team was also engaged in the support of the intense regulatory activity for the United States.
ASA continued its work in clinical experimentation and the validation of the therapeutic effectiveness of its physical therapy equipment according to the requirements from MDR. The technological innovation brought to the MLS laser model M8 made it so that in some European countries a significant number of hospitals and clinics successfully inserted laser therapy into the rehabilitation of patients who had had serious cases of Covid-19 and helped them rapidly recover an adequate mobility.
At **Asclepion** they continued development activities following a strategy for the updating of all the systems in the catalogue which includes a new philosophy of interface with the user, new electronics and new design. They developed the automatic recognition of blood vessels for vascular treatments using a camera and they are currently conducting technical and clinical experiments. They have continued to develop a surgical system for urologic applications featuring a morcellator integrated in the system.

All of the companies in the Group engaged in the medical sector are subject in this period to a complex ad onerous task of adapting the technical and clinical documentation supporting the quality certifications of the medical laser systems (EC brand). In fact, as part of the modifications of the regulations with the new directive "MDR", the requirements for documents and experimental trials that are necessary to prove the safety and effectiveness of the medical devices which were already quite severe, have become even more stringent.

Laser applications and systems for industry and restoration

At **El.En.** they continued in their vast campaign to re-engineer the products in the light of the increasingly demanding applications that these will be used for. They continued in the fine tuning of the range of mid-powered sealed CO_2 sources even with applicative experiments of the *Blade RF1222*, which, with 1200 Watt is now the most powerful in the range. They also continued in the perfecting of the source, aimed at increasing the average emission power up to 1,5kW, a threshold which allows the use of EF sources in come specific applicative fields which are otherwise excluded, like that for dies developed by the subsidiary Cutlite Penta.
We have been working to release the RF1555 as a product which can be sold everywhere in the world. As far as the CO_2 sources with sealed technology are concerned, we conducted activity aimed at the stabilizing of the cavity optics in conditions using sources subject to high acceleration.

We have conducted important activity to try to overcome the problems which have arisen by the use of the RF303 lasers in extreme conditions of duty cycle and environment in production sites of e-vehicles in Asia. On this occasion we also improved the parts which made it possible to increase the base power. These improvements allowed us to respond with greater emphasis to the demand in the stripping sector, also for e-vehicles, for the development of a sealed source with greater power at a lower cost, in order to affirm the presence of our integrator partners as opposed to the mechanical solutions.
In order to deal with the current emergency involving a high demand of the market when there is a shortage of components, we have used the Research and Development team to revise the technical solutions in order to allow the production department to minimize the difficulties of this particular period.
In the sector of galvanometric scanning systems, we have continued the process of renewal of the electronic controls and the relative software and completed, the first manufacturing phase of control and testing equipment of the galvanometric assemblies and the relative testing procedures. For these components which are widely used also in the Group's medical systems, performances and production efficiency are increasingly necessary. The controlling software was the subject of an important development process aimed at the stabilization and the implementation of the control algorithms which are able to guarantee them at every level of functioning.
We have continued with the tests of the prototype of a new dynamic focalizing device, in order to satisfy the requirements of the power levels being used and the mechanical performance requested.
We have also been dedicating research activity to a study of dynamic FEM of deflection mirrors with large optical aperture built with materials that are innovative with respect to the past. The results of this activity were originally used for an adaptation, using inverted filtering, of the controlling software in order to compensate the dynamic behavior of the new mirrors.
Again, in relation to the shortage of commercial components described above, we are working to satisfy the dynamic requirements of a client who is a top player in the world of high-speed paper converting and we are trying to reach the extreme performance requested in the sector by using our galvanometric groups. In normal conditions, in fact, this level of performance was produced only by American galvanometric groups which represent the state-of-the-art, but by taking advantage of the forced patience of the client caused by the unavailability of these latter, our Research and Development team is working in order to reach the frontier of performance levels also with the components produced in our factory which for now represent a product that is still immature respect to that of the market leader in this sector.
The system that is dedicated to restoration, Infinito Laser 100W, underwent a profound renovation in terms of hardware and software related to the control unit and interfacing with the operator and we are now proceeding with an updating of the laser source in order to adapt it to the new requirements of the market. The development of a transportable 300W system for more extensive applications in conservation and possibility of use also for removing paint and industrial cleaning, has now been completed.

Cutlite Penta continued in the development of new lines of machines and accessories for laser cutting; they also continued in the evolution of the cutting heads for fiber lasers, improved their performance and their capacity to manage very high powers, introduced innovative control methods and continued their close collaboration with Penta Laser Wuhan and Penta Laser Zhejiang.
In the field of machines for cutting metal, the new optical, mechanical, fluid-dynamic and sensoristic developments of the EVO2 cutting heads made it possible to introduce it in the range of laser powers over 15kW and up to 40kW. The machines equipped with 30kW and 40kW sources which are new products with a vast commercial appeal, represent a product in continual evolution thanks to the fine tuning of the cutting processes which are increasingly at an extreme frontier. This activity requires a continuous effort to reach increasingly advanced levels of performance. They also conducted activity for the development of innovative systems for cutting pipes and combined machines for both flat cutting and pipes; this latter segment shows great promise for growth in the future.
The development of software and the definition of the parameters of cutting, also with the relative support gas, have made it possible to fully exploit the potential derived from the high powers used, with significant increases in performance in terms of productivity and quality and the creation of innovative machines for two and three dimensional bevel cutting, which are then used to create a new application line for cutting with fiber lasers, and represent a unique feature which distinguishes them on the market.
The company has also continued the development and amplification of their range of machines for making American dies, a field in which Cutlite Penta is continually re-enforcing their position as world leader by presenting a new line based on El.En. RF1555 lasers which is gradually acquiring market quotas with respect to the sources produced by their competition.
At **Ot-las** on their machines they continued with the experimentation of the use of new CO_2 RF1222 sources made by El.En. and the new, specially developed scanning optics capable of managing the average and peak high power along with the growing demand for dynamic performance. For the purpose of improving the performance of the systems produced using automation, they designed specific new interlocking systems; among these, for example, the use of positioning devices to create the insole of shoes, moving systems for large blocks of natural stone and other materials.
The also continued in their constant research and improvement of the processing of leather, textiles and shoes with the consequent increase in performance and operative flexibility.

They continued in their activity aimed at identifying and carrying out personalized solutions to be added to the complete productive processes which require surface treatments in various materials, besides that to be inserted into production lines with the use of universal robotic systems.

The development at **Lasit** involved the fine tuning of 3-axis marking systems in applications of mass production of high-quality components for cycling, auto motive and tools, as well as personalized solutions with flat plane optics, in the sector of high fashion accessories.

The chart below shows the expenses for Research and Development for this year:

Thousands of Euros	**30/06/2022**	**30/06/2021**
Staff costs and general expenses	6.606	5.762
Equipment	189	171
Costs for testing and prototypes	2.980	2.400
Consultancy fees	227	240
Other services	317	74
Total	**10.319**	**8.648**

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 3% of the consolidated sales volume of the Group. The expenses sustained by El.En. S.p.A amounted to 3% of its sales volume.

1.11. Risk factors and procedures for the management of financial risks

The main risk factors to which the Parent Company and the subsidiary companies are exposed, identified as either operative or financial, are described below.

Risk related to improper use of machinery
Since the Group is well aware of the potential risk derived from the particular nature of their products, starting already in the phase of research and design they focus on the safety and quality of the product released on the market. Residual marginal risks remain due to losses caused by improper use of the product by the end-user and damaging events which are not covered by the insurance policies stipulated by the companies of the Group.

Risks related to possible difficulties in obtaining supplies and the increase in the price of raw materials
The Group acquires components for its products from third party suppliers. The operations for the assembly of the products may be interrupted or jeopardized by the delay on the part of the supplier in supplying the parts or components. Moreover, these may be interrupted in the case that there is a shortage of certain parts or components which are no longer available or become so at unreasonable conditions. In this case, however, the Group might be forced to increase the costs and/or delay the production.
These factors may have a negative impact on the activities, the outlook, and the economic results of the Company.
Moreover, the production costs are exposed to the risk of fluctuations in the prices of raw materials. In the case that the Group was unable to recover such an increase by applying it to the sales price, the economic and financial situation would be affected.

Risks connected to the operation of the industrial complexes
The industrial buildings of the Group are subject to operative risks, including, for example, damage to the plants, failure to apply the regulations, revocation of the permits and licenses, lack of personnel, natural catastrophes, sabotage, attacks, or significant interruptions in the supplies of raw materials or components. Any interruption in the manufacturing activity could have a negative impact on the economic and financial situation of the Group.
The operating risks connected to the industrial buildings that are insurable are managed by specific policies divided among the various factories on the basis of their relative importance.

Risks connected to international operations
The Group operates at an international level and is exposed to the risks inherent to its internationalization, like, for example, the exposure to local political and economic conditions, the respect of different tax regimes, the creation of customs barriers or, more in general, the introduction of laws and regulations that are more restrictive than the previous ones. All of these factors may have a negative influence on the economic and financial situation of the Group.

Risk of losing key resources and know-how
The risk is connected to the significant dependence that the Group has for certain managerial figures which, currently are valued as strategic resources, since they cannot be easily or rapidly replaced, either by persons within the company or without. The lack of the contribution of this type of resource could determine the loss of business opportunities, a reduction in revenue, increased costs or damage to the company's image. The risk of dependence on key resources is connected to the potential loss of technical "know how", referred to the possibility of reducing or losing over time the expertise and skills necessary for operating management.

Risks related to computer management, safety and diffusion of data
Information Technology (IT) is today one of the main factors necessary for achieving business objectives. This rsk therefore is connected to the relative level of dependence of the companies of the Group and their respective operating processes, with the IT component. Specifically, this means that the risk of being subjected to an economic loss, a loss of reputation, or of quotas of the market derived from the possibility of a certain threat, whether it be accidental or intentional, exploits the vulnerability implicit in the technology itself derived from the automation of the processes of company business causing an event that is capable of compromising the safety of the company's total computer data in terms of confidentiality, integrity and availability. The Group has developed an operative policy and technical measures that are suitable to guarantee the adequate protection of the company data and information.

Regulatory and market risks
We expect that every competitive advantage that we might have from our current and future innovations will diminish over time because companies respond with success to ours or create their own innovations. Consequently, our success depends on the development of new and innovative laser applications and other technologies and on the identification of new markets and applications for existing products for new clients and technologies. This means that we must design, develop, produce, test market and support new products or improvements of products and requires continuous and

substantial investments in research and development. We might not be able to respond effectively to technological changes and to the new standards for the sector, or to identify, develop and successfully support new technologies or improvements in pre-existing products as quickly and economically as is necessary. During the research and development process we might encounter obstacles which delay the development and consequently increase the expenses, which might force us to abandon a potential product in which we have invested both considerable time and resources. The technologies in the development phase may turn out to be more complex than we thought at the start or not scientifically or commercially valid. For the systems in the medical sector, even if we develop new products and technologies before our competitors, we might not be able to obtain the necessary authorizations required to release the product on the market, even from public institutions like the American Food and Drug Administration and other foreign agencies for regulation and authorization, quickly and inexpensively or not at all. Moreover, our competitors may obtain authorizations for sale for further uses of their products which our products do not have or we may not be able to obtain.

Environmental and sustainability risks

The main risks which may be caused by climate change and the transition towards a low carbon energy model are connected to an incorrect management of energy and emission sources, risks related to the modification of regulations associated with the struggle against climate change and physical risks. Among the main risk factors to which the Group may be expose, there are the growing obligations for reporting the emissions produced, the expectations related to the use of low-impact energy sources, and the uncertainties arriving in the signals from the markets with potential unexpected variations in the prices of energy. One should also note the risks derived from the progressive change in climate conditions and extreme weather events which expose the Group to damage of the infrastructures like industrial buildings and plants and machinery, rather than to potential interruption in the supply of essential raw materials and the potential reduction of the production capacity. In order to mitigate at least in part this risk, the Parent Company and the Italian subsidiaries stipulated an insurance policy which protects them against damages derived directly from weather events like hurricanes, storms, wind, hail, inundations, floods, and earthquakes. Among the risks associated with the transition to an economy with low carbon emissions, the reputation risks are also included: to not undertake a gradual decarbonization process could have a negative impact on the reputation of the Company and consequently on the economic and financial results.

Procedures for the management of financial risk

The main financial instruments of the Group include checking accounts and short-term deposits, short-term and long-term financial liabilities, financial leasing stock and hedge funds.
Besides these, the Group has trade payables and receivables from its business activity.
The main financial risks to which the Group is exposed are those involving exchange rates, receivables, cash and interest rates.

Currency risk

The Group is exposed to the risk caused by fluctuations in the Exchange rates of the currencies used for some of the commercial and financial transactions. These risks are monitored by the management which takes all the necessary measures to reduce them.
Since the Parent Company prepares its consolidated financial statements in Euros, the fluctuations in the exchange rates used to convert the data in the statements of the subsidiaries originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity as expressed in Euros in the consolidated financial statements of the Group.

The Parent Company El.En. SpA this year stipulated a forward contract for the purpose of covering in part the risk of the exchange rate with US dollars.

Operation	Notional value	*Fair value*
Currency rate forward	$13.800.000	-€ 915.714
Total	**$13.800.000**	**-€ 915.714**

Credit risks

As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the number of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation provision which is accrued at the end of the year represents about 5% of the total accounts receivable from third parties. For an analysis of the overdue receivables from third parties, please consult the relative paragraph in the consolidated financial statement.

As far as guarantees granted to third parties are concerned:

With the conclusion of the acquisition of the minority share of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. granted a guarantee in favor of the selling partner for the payment described in the earn-out clause for 40 million Renminbi (about 5 million Euros) in the case that they proceeded with an IPO of Penta Laser Zhejiang within 5 years from the acquisition. This debt has been entered among the non-current liabilities.

Moreover, in July of 2021 El.En. SpA underwrote the following bank guarantees:

- in favor of Cutlite Penta Srl for financing of 11 million Euros issued by Intesa San Paolo
- in favor of Penta Laser (Wuhan) on the short-term credit line obtained for 3 million Euros.

In the month of July 2020 Esthelogue Srl obtained a guarantee from Mediocredito Centrale on the financing of 1,5 million Euros issued by Intesa San Paolo. The amount of the guarantee was 1,35 million Euros.

In the month of July 2020 Cutlite Penta Srl obtained a guarantee from Mediocredito Centrale on the financing of 5 million Euros issued by Intesa San Paolo. The amount guaranteed was 4,5 million Euros.

The Chinese subsidiary Penta Laser Zhejiang in previous years obtained financing for the construction of a new factory and the necessary equipment by taking out a mortgage for a total value of 20 million RMB.

The Chinese subsidiary Penta Laser (Wuhan) also obtained financing by taking out mortgages for an overall amount of 10 million RMB.

The subsidiary ASA S.r.l. underwrote a loan contract to be used for the construction of the new factory by taking out a mortgage for a total amount of 4,8 million Euros.
In the month of June 2020, the company obtained a guarantee from Mediocredito Centrale on the financing of 3 million Euros obtained from Intesa San Paolo. The sum guaranteed amounted to 2,7 million Euros.

The German subsidiary Asclepion in 2018 has underwritten a contract for a loan to be used for the construction of a new factory by taking out a mortgage for an overall amount of 4 million Euros.

Cash and interest rate risks
As far as the exposure of the Group to risks related to cash and interest rates is concerned, it should be pointed out that cash held by the Group has been maintained at a high level also during this half in such a way as to cover existing debts and obtain a net financial position which is extremely positive at the end of this half. For this reason, we believe that these risks are fully covered.

Management of the capital
The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

1.12. Governance

In compliance with art. 19 of the Company by-laws, the Company is administered by a Board of Directors composed of a number of members which varies from a minimum of three to a maximum of fifteen. The number of members was set at seven by the Shareholders' meeting on April 27th 2021 which was called to vote on the renewal of the Board of Directors (which will remain in office until the approval of the financial statement on December 31st 2023).

As of June 30th 2022, the Board of Directors was composed as follows:

NAME	POSITION	PLACE AND DATE OF BIRTH
Gabriele Clementi	President and managing director	Incisa Valdarno (FI), 8 July 1951
Barbara Bazzocchi	Managing director	Forlì, 17 June 1940
Andrea Cangioli	Managing director	Firenze, 30 December 1965
Fabia Romagnoli (*)	Board Member	Prato, 14 July 1963
Daniela Toccafondi (*)	Board Member	Prato, 18 July 1962
Michele Legnaioli (*)	Board Member	Firenze, 19 December 1964
Alberto Pecci	Board Member	Pistoia, 18 September 1943

(*) Independent administrators, in compliance with art. 148, sub-section 3, D. Lgs. 58/1998 and art. 2 of the Code of Corporate Governance 2020 (*ex* art. 3 of the Autodisciplining Code of Quoted companies 2018)

The members of the Board of Directors have the headquarters of El.En. S.p.A. in Calenzano (FI), Via Baldanzese n. 17 as their domicile while they are in office.

On April 27th 2021 the Board of Directors nominated as executive board members the president Ing. Gabriele Clementi and board members Barbara Bazzocchi and Ing. Andrea Cangioli and attributed to them separately and with free signature, all of the ordinary and extraordinary powers of administration needed to carry out all the activities that are part of the company mission, with the exception of the those that are specifically prohibited from proxy by law or by the company by-laws.

In conformity with the Corporate Governance Code 2020 now in force (and the preceding Self-discipline Codes for Quoted Companies 2018)

a) On August 31st 2000, the Board of Directors presents among its components at least two independent administrators in compliance with art. 2 of the Corporate Governance Code (*ex* art. 3 of the Self-disciplining Code). At this time there are three of them: Dott.ssa Fabia Romagnoli, Prof.ssa Daniela Toccafondi and Michele Legnaioli;
b) On September 5th 2000, the Board of Directors created the following committees composed mainly of non-executive administrators:
   1. The "Nominations Committee" which is charged with the duties described in art. 4, Racc. 19, of the Corporate Governance Code 2020 (*ex* art. 5 of the Self-disciplining Code 2018 cit.);
   2. The "Remuneration Committee", which is charged with the duties described art. 5, Racc. 25, of the Corporate Governance Code 2020 (*ex* art. 6 of the Self-disciplining Code 2018 cit.);
   3. The "Controls and Risks Committee" (*ex* "Commission for internal controls"), which is charged with the duties described in art. 6, Racc. 32, of the Corporate Governance Code 2020 (*ex* art. 7 of the Self-disciplining Code 2018 cit.) as well as those derived from the CONSOB Regulations on Related Parties regarding operations with related parties; and with those in assisting the Board of Directors in their preparatory functions which are of a proactive and consulting nature, in the evaluation and decisions related to questions of sustainability connected to the activities of the Company, and to the dynamics of its interaction with all of the stakeholders, to the social responsibility of the Company, to the examination of the situation for the preparation of the strategic plan and to the corporate governance of the Company and the Group.
c) Since 2000 the Board of Directors has also designated persons who have the responsibility of verifying that the system of internal controls and risk management is adequate and functioning.

The Board of Directors meets at least once every quarter in order to guarantee adequate information for the Board of Auditors on the activities and the most important operations conducted by the Company and its subsidiaries and, when necessary, on the performing of operations by related parties or ones that are of particular complexity and/or importance, as well every time the chairman and/or executive board members intend to share the issues and decisions that regard them with the entire Board.

Since they are relevant for the entire Group, the internal controls of the Group are conducted by the Parent Company in collaboration with the personnel of the subsidiary companies.

From the point of view of organization, the administrators of the Parent Company participate in many of the board meetings of the subsidiary companies as members of their boards, or they have the office of sole administrator. If this is not the case, the administrative bodies supply all the information considered necessary for defining the organization of the activities of the Group and the accounting information necessary for meeting the legal requirements. By the end of the month after the closure of the quarter, the subsidiaries must supply all of the information necessary for the preparation of the consolidated economic and financial reports.

1.13. Inter-Group relations and with related parties

In compliance with *Regolamento Consob* dated March 12th 2010, n. 17221 and subsequent modifications, the Parent Company, El.En. SpA approved the rules disciplining relations with related parties ("*Regolamento per la disciplina delle operazioni con parti correlate")* ("Regolamento OPC El.En.") which can be consulted on the internet site of the company www.elengroup.com *section. "Investor Relations/governance/corporate documents*".
These regulations represent an up-date of those approved in 2007 by the company as implementation of art. 2391-*bis* of the civil code, of the recommendations contained in art. 9 force in the past (and in particular the applicative criteria 9.C.1) of the Self Disciplining Code for Companies Listed on the Stock market (*Codice di Autodisciplina delle Società Quotate*), edition of March 2006, in consideration of the above mentioned Regulations for Operations with Related Parties ("*Regolamento Operazioni con Parti Correlate*") n. 17221 and later modifications as well as the Consob Communication DEM/110078683 of September 24th 2010 and those approved on March 14th 2019.

The El.En OPC regulations which came into force on July 1st 2021 recently update and modified by The Board of Directors during the meeting held on June 30th 2021 after the adoption by the Consob on December 10th 2020 of resolution 21624 issued in implementation of the regulatory proxy contained in 2391-bis of the Civil Code, as amplified by Legislative Decree 49/2019 for the purposes of implementing the EU directive 2017/828 – the so-called Shareholder Rights Directive 2 ("SHRD 2") – which modifies the directive 2007/36/CE which regards the encouragement of long-term commitment by the shareholders. The Board proceeded with the approval of some of the additions to the El.En. OPC Regulations in order to align it with the regulatory set-up, considering theta the Italian regulatory set-up was already mature with reference to the adoption of the European regulations and consequently it was a simply a fine-tuning of the internal procedures which El.En. had already adopted at the end of 2010.
The modifications made were related to:
a) Definition of the related parties: the Directive and, consequently Consob refer to the definitions of related parties contained in the International Accounting Standards pro tempore now in force. We propose the insertion of a different definition which, in particular, amplifies the scope of the related parties: all of the subsidiary companies become related parties with each other as well as with the Parent Company.
b) The requirement for the administrator involved in the operation abstain from voting: this regulation had already been adopted by El.En. and was later modified in 2019. This provision was then re-inserted to make it consistent with the new discipline with reference to all of the operations, even those of little significance in which an administrator has an interest, either for himself or for a third party, which is in conflict with those of the Company. In line with the jurisprudence and the doctrine that was formed in the meantime, Consob clarified that the administrator who is obliged to abstain contributes to reaching the quorum constituting the administrative body but is excluded from the decision making one.
c) Approval procedure: the reserve for the powers of the administrative body to pass resolutions for the most important operations. This intervention is also in line with the main principles of the corporate governance code, that is, the central role of the Board of Directors in the strategic decisions and in the approval of the operations which have the most economic, and financial significance. Moreover, in relation to the procedures we proceeded with the definition of the following obligations , which, in any case, are consistent with the applicative practice already followed by El.En.: (i) the express provision requiring the commission of independent administrators to verify in advance the independence of the expert that is going to be selected and qualified as independent; (ii) the speed with which the commission of independent administrators are involved in the transaction phase and the preparatory phase of an operation of major importance; (iii) the specific obligation to attach the opinion of the commission of independent administrators to the minutes of the meetings of that commission.
d) Cases of exemption: a few minor modifications were made in relation also to the ordinary operations of major importance and at market or standard conditions in relation to which there is an explicit obligation of the *Commission for controls and risks*, *OPC and Sustainability* to verify annually operations even of major importance which are exempted and the discipline of the relative flow of information.

During 2019, in relation to the operation described in the annual financial report on December 31st 2019, of the acquisition by the subsidiary Ot-las s.r.l. of the minority quota of the Chinese companies Penta-Laser Equipment Wenzhou Co., Ltd - ora Penta Laser Zhejiang Co., Ltd - and Penta-Chutian Laser Wuhan Co., Ltd, - now Penta Laser (Wuhan) Co., Ltd, on a voluntary basis they published an information document in compliance with article 5 of the *Regolamento Consob Parti Correlate* 17221/2010 and art. 1.2. of the regulations for the disciplining of related parties

adopted by the Company. The document is available on the site of the Company, www.elengroup.com section Investor Relations.
The other operations made with related parties, including the inter-group operations, cannot be qualified as either atypical or unusual. These kinds of operations are regulated at ordinary market conditions.
In relation to the related parties, see the explanatory notes in the Half Yearly Consolidated Financial Statement of the El.En. Group.

1.14. Atypical and unusual operations

In compliance with Consob Communication DEM/6064293 of July 28th 2006, we wish to state that during the first half of 2022 the Group did not make any unusual or atypical operations, as defined in the aforementioned communication.

1.15. Opt-out regime

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.

1.16. Significant events occurring during the first half of 2022

In the month of February, the partners of the associated company Elesta Spa voted to increase the capital in order to sustain the activities of the company, in particular the clinical experiments aimed at consolidating the methods which characterize the product. On this occasion the other partners and El.En. decided that it would be opportune increase the involvement of the managers of the company and set aside for them a quota of the capital and the relative investment, bringing the equity of El.En.in this company to about 31% of the capital.

On April 29th the Shareholders' meeting of the Parent Company, during an ordinary meeting, approved the financials for the year 2021 and voted to:
- allocate all of the net income for 2021 to an extraordinary reserve.
- distribute to the shares in circulation on the date the first coupon came due on May 23rd 2022 – in compliance with art. 2357-ter of the second sub-section of the Civil Code – a dividend of 0,20 (zero point twenty) Euros gross for each share in circulation;
- for the distribution of the dividend, to use the net income which had not been distributed in the years preceding December 31st 2007 accrued in the voluntary reserve called "extraordinary reserve", for an amount, on the date of the resolution, considering the 20.000 treasury stock shares held by the company, of 15.958.101,60; it is understood that this amount may be increase by further sums necessary for the distribution of the dividend to the shares in circulation on the due date deriving from the exercising of the stock options related to the stock option plan for 2026-2025 in the period between the date of the resolution and the record date (May 24th 2022).

The Shareholders' Assembly during this meeting also:
- approved the Remuneration Report and the amounts paid, in compliance with art. 123-*ter* T.U.F. sub-section 3-*bis* and art. 123-*ter* T.U.F. sub-section 6.
- elected the Board of Auditors for the three-year period 2022-2024, i.e. until the approval of the financials for the year 2024, and appointed as president Carlo Carrera, as statutory auditors Rita Pelagotti and Paolo Caselli as alternate auditors Gino Manfriani and Alessandra Pederzoli. The statutory auditors, Paolo Caselli and Rita Pelagotti and the alternate auditor Gino Manfriani were extracted from a list of candidates presented by the shareholder, Andrea Cangioli (lista n. 1); the president, Carlo Carrera and the alternate auditor, Alessandra Pederzoli were extracted from a list presented by a group of financial management companies and other institutional investors (list n. 2).
The candidates who were elected declared that they possessed the necessary prerequisites of independence in compliance with art. 148, TUF and the other requirements according to the law and the statutes.
The statutory members of the Board of Auditors declared that as of December 31st 2021 they possessed the following equities:

- Carlo Carrera: no equities
- Paolo Caselli: no equities
- Rita Pelagotti: no equities

- voted to determine as the annual salary of the statutory members of the Board of Auditors for the entire duration of their office, the overall amount of 31.500,00 Euros for the president and 21.000,00 Euros for each of the statutory auditors.

In an extraordinary meeting the Shareholders' Assembly voted to insert into the Statutes:

- The modification of art. 19, with the insertion of the references to the Code of Corporate governance in place of the old Self-disciplining Code.
- The modification of art. 20-B, which would make it possible for the auditors to participate in the board meetings using remote means of communication, as has already been approved for the board members.
- The modification of art. 25, related to the Board of Auditors, including the possibility of meeting using appropriate remote means of communication on the condition that all of the participants can be identified and that they are allowed, in real time, to follow the discussion and intervene on all of the subjects being dealt with, as well as to receive, examine and transmit documents.

Potential developments of the Laser Cutting business unit

Penta Laser Wenzhou, now called Penta Laser Zhejiang (the city and the region, respectively, where the company is located), is now the parent company of the Chinese and Italian companies involved in the business of cutting sheet metal with lasers. The transformation of the company into a corporation obtained in February completed the reorganization of the structure of this business unit a necessary condition in the process leading to an IPO of the business unit, which once this last step has been taken, constitutes one of the strategic options we have in pursuing our ambitious objectives for growth in this sector. In this regard, the conditions on the Chinese market in recent months with frequent use of lockdowns due to the persistence of the pandemic, have not been favorable.

War in Ukraine

The invasion of Ukraine by the Russian military forces and the war that followed created great uncertainty and a critical situation in international relations among all of the nations involved directly and indirectly in the conflict. The state of war in the Ukrainian territory and the rigid sanctions imposed on Russia would seem to preclude, at least for now, any commerce with these areas. In the past, the Group has maintained profitable trade relations with Ukraine and Russia, in particular in the sector of aesthetic and medical applications: the services which could be offered by our equipment correspond perfectly to the luxury products and high-end range for which there is a significant demand on these markets. The sales in the areas that are directly involved in the conflict represent less than 2% of the consolidated sales volume. The Group counts on making up for the drop in sales which certainly will be registered in these areas with an improvement in the trends in the rest of the world.
The administrators, moreover, intend to carefully monitor the situation in consideration of the potential negative impact on the general economic context. Some of the risks which may be connected with this situation are:

- Amounts owed by clients who are residents in these countries
- Trade relations with clients and/or strategic suppliers who are residents of these countries
- Oscillations in the prices of raw materials and Energy commodities
- Possible repercussions, even indirect ones, on the global economic and financial system.

In particular, the effects on the prices of energy commodities are evident to everyone in their impact on company activities.

1.17. Subsequent events

On the first of September, the equity of El.En. Spa in the subsidiary Cutlite do Brasil LTDA (amounting to 98,27%) of the capital) was sold to Cutlite Penta Srl. and became part of the laser cutting business unit. This transfer formalizes to almost total involvement of the activity of the Brazilian subsidiary in the business of cutting sheet metal with lasers.

1.18. Current outlook

The financial results for the first half were broadly in line with the annual guidance disclosed in May for the entire year 2022. We currently see the possibility of continuing the year with excellent results, consolidated revenues expected over 660 million Euros with EBIT growth as well, even if compared to the first half we expect profitability to be penalized by inflation and energy bills. Finally, the forecasts made are based on the confidence that the current favorable conditions of our markets will not be altered by more incisive and widespread undesirable effects deriving from the looming criticalities of inflation, energy crisis and war in Ukraine.

For the Board of Directors
Managing Director
Ing. Andrea Cangioli

EL.EN. GROUP

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT

AS OF JUNE 30TH 2022

Consolidated statement of financial position

Assets	**Note**		**30/06/2022**		**31/12/2021**
Intangible assets	1		4.834.814		4.913.725
Tangible assets	2		106.871.016		100.821.759
Equity investments	3				
- in associated companies		1.027.864		918.042	
- other		1.040.920		1.031.420	
Total Equity investments			2.068.784		1.949.462
Deferred tax assets	4		11.127.788		10.364.271
Other non-current assets	4		21.330.899		18.598.512
Total non current assets			**146.233.301**		**136.647.729**
Inventories	5		196.330.547		155.939.226
Accounts receivable	6				
- third parties		159.481.823		145.785.080	
- associated companies		892.560		988.787	
Total Accounts receivable			160.374.383		146.773.867
Tax receivables	7		18.912.406		15.725.494
Other receivables	7				
- third parties		21.354.290		12.893.340	
- associated companies		61.565		261.565	
Total Other receivables			21.415.855		13.154.905
Securities and other current financial assets	8		953.367		1.090.700
Cash and cash equivalents	9		119.979.528		181.362.812
Total current assets			**517.966.086**		**514.047.004**
Total Assets			**664.199.387**		**650.694.733**

Liabilities	**Note**		**30/06/2022**		**31/12/2021**
Share capital	10		2.594.008		2.593.828
Additional paid in capital	11		46.858.135		46.840.698
Other reserves	12		96.483.892		88.076.501
Treasury stock	13		(282.171)		-
Retained earnings / (accumulated deficit)	14		107.934.602		86.424.921
Net income / (loss)			28.422.065		45.436.387
Group shareholders' equity			**282.010.531**		**269.372.335**
Minority interest			20.931.523		18.328.877
Total shareholders' equity			**302.942.054**		**287.701.212**
Severance indemnity fund	15		4.291.163		5.100.689
Deferred tax liabilities			2.553.718		2.505.548
Other accruals	16		10.384.957		10.469.905
Financial debts and liabilities	17				
- third parties		37.099.528		36.982.045	
Total Financial debts and liabilities			37.099.528		36.982.045
Other non current liabilities					
Accounts payable third parties - non current		934.593		697.227	
Other payables - non current		6.015.146		5.486.870	
Total Other non current liabilities	17		6.949.739		6.184.097
Total non current liabilities			**61.279.105**		**61.242.284**
Financial liabilities	18				
- third parties		32.962.718		23.522.190	
Total Financial liabilities			32.962.718		23.522.190
Accounts payable	19				
- third parties		166.086.676		158.065.656	
- associated companies		-		6.000	
Total Accounts payable			166.086.676		158.071.656
Income tax payables	20		6.523.691		9.905.819
Other current payables	20				
- third parties		94.405.143		110.251.572	
Total Other current payables			94.405.143		110.251.572
Total current liabilities			**299.978.228**		**301.751.237**
Total Liabilities and Shareholders' equity			**664.199.387**		**650.694.733**

Consolidated income statement

Income Statement	Note		30/06/2022		30/06/2021
Revenues	21				
- third parties		326.476.834		273.590.054	
- associated companies		497.930		321.020	
Total Revenues			326.974.764		273.911.074
Other revenues and income	22				
- third parties		2.968.726		2.120.991	
- associated companies		12.697		41.411	
Total Other revenues and income			2.981.423		2.162.402
Revenues and income from operating activity			**329.956.187**		**276.073.476**
Purchase of raw materials	23				
- third parties		218.320.411		184.890.093	
Total Purchase of raw materials			218.320.411		184.890.093
Changes in inventory of finished goods			(9.733.656)		(12.745.317)
Change in inventory of raw material			(29.449.610)		(16.934.421)
Direct services	24				
- third parties		28.964.017		20.947.817	
Total Direct services			28.964.017		20.947.817
Other operating services and charges	24				
- third parties		27.640.344		20.762.792	
- associated companies		6.000		-	
Total Other operating services and charges			27.646.344		20.762.792
Staff cost	25		46.981.624		40.014.843
Depreciation, amortization and other accruals	26		5.836.160		8.280.262
EBIT			**41.390.897**		**30.857.407**
Financial charges	27				
- third parties		(822.372)		(345.781)	
Total Financial charges			(822.372)		(345.781)
Financial income	27				
- third parties		354.794		412.898	
- associated companies		149		761	
Total Financial income			354.943		413.659
Exchange gain (loss)	27		722.336		1.020.598
Share of profit of associated companies	28		6.912		(110.973)
Income (loss) before taxes			**41.652.716**		**31.834.910**
Income taxes	29		11.011.386		6.927.545
Income (loss) for the financial period			**30.641.330**		**24.907.365**
Net profit (loss) of minority interest			2.219.265		2.456.686
Net income (loss)			**28.422.065**		**22.450.679**

Basic net income/(loss) per share	30	0,36	0,28
Diluted net income/(loss) per share	30	0,35	0,28

Consolidated statement of comprehensive income

	Note	30/06/2022	30/06/2021
Reported net (loss) income (A)		30.641.330	24.907.366
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans	32	662.013	290.743
Other income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments	32	339.975	532.905
Total other income/(loss), net of fiscal effectes (B)		1.001.988	823.648
Total comprehensive (loss) income (A)+(B)		31.643.318	25.731.014
Referable to:			
Parent Shareholders		29.181.144	23.123.100
Minority Shareholders		2.462.174	2.607.914

Consolidated cash flow statement

Cash flow statement	Note	30/06/22	Related parties	30/06/21	Related parties
Operating activity					
Income (loss) for the financial period		**30.641.330**		**24.907.365**	
Amortizations and depreciations	26	4.697.748		4.197.922	
Interest income	27	354.942		413.658	
Intererst Expense	27	(523.457)		(337.123)	
Income tax paid		(13.311.968)		(4.554.584)	
Share of profit of associated companies	28	(6.912)	(6.912)	110.973	110.973
Stock Option Share payment loss		456.411		0	
Severance indemnity	15	61.067		65.385	
Provisions for risks and charges	16	(240.060)		2.348.500	
Bad debt reserve	6	428.884		844.141	
Deferred income tax assets	4	(976.554)		(1.787.670)	
Deferred income tax liabilities		106.972		27.488	
Inventories	5	(39.050.484)		(29.970.322)	
Accounts receivable	6	(12.699.583)	97.549	(38.734.120)	(70.736)
Tax receivables / payables	7	6.265.820		9.495.638	
Other receivables	7	(8.945.030)		(642.760)	
Accounts payable	19	5.913.460	(6.000)	44.036.006	(13.600)
Other payables	20	(16.475.366)		20.098.796	
Other non- monetary variations from operating activity		(106.828)		(492.594)	
Cash flow generated by operating activity		**(43.409.608)**		**30.026.700**	
Investment activity					
Tangible assets	2	(7.164.867)		(5.193.247)	
Intangible assets	1	(306.307)		(772.864)	
Equity investments, securities and other financial assets	3-4-8	(2.942.799)	(102.909)	(2.109.834)	3.758
Financial receivables	4-7	408.757	200.000	147.794	63.110
Other non- monetary variations from investing activity		0		72.267	
Cash flow generated by investing activity		**(10.005.216)**		**(7.855.884)**	
Financing activity					
Non current financial liabilities	17	(1.115.167)		(3.803.094)	
Current financial liabilities	18	9.288.979		(12.990)	
Capital increase	10	17.617		4.036.870	
(Purchase) sale treasury stock	13	(282.171)		0	
Dividends paid	31	(17.236.352)		(9.414.328)	
Other non- monetary variations from financing activity		594.970		(101.417)	
Cash flow generated by financing activity		**(8.732.124)**		**(9.294.959)**	
Change in cumulative translation adjustment reserve and other no monetary changes		**763.663**		**604.369**	
Increase/(decrease) in cash and cash equivalents		**(61.383.285)**		**13.480.226**	
Cash and cash equivalents at the beginning of the financial period		**181.362.813**		**123.744.217**	
Cash and cash equivalents at the end of the financial period		**119.979.528**		**137.224.443**	

All of the cash and cash equivalents consist of cash on hand and balance in the checking accounts of the banks.

Changes in consolidated shareholders' equity

Total shareholders' equity	**31/12/2020**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**30/06/2021**
Share capital	2.549.589			41.257		2.590.846
Additional paid in capital	42.556.321			3.995.613		46.551.934
Legal reserve	537.302					537.302
Treasury stock						
Other reserves:						
Extraordinary reserve	88.310.254	238.265	-7.969.374			80.579.145
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	-183.995				463.124	279.129
Other reserves	4.577.577			1	31.600	4.609.178
Retained earnings / (accumulated deficit)	66.391.080	20.016.881		-74.756	177.697	86.510.902
Net income / (loss)	20.255.146	-20.255.146			22.450.679	22.450.679
Total Group shareholders' equity	225.419.931		-7.969.374	3.962.115	23.123.100	244.535.772
Capital and reserve of minority interest	12.957.360	2.287.209	-1.444.954	71.002	151.228	14.021.845
Result of minority interest	2.287.209	-2.287.209			2.456.686	2.456.686
Total Minority interest	15.244.569		-1.444.954	71.002	2.607.914	16.478.531
Total shareholders' equity	240.664.500		-9.414.328	4.033.117	25.731.014	261.014.303

Total shareholders' equity	**31/12/2021**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**30/06/2022**
Share capital	2.593.828			180		2.594.008
Additional paid in capital	46.840.698			17.437		46.858.135
Legal reserve	537.302					537.302
Treasury stock				-282.171		-282.171
Other reserves:						
Extraordinary reserve	80.579.145	24.044.358	-15.958.902			88.664.601
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	1.952.589				225.428	2.178.017
Other reserves	4.580.808				96.507	4.677.315
Retained earnings / (accumulated deficit)	86.424.921	21.392.029		-319.492	437.144	107.934.602
Net income / (loss)	45.436.387	-45.436.387			28.422.065	28.422.065
Total Group shareholders' equity	269.372.335		-15.958.902	-584.046	29.181.144	282.010.531
Capital and reserve of minority interest	14.640.879	3.687.998	-1.277.450	1.417.922	242.909	18.712.258
Result of minority interest	3.687.998	-3.687.998			2.219.265	2.219.265
Total Minority interest	18.328.877		-1.277.450	1.417.922	2.462.174	20.931.523
Total shareholders' equity	287.701.212		-17.236.352	833.876	31.643.318	302.942.054

For details please refer to notes 10 to 14.

The amount entered in the column titles "comprehensive income refers to:

- the Cumulative translation adjustment, for the variations that have involved the assets in currency held by the Group.
- The other reserves and retained earnings/(accumulated deficit) that are mainly involved in the remeasurement of the employee severance indemnity fund at the end of the year for the amount relative to the subsidiary companies.

For further details, please refer to the specific chart of the statement of comprehensive income.

EXPLANATORY NOTES

INFORMATION ON THE COMPANY

The parent company El.En. SpA is a corporation which was founded and is registered in Italy. Headquarters of the company are in Calenzano (Florence), Via Baldanzese 17.
Ordinary stock of the company is quoted on the Euronext STAR Milan ("STAR"), which managed by Borsa Italiana SpA.
The Condensed Consolidated Half-yearly Financial Statement as of June 30th 2022 was examined and approved by the Board of Directors on September 12th 2022.
The financials are drawn up in Euros which is documentary and working currency of the Parent Company and many of its subsidiaries.

PRINCIPLES USED FOR DRAWING UP THE STATEMENT AND ACCOUNTING STANDARDS

PRINCIPLES USED FOR DRAWING UP THE STATEMENT

The half yearly condensed consolidated financial statement has been drawn up on the basis of the principle of historical cost with the exception of a few categories of financial instruments, the evaluation of which has been conducted on the basis of the principle of *fair value.*

The Group has drawn up the financials on the assumption of maintaining the requirement of company continuity.

The consolidated financial statement consists of:

- the Consolidated Statement of Financial Position – the presentation of the consolidated statement of financial position is made by displaying the figures making a distinction between current and non-current assets and current and non-current liabilities.
- the consolidate income statement – the presentation of the consolidated income statement consists of entries which are displayed by type because it is considered that statement which supplies the greatest number of explanatory notes.
- the consolidated statement of comprehensive income – the presentation of the consolidated statement of comprehensive income includes the entries directly related to the shareholders' equity when the IFRS allows it.
- the consolidated cash flow statement – the consolidated cash flow statement presents the financial flows of the operating, investment and financial activity. The flows of the operating activity are represented using the indirect method with which the result for the period is rectified by the effects of the operations which are not of a monetary nature, by any delay or accrual of preceding or future revenue connected to financial flows derived e of operating payments and by revenue or cost elements connected with financial flows derived from investment or financial activity.
- by the statement of changes in the shareholders' equity.
- and by these Explanatory Notes

The economic information which is provided here is related to the first half of 2022 and the first half of 2021. The financial information, however, is supplied with reference to June 30th 2022 and December 31st 2021.

COMPLIANCE WITH THE IFRS

This consolidated financial statement for the half ending on June 30th 2022 has been drawn up in consolidated form according to article 154-ter of D.Lgs February 24th 1998 n. 58 (TUF) and later modifications and additions, is in compliance with the International Accounting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB) and approved by the European Union. With IFRS we also mean the International Accounting Standards (IAS) still in effect, as well as the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

This half-yearly consolidated financial report is drawn up in summary form in conformity with the IAS 34 regulations for interim reports. The document therefore does not include all of the information required for the annual financial report and must be read along with the consolidated report drawn up for the period which ended on December 31st 2021.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE JANUARY 1ST 2022

The accounting standards used for drawing up the consolidated condensed half-yearly report are the same as those used for the consolidated statements published on December 31st 2021, with the exception of the adoption of new standards and modifications which came into force on January 1st 2022. The Group did not adopt in advance any of the new standards, or modifications which were not yet in force.

Below we are listing the modifications which were applied for the first time starting on January 1st 2022 but did not have any impact on the consolidated condensed half-yearly financial statement of the Group:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

This modification allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to enter into accounts the differences in the translation accumulated on the basis of the amounts entered into accounts by the parent company, considering that the date of the transition to IFRS by the parent company. This modification is also applicable to associated companies or joint ventures which chose to apply paragraph D16(a) of IFRS 1.

This modification did not have any impact on the consolidated condensed half-yearly financial statement of the Group because it is not a first-time adopter.

IFRS 3 – Reference to the Conceptual Framework – Amendments

The modifications which have the objective of replacing the references to the Framework and Presentation of Financial Statements with reference to the Conceptual Framework for Financial Reporting published in March of 2018 without significant changes in the requirements of the standard.

The modifications introduced concern some exceptions related to liabilities and potential liabilities which are part of the application of IAS 37 or of IFRIC 21. Moreover, the modifications comported the addition of a new paragraph to IFRS 3 to clarify that the potential assets do not qualify as recognized assets on the date of acquisition.

These modifications did not have any impact on the condensed half-yearly statement of the Group because no potential assets, liabilities or potential liabilities were recognized during the period for the purpose of these modifications.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

This modification clarifies the amount of the fees which an entity must include in order to determine if the terms and conditions of a new or modified financial liability are substantially different from the original conditions of financial liability. These fees include only those paid or received between the debtor and the financer, including the fees paid or received from the debtor or financer on behalf of others. A similar modification was not proposed in relation to IAS 39 Financial Instruments: Recognition and Measurement.

This modification did not have any impact on the condensed half-yearly financial statement of the Group because during this half, no such modifications occurred in the liabilities of the Group.

IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use – Amendments

These modifications prevent the entity from deducting from the original cost of a material asset all possible proceeds deriving from it before it starts to function. This revenue must be entered in the income statement.

These modifications did not have any impact on the condensed half-yearly financial statement of the Group because we have not made any sales of similar elements of buildings, plants and machinery before these latter started to function or before or after the beginning of the preceding comparative period.

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract – Amendments

An onerous contract is a contract in which the non-discretional costs necessary to fulfill the obligations that have been assumed are greater than the economic benefits which we assume can be obtained from the contract.

The modification clarifies that in determining if a contract is onerous or generates a loss, an entity must consider the costs directly referred to the contract for the supply of goods or services which include both the incremental costs (for example, the costs of the direct work and the materials) and the costs directly attributed to the contractual activity (for example the amortization of the equipment used for fulfilling the contract as well as the costs for the management and supervision of the contract). The general and administrative expenses are not directly related to a contract and are excluded unless they are explicitly the responsibility of the counterpart on the basis of the contract.

These modifications did not have any impact on the condensed half-yearly financial statement of the Group.

Accounting standards, amendments and interpretations of the IFRS and IFRIC issued by the IASB and not yet approved by the European Union

On the date that the condensed half-yearly statement was approved, the bodies of the European Union had not yet completed the approval process necessary for the application of the following standards and amendments.

Description	Approved by the date of this statement	Date the standard enters into force
Amendments to IAS 1 Presentation of Financial Statements: • Classification of Liabilities as Current or Non-Current- Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively) • Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	NO	01-Jan-23
• Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	NO	01-Jan-23

Other standards and modification, that or either approved or not by the European Union, which are not yet obligatory and not adopted by the Group as of June 30th 2022 are shown on the chart below:

Description	Approved by the date of this statement	Date the standard enters into force
Definition of Accounting Estimates (Amendment to IAS 8) (issued in February 2021)	SI	01-Jan-23
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) (issued in February 2021)	SI	01-Jan-23

The Group did not adopt in advance any new standards, interpretations or modifications which have been issued but are not yet in force. No significant impact on the financials of the Group is expected from the future application of these accounting standards and amendments.

SCOPE OF CONSOLIDATION

SUBSIDIARY COMPANIES

The half yearly condensed consolidated financial statement of the El.En. Group includes the statements of the Parent Company and of the Italian and foreign companies that El.En. S.p.A. controls directly or indirectly through a majority of votes in the ordinary assembly.

Control is obtained when the Group is exposed to or has the right to variable revenues derived from its relationship with the entity in which they have invested and, at the same time, has the capacity to influence these revenues by exerting their power on the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:

- The power over the entity which is the subject of their investment (that is, they hold valid rights which confer the current capacity to direct the significant activities of the entity which is the subject of their investment)
- The exposition of the rights to a variable revenue derived from the relationship with the entity subject of their investments;
- The capacity to exert their power on the entity that is the subject of their investment to the extent that they can affect the amount of the revenue.

Generally speaking, there is the assumption that the majority of the voting rights comports control. In support of this assumption and when the Group detains less than the majority of votes (or similar rights) the Group considers all of the relevant facts and circumstances to determine if it controls the entity subject of its investment, including:

- Contractual agreements with others having voting rights.
- Rights derived from contractual agreements.
- Voting rights and potential voting rights of the Group.

The Group reconsiders if it has or does not have the control of a subsidiary if the facts and the circumstances indicate that there have been changes in one or more of the three relevant elements for the purpose of defining control. The consolidation of a subsidiary starts when the Group obtains control of it and ends when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated statement on the date that the Group gains control until the day in which the Group no longer has control of the company.

The profit (or loss) for the year and all of the other components of the comprehensive income statement are attributed to the partners of the controlling company and the minority equities even when this implicates a negative result. When necessary, the opportune rectifications are made to the statements of the subsidiaries for the purpose of guaranteeing conformity with the accounting policies of the Group. All of the assets and liabilities, total equity, revenue, costs and inter-Group financial flows related to operations between entities in the Group are eliminated completely during the consolidation phase.

The variations in the amounts of the equities in a subsidiary company which do not involve a loss of control are entered into accounts in the total equity.

If the Group loses control of a subsidiary, it must eliminate all the relative assets, including goodwill, liabilities, minority interests and the other components of the shareholders' equity, while the profit or loss is registered in the income statement. The amount of the equity which is maintained must be entered at fair value.

For the subsidiary companies, the chart below shows the information, as of June 30th 2022, related to their company name, headquarters, amount of capital stock held directly or indirectly by the Group.

Company name	Note	Headquarters	Currency	Share capital	Percentage held			Consolidated percentage
					Direct	Indirect	Total	
Parent company								
El.En. S.p.A.		Calenzano (ITA)	EUR	2.594.008				
Subsidiary companies								
Ot-Las S.r.l.		Calenzano (ITA)	EUR	154.621	98,89%		98,89%	98,89%
Cutlite Penta S.r.l	1	Calenzano (ITA)	EUR	500.000		100,00%	100,00%	79,53%
Deka Mela S.r.l.		Calenzano (ITA)	EUR	40.560	85,00%		85,00%	85,00%
Esthelogue S.r.l.	2	Calenzano (ITA)	EUR	100.000	50,00%	50,00%	100,00%	100,00%
Deka Sarl		Lione (FRA)	EUR	155.668	100,00%		100,00%	100,00%
Lasit S.p.A.		Torre Annunziata (ITA)	EUR	1.154.000	70,00%		70,00%	70,00%
Quanta System S.p.A.		Milano (ITA)	EUR	1.500.000	100,00%		100,00%	100,00%
Asclepion GmbH	3	Jena (GER)	EUR	2.025.000	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	4	Arcugnano (ITA)	EUR	46.800		60,00%	60,00%	51,00%
BRCT Inc.		New York (USA)	USD	no par value	100,00%		100,00%	100,00%
With Us Co., Ltd	5	Tokyo (JAP)	JPY	100.000.000		78,85%	78,85%	78,85%
Deka Japan Co., Ltd		Tokyo (JAP)	JPY	10.000.000	55,00%		55,00%	55,00%
Penta-Chutian Laser (Wuhan) Co., Ltd	6	Wuhan (CHINA)	CNY	20.483.763		100,00%	100,00%	79,53%
Penta Laser Zhejiang Co., Ltd	7	Wenzhou (CHINA)	CNY	47.034.755		80,43%	80,43%	79,53%
Cutlite do Brasil Ltda		Blumenau (BRASIL)	BRL	8.138.595	98,27%		98,27%	98,27%
Pharmonia S.r.l.		Calenzano (ITA)	EUR	50.000	100,00%		100,00%	100,00%
Merit Due S.r.l.	8	Calenzano (ITA)	EUR	13.000		100,00%	100,00%	98,89%
Galli Giovanni & C. S.r.l.	9	Cassano Magnago (ITA)	EUR	31.200		70,00%	70,00%	70,00%
Lasit Laser Polska	10	Tychy (POL)	PLN	9.795		65,00%	65,00%	45,50%
Penta Laser Technology (Shangdong) Co., Ltd.	11	Linyi (CHINA)	CNY	16.000.000		100,00%	100,00%	79,53%

(1) held by Penta Laser Zhejiang Co., Ltd (100%)
(2) held by Elen SpA (50%) and by Asclepion (50%)
(3) held by Elen SpA (50%) and by Quanta System SpA (50%)
(4) held by Deka Mela Srl (60%)
(5) held by BRCT Inc. (78,85%)

(6) held by Penta Laser Zhejiang Co., Ltd (100%)
(7) held by Ot-las Srl (80,43%)
(8) held by Ot-las Srl (100%)
(9) held by Quanta System SpA (70%)
(10) held by Lasit SpA (65%)
(11) held by Penta Laser Zhejiang Co., Ltd (100%)

Operations conducted during this half

For the operations conducted this half, please refer to the description given in the paragraph titled "Significant events which occurred during the first half of 2022" in the Management Report.

ASSOCIATED COMPANIES

El.En. SpA holds directly and indirectly equities in companies in which, however, it does not have control. These companies are evaluated according to the shareholders' equity method.

The equities in associated companies are shown in the chart below:

Company name	Note	Headquarters	Currency	Share capital	Percentage held			Consolidated percentage
					Direct	Indirect	Total	
Immobiliare Del.Co. S.r.l.		Solbiate Olona (ITA)	EUR	24.000	30,00%		30,00%	30,00%
Actis S.r.l.		Calenzano (ITA)	EUR	10.200	12,00%		12,00%	12,00%
Elesta S.p.A.		Calenzano (ITA)	EUR	2.510.000	30,84%		30,84%	30,84%
Accure Inc.	1	Delaware (USA)	USD	-		39,44%	39,44%	39,44%

(1) held by Quanta System S.p.A. (39,44%)

Operations conducted during this half

For the operations conducted this half, please refer to the description given in the paragraph titled "Significant events which occurred during the first half of 2022" in the Management Report.

EQUITIES IN OTHER COMPANIES

For the operations conducted this half, please refer to the description given in the paragraph titled "Significant events which occurred during the first half of 2022" in the Management Report.

TREASURY STOCK

The shareholders' meeting of the Parent Company El.En. SpA on April 27th 2021 authorized the Board of Directors to purchase treasury stock within 18 months of the date of the resolution, as described in detail in the management report for the year ending on December 31st 2021.
On the date of closure for this document the treasury stock held by the company amounted to 20.000 shares (after the split) acquired during the first half of 2022 at the average price of 14,11 Euros for an overall value of about 282 thousand Euros.

STANDARDS OF CONSOLIDATION

The half yearly condensed consolidated financial statement includes the financials of El.En. S.p.A. and its subsidiaries as of June 30th 2022.
The equities of the Group in associated companies and joint ventures are evaluated with the shareholders' equity method.
The statements used for the consolidation are those of the individual companies. These statements have been opportunely reclassified and rectified in order to put them in conformity with the IFRS accounting standards and evaluation criteria used by the Parent Company.
The subsidiary companies and integrally consolidated starting on the date they are acquired and stop being consolidated on the date on which control of them is transferred outside of the Group; the economic results of the subsidiary companies are included in the consolidated income statement.
In particular for the consolidated companies, the following consolidation criteria has been applied:

- In drawing up the consolidated financial statement the assets and liabilities, the income and charges of the companies included in the area of consolidation have all been included.
- The accounting value of the equity in each of the subsidiaries is eliminated for the corresponding quota of the equity of each of them, including the adaptations at fair value on the date of acquisition; the difference that emerges is allocated to the specific company assets on the basis of their current values on the date of acquisition and, for the residual part, if the necessary conditions exist, in the category of "Goodwill". In this case, the amounts are not amortized but subjected to impairment on an annual basis and, in any case, every time it becomes apparent that there is a necessity derived from a loss in value of long duration. If, from the elimination of the equity, a negative difference emerges, this is entered into the income statement.
- The amount of capital and reserves of the subsidiary companies corresponding to equities held by third parties is entered into accounts under the heading of capital stock called "Capital and reserves of minority interests"; the part of the consolidated economic result corresponding to equities owned by third parties is entered under the heading of "Result of minority interests".

TRANSACTIONS IN FOREIGN CURRENCY

The accounting situation of each consolidated company is drawn up in the working currency of the particular economic context in which each company operates. In these accounting situations, all of the transactions which take place using a currency that is different from the working currency are recorded applying the exchange rate that is current at the time of the transaction. The monetary assets and liabilities listed in a currency which is different from the working currency are subsequently adapted to the exchange rate current on the date of closure of the period being presented.

CONSOLIDATION OF FOREIGN CURRENCY

For the purposes of the half yearly condensed consolidated financial statement, results, assets, and liabilities are expressed in Euros, the working currency of the Parent Company, El.En. SpA. For drawing up the Consolidated Statement, the accounting situations with a working currency which is different from the Euro are converted into Euros using, for the assets and liabilities, including goodwill and the adjustments made at the time of consolidation, the exchange rate in force on the date of closure of the financial period being presented and, for the Income Statement, the average exchange rates for the period which approximate the exchange rates in force on the date of the respective transactions. The relative differences in exchange rates are shown directly in the shareholders' equity and are displayed separately in a special reserve of the same. The differences in the exchange rate are shown in the Income Statement at the time that the subsidiary is sold.

The first time that the IFRS were applied, the cumulative differences generated by the consolidation of the foreign companies with a working currency different from the Euro were reclassified into Retained earnings, as is allowed by the IFRS 1; consequently, only the differences in conversion accumulated and entered into accounts after January 1st 2004 are involved in the determination of the capital gains and losses deriving from their possible sale.

For the conversion of the financial statements of the subsidiary and associated companies using a currency that is not the Euro, the exchange rates used are as follows:

	Exchange Rate	Average exchange rate	Exchange Rate
Currencies	**31/12/2021**	**30/06/2022**	**30/06/2022**
USD	1,13	1,09	1,04
Yen	130,38	134,31	141,54
Yuan	7,19	7,08	6,96
Real	6,31	5,56	5,42
PLN	4,60	4,64	4,69

SEASONAL VARIATIONS

The markets in which the Group operates are not subject to particular variations in the seasons which may comport significant differences in the sales or operating costs, although in the past, the last quarter of the year has always registered higher sales volumes while the first quarter generally registers a lower revenue.

USE OF ESTIMATES

In applying the IFRS, the drawing up of the Condensed Half-yearly Financial Statement requires estimates and assumptions to be made which affect the assets and liability figures of the financial statement and relative information and potential assets and liabilities at the date of reference. The actual results may differ significantly from the estimates that have been made because of the normal uncertainty which surrounds the assumptions and conditions on which the estimates are based.
The estimates are used to enter the provisions for risks on receivables, for obsolescence of stocks, amortization and depreciation, devaluation of assets, goodwill, reserves and for guarantees and controversies. stock options, employee benefits, taxes and other provisions and funds.
The estimates and assumptions are periodically reviewed, and the effects of any variation are reflected in the Income statement.

Goodwill is subjected to impairment test to determine any loss in value.

The estimates that we have made take into consideration the uncertainties generated by the spread of the Coronavirus, the direct and indirect effects of the war between Russia and Ukraine, the growing attention to sustainability issues as well as the economic situation in 2022.

The list below summarizes the main evaluation process and the key assumptions used in the process which may have significant effects on the amounts entered in the half yearly condensed consolidated financial statements or for which a risk exists that rectifications of the amount of the book values of the assets and liabilities may emerge in the year after the one to which the statement refers.

• Bad debt reserve
This accrual represents the best estimate of the management of the potential losses on accounts receivable. The estimate is based on the losses expected, determined on the basis of similar losses in the past, the trend in overdue receivables, the evaluation of the quality of the receivable and the predictions for the economic conditions and the market; in particular, the Group uses a model to calculate the ECL (Expected credit loss) on trade receivables. The aliquots on the accruals are based on the due date and on the past bad debt rate observed by the Group. The rate of bad debts in the past is updated and the changes in the estimates are analyzed also on the basis of the particular context. The evaluation of the relation between the bad debt rate in the past, the outlook for the economic conditions and the ECL represent a meaningful estimate. The estimate made by the administrators, although it is based on past data and market information, may be subject to changes in the competitive or market environment in which the Group operates.

• Reserve for inventory obsolescence
Determining the reserve for inventory obsolescence represents a meaningful estimate made by the management and is based on assumptions developed to reveal phenomenon of obsolescence, slow rotation and excess of inventory in relation to the possibility of using it or selling it in the future, as well as other conditions which could generate an excess of the book value with respect to the selling value considering also the rapid evolution of the technologies that are at the base of the Group's products.

The slow overturn inventory of raw material and finished products are periodically analyzed on the basis of past data and the possibility of selling them at amounts that are lower than the normal market prices. If, on the basis of these analyses, it is determined that the amount of the inventory must be reduced, a special devaluation fund is entered into accounts. The definition of the inventory obsolescence fund is determined by past data and market information, changes in the scenario of the market, and the market the criteria used for determining the estimates may vary significantly.

• Leases

The determination of the right of use which emerges from lease contracts, and the relative financial liabilities, constitutes an estimate by the management. The determination of the lease term takes into consideration the expiration dates of the contract which has been underwritten, as well as the renewal clauses for which the Group believes there is a reasonable certainty for confirmation. The incremental borrowing rate is determined considering the type of asset which is the subject of the lease contract, the jurisdiction in which it is acquired, and the currency in which the contract is stipulated. Any changes in the scenario and the trends in the market may require the revision of the components described above.

• Risk of losing lawsuits

The Group ascertains a liability in the case that there are civil and fiscal lawsuits for which it is probable that they will have to pay and when the amount of the losses derived from the suit can be reasonably estimated. Considering the uncertainties inherent to this type of procedure, it is difficult to predict with certainty the expense which might be derived from these controversies and therefore it is possible that the value of accruals for legal expenses may vary depending on future developments in the current suits. The Group monitors the status of the lawsuits and the procedures that are now being conducted and remains in contact with their legal consultants and experts on legal and fiscal issues.

• Goodwill

Goodwill is subject to an impairment test conducted at least once a year even without facts or circumstances which would require this type of review.

The procedure for determining the recoverable value of the goodwill implicates, in the estimate of the value of use, hypotheses related to predictions of the cash flow expected from the cash generating units (CGU) that have been identified, making-reference to multi-year plans, the determination of an appropriate rate of actualization (WACC) and the long-term growth (*g-rate*).

Any changes in the relative scenario and market trends may require the revision of the components described above.

The amounts entered into the Condensed Half-yearly financial statements passed the impairment test conducted on December 31st 2021 and on June 30th 2022 no indications of impairment emerged.

• Warranty reserve

The warranty reserve is set up to cover and intervention under technical guarantee on the products and is determined on the basis of trade agreements existing in the Group. The warranty reserve is estimated on the basis of the costs of spare parts and for customer assistance under guarantee sustained during the year, adapted to the sales volume for the year and the average number of years of the guarantee granted, which are different according to the sector to which they belong.

• Deferred tax assets and liabilities

The deferred tax assets and liabilities are calculated on the temporary differences between the book values and the fiscal values and on the fiscal losses carried forward. The administrators are requested to make a discretionary evaluation to determine the amount of the deferred taxes which can be entered into accounts which are registered to the extent that it is probable that there are adequate future fiscal profits which can be used for paying the temporary differences and fiscal losses.

• Benefits for employees – severance indemnity

The actuarial evaluation requires the rafting of a hypothesis regarding the tax rates, future increase in salary, turnover and mortality rates. Because of the long-term nature of these plans, these estimates are subject to a significant amount of uncertainty. All of the assumptions are reviewed once a year.

• Evaluation of fair value

The Group evaluates the financial instruments at fair value at the end of each financial year.

The fair value is the price which would be received for the sale of an asset or that would be paid for the transfer of liability in a normal operation between market operators on the date of the evaluation. An evaluation of fair value assumes that the sale of the asset or the transfer of the liability takes place:

- on the main market of the asset or liability;

  or
- in the absence of a main market, on the most advantageous market for the asset or liability.

The main market or most advantageous market must be accessible to the Group.

The fair value of the asset or the liability is evaluated using the assumptions that the operators on the market would use to determine the price of the asset or liability, assuming that they would act in their own best economic interest.
The Group uses evaluation techniques which are suitable for the circumstances and for which there is sufficient data available to evaluate the fair value, maximizing the use of the observable input and minimizing the use of input that is not observable.
All of the assets and liabilities for which the fair value is evaluated or shown in the statements are classified on the basis of a fair value hierarchy, as shown below:

- Level 1: quoted prices (not rectified) in a market which is active for identical assets and liabilities and to which the entity has access on the date of evaluation.
- Level 2 – different inputs from the prices quoted included in Level 1 which are directly or indirectly observable for the assets or the liabilities.
- Level 3 – evaluation techniques for which the input data are not observable for the assets or the liabilities.

The evaluation of the *fair value* is classified entirely at the same level of the fair value hierarchy in which the lowest level of input of the hierarchy used for the evaluation is classified.
For the assets and liabilities entered in the statement at fair value on a recurrent basis, the Group determines if there have been transfers between hierarchy levels by reviewing the classification (based on the lowest level input which is significant for the purposes of evaluation of fair value in its entirety) at the closing of each statement.
At the closing of each statement the Group analyzes the variations in the amounts of the assets and liabilities for which the re-determination or re-evaluation is required on the basis of the accounting standards of the Group.
For the purpose of the information related to fair value, the Group determines the classes of asset or liability on the basis of the type, characteristics and risks of the asset or liability and the hierarchy level of the fair value previously described.

STOCK OPTION PLAN

El.En. S.p.A.

The chart below shows information related to the stock option plan approved during 2016 by the Parent Company El.En. S.p.A., for the purpose of promoting employee incentive and loyalty.

	Max. expiration date	**Outstanding options**	**Options issued**	**Options cancelled**	**Options exercised**	**Expired option not exercised**	**Outstanding options**	**Exercisable options**	**Exercise price**
		01/01/2022	01/01/2022 - 30/06/2022	01/01/2022 - 30/06/2022	01/01/2022 - 30/06/2022	01/01/2022 - 30/06/2022	30/06/2022	30/06/2022	
Plan 2016-2025	31-dic-25	144.950			1.385		143.565	143.565	€ 3,18

(*) the price for exercising the option varied after the stock split operation voted by the shareholders' meeting on July 20th, 2021 in which every old share was replaced by four new ordinary shares.

This plan has two different sections which have different vesting and exercise periods and consequently is based on a concept equivalent to two distinct options which could be defined as "*American forward start*".
The fair value of an "*American forward start*" option can be obtained by combining a neutral risk approach in order to determine the expected value of the stock at the start of the exercise periods and, later, using a binomial tree type model to exploit the American-type option.

For the purpose of determining the fair value, the following hypotheses have been formulated:

risk free rate: 0,338492%
volatilità storica: 0,28489
intervallo di tempo utilizzato per il calcolo della volatilità: ultimo anno di contrattazioni

Il *fair value* complessivo delle stock option è di 2.942.080 euro.

During the first half of 2022 the average price registered for the stock of El.En. S.p.A. was about 13,14 Euros.

For the characteristics of the stock option plan and the increase in capital that was approved for implementing it, please consult the description in Note (10) of this report.

Information on the Consolidated Statement of financial position - Assets

Non-current assets

Intangible assets (note 1)

Breakdown of changes occurring in intangible fixed assets during the period is shown on the chart below:

	31/12/2021	Increase	Decrease	Revaluation / Devaluation	Other movements	Depreciation	Translation adjustment	30/06/2022
Goodwill	3.038.065							3.038.065
Development costs	364.864				-1	-81.568		283.295
Patents and rights to use patents of others	11.673					-4.063		7.610
Concessions, licenses, trade marks and similar rights	1.069.896	356.286			-1	-275.693	2.195	1.152.683
Other intangible assets	300.321				-1	-66.182		234.138
Intangible assets under construction and advance payments	128.906	3.200			-13.083			119.023
Total	**4.913.725**	**359.486**			**-13.086**	**-427.506**	**2.195**	**4.834.814**

Goodwill

Goodwill, which constitutes the most significant component of the intangible fixed assets, represents the excess of the purchase cost with respect to the fair value of the assets acquired net of the current and potential liabilities assumed. Goodwill is not subject to amortization and is subject to an impairment test at least once a year.

At the end of each impairment test, the single entries of goodwill have been placed in the respective "*cash generating unit*" (CGU) which has been identified. The identification of the CGU coincides with each juridical subject and corresponds to what the directors envision as their own activity.

The following chart shows the book value of goodwill for each "*Cash generating unit":*

CASH GENERATING UNIT (CGU)	Goodwill 30/06/2022	Goodwill 31/12/2021
Quanta System S.p.A.	2.079.260	2.079.260
ASA S.r.l.	439.082	439.082
Cutlite Penta S.r.l.	407.982	407.982
Ot-las S.r.l.	7.483	7.483
Asclepion Laser Technologies GmbH	72.758	72.758
Deka MELA S.r.l.	31.500	31.500
Total	3.038.065	3.038.065

At the end of last year, the recoverable value of the CGUs shown on the chart was subjected to an impairment test in order to verify the existence of any losses in value by comparing the book value of the unit and the recoverable amount, i.e., the current value of the expected future financial flows which one supposes will be derived from the continued use and from the eventual disuse at the end of the useful life of the unit.
The impairment test made for purposes of the statements for the financial year closed on December 31st 2021 did not reveal any losses in value. On the basis of the results registered by the CGU for the first half of 2022, which are aligned with the prospective plans set up for the purposes of the impairment test on December 31st 2021, no indicators of impairment were found which, on the date of this half-yearly report have made it necessary to conduct further tests to verify the existence of long-lasting losses in value.

Other intangible fixed assets

The entry of “development costs” includes the costs sustained by the Parent Company El.En and by the subsidiary Asa srl for the development of prototypes.
The “Patent and rights to use the patents of others” were related to the capitalization of the costs sustained for the purchase of patents by Quanta System and by the Parent Company El.En. Spa.
Under the heading “Concessions, licenses, trademarks and similar rights” we have entered among other things, the costs sustained by the Parent Company El.En.Spa and by the subsidiaries Lasit, Quanta, With Us, Cutlite Penta and Penta Laser Zhejiang for the purchase of software.
The residual heading of “Other intangible assets” consists mainly of the costs sustained by the Parent Company El.En. and by the subsidiary Cutlite Penta for the creation of software and the costs sustained by the subsidiary Asa for the studies conducted in order to obtain approval for sales on the Chinese markets.

Tangible fixed assets (note 2)

Breakdown of changes occurring in the tangible fixed assets is shown on the chart below:

Cost	**31/12/2021**	**Increase**	**(Disposals)**	**Revaluation / Devaluation**	**Other movements**	**Translation adjustment**	**30/06/2022**
Lands and buildings	69.371.043	2.391.829			4.220.580	983.270	76.966.722
Plants & machinery	15.452.303	718.694	-113.182		-110.040	12.451	15.960.226
Industrial and commercial equipment	16.691.509	930.661	-55.513		221.068	58.382	17.846.107
Other assets	14.131.819	678.175	-192.796		30.310	12.470	14.659.978
Tangible assets under construction and advance payments	6.955.711	2.303.466			-4.332.211	142.981	5.069.947
Total	122.602.385	7.022.825	-361.491		29.707	1.209.554	130.502.980
Lands and buildings right of use	18.439.291	1.165.743	-198.108		1	-49.931	19.356.996
Plants & machinery right of use	43.997						43.997
Industrial and commercial equipment right of use	1.096.543	59.432				-19.573	1.136.402
Other assets right of use	4.230.802	1.073.849	-11.559			-31.053	5.262.039
Total	23.810.633	2.299.024	-209.667		1	-100.557	25.799.434
Total	**146.413.018**	**9.321.849**	**-571.158**		**29.708**	**1.108.997**	**156.302.414**

Accumulated depreciation	**31/12/2021**	**Depreciations**	**(Disposals)**	**Revaluation / Devaluation**	**Other movements**	**Translation adjustment**	**30/06/2022**
Lands and buildings	10.444.623	922.721			12.317	81.853	11.461.514
Plants & machinery	7.530.717	611.860	-111.551		-93.913	10.430	7.947.543
Industrial and commercial equipment	12.302.300	778.939	-39.537		121.646	2.647	13.165.995
Other assets	9.185.416	697.011	-155.492		-16.924	17.912	9.727.923
Tangible assets under construction and advance payments							
Total	39.463.056	3.010.531	-306.580		23.126	112.842	42.302.975
Lands and buildings right of use	2.909.193	708.888	-184.116			-34.843	3.399.122
Plants & machinery right of use	32.679	2.342					35.021
Industrial and commercial equipment right of use	770.011	68.140				-13.718	824.433
Other assets right of use	2.416.320	480.339	-6.258		1	-20.555	2.869.847
Total	6.128.203	1.259.709	-190.374		1	-69.116	7.128.423
Total	**45.591.259**	**4.270.240**	**-496.954**		**23.127**	**43.726**	**49.431.398**

Net value	**31/12/2021**	**Increase**	**(Disposals)**	**Revaluation / Devaluation / Depreciations**	**Other movements**	**Translation adjustment**	**30/06/2022**
Lands and buildings	58.926.420	2.391.829		-922.721	4.208.263	901.417	65.505.208
Plants & machinery	7.921.586	718.694	-1.631	-611.860	-16.127	2.021	8.012.683
Industrial and commercial equipment	4.389.209	930.661	-15.976	-778.939	99.422	55.735	4.680.112
Other assets	4.946.403	678.175	-37.304	-697.011	47.234	-5.442	4.932.055
Tangible assets under construction and advance payments	6.955.711	2.303.466			-4.332.211	142.981	5.069.947
Total	83.139.329	7.022.825	-54.911	-3.010.531	6.581	1.096.712	88.200.005
Lands and buildings right of use	15.530.098	1.165.743	-13.992	-708.888	1	-15.088	15.957.874
Plants & machinery right of use	11.318			-2.342			8.976
Industrial and commercial equipment right of use	326.532	59.432		-68.140		-5.855	311.969
Other assets right of use	1.814.482	1.073.849	-5.301	-480.339	-1	-10.498	2.392.192
Total	17.682.430	2.299.024	-19.293	-1.259.709		-31.441	18.671.011
Total	**100.821.759**	**9.321.849**	**-74.204**	**-4.270.240**	**6.581**	**1.065.271**	**106.871.016**

The heading of "Lands and buildings" and related right of use includes the building complex in Calenzano (Florence), where the Parent Company operates along with some of the subsidiaries, the building purchased at the end of 2018 by Cutlite Penta in the province of Prato for a relocation of its manufacturing activities that is more consistent with the volume of business they have developed, the buildings in the city of Torre Annunziata, one purchased in 2006 and the other in 2018 for the research, development and production activities of the subsidiary Lasit SpA, the building in Jena, which since May of 2008 houses the activities of the subsidiary Asclepion GmbH along with the new building inaugurated by this subsidiary in September of 2019, the building purchased in Samarate (Varese) at the end of the year 2014 by the subsidiary Quanta System SpA, as well as the new factory purchased by Quanta in 2018 which is adjacent to it, the construction built in 2019 in Arcugnano which houses the activities of the subsidiary ASA Srl, the building bought in 2021 by the subsidiary Galli Giovanni Srl, and the new production facility owned by the subsidiary Penta Laser Zhejiang Co., Ltd.
The increases for the period refer mainly to the costs sustained for the factories of the subsidiaries Penta Laser Zhejiang Co., Ltd, Penta Laser Technology (Shangdong) Co., Ltd, and Quanta System SpA.

The heading of "Plants and machinery" is related in particular to investments made by the Parent Company, El.En. S.p.A and the subsidiaries Asclepion GmbH, Quanta System S.p.A., Lasit S.r.l, Asa Srl, Cutlite Penta Srl, and Galli Giovanni & C. Srl. In reference to this latter in the year of acquisition, 2019, we proceeded to make a *Purchase Price Allocation* of the amount paid, about 400 thousand Euros in the category of "Plants and Machinery".

The heading of "Industrial and commercial equipment" refers in particular to purchases made by El.En. and the subsidiaries Asclepion GmbH, Quanta System SpA, Esthelogue, Deka M.E.L.A and Penta-Laser Technology (Shandong) and Penta Laser Zhejiang. This heading also includes the capitalization of the costs of some machinery sold to clients using operative leasing; these sales, in fact, are considered as revenue from multi-year rentals in conformity with the IAS/IFRS standards.

The increase in the category of "Other assets" is due mainly to the purchase of new motor vehicles, also due to the application of standard IFRS 16 for furniture and electronic equipment.

In the category of "Tangible assets under construction and advance payments" we have entered, among other things, the costs sustained by the Parent Company El.En. for the improvements they are making on the existing buildings, by the subsidiaries Lasit, Penta Laser (Wuhan), Quanta System and Galli Giovanni for new buildings now under construction and/or being equipped.

It should also be mentioned that, on the date of this half-yearly report no long-lasting losses in value were registered.

Equity investments (note 3)

The analysis of the equity investments is as follows:

	30/06/2022	31/12/2021	Variation	Var. %
Equity investment in associated companies	1.027.864	918.042	109.822	11,96%
Other equity investments	1.040.920	1.031.420	9.500	0,92%
Total	**2.068.784**	**1.949.462**	**119.322**	**6,12%**

Equities in associated companies

For a detailed analysis of the equities held by Group in associated companies, refer to the paragraph relative to the scope of consolidation**.**

It should be recalled that the associated companies Immobiliare Del.Co. Srl, Elesta SpA, and Accure Inc. are consolidated using the shareholders' equity method.

The amounts of the equities in associated companies registered in the financial statement are, respectively:

Immobiliare Del.Co. S.r.l.:	238	thousand euro
Actis S.r.l.:	1	thousand euro
Elesta S.p.A.:	911	thousand euro
Accure Inc.:	(122)	thousand euro
Total	**1.028**	**thousand Euros**

Equities in other companies

The equities in other companies are evaluated at *fair value*.
This heading refers mainly to the equity held in Epica International Inc. for an amount of 888 thousand Euros.
With reference to the evaluation of the equity, the Board members believed that, since the equity instrument was not quoted on the regular stock market, and since there was a wide range of possible evaluations of the fair value related to different underwriters, the cost represents the best estimate of the fair value in this range of amounts, also in consideration of the average stock price for underwriting it.

Financial receivables/Deferred tax assets/Other non-current receivables and assets (note 4))

Other non-current assets	30/06/2022	31/12/2021	Variation	Var. %
Financial receivables - third parties		230.097	-230.097	-100,00%
Deferred tax assets	11.127.788	10.364.271	763.517	7,37%
Other non-current assets	21.330.899	18.368.415	2.962.484	16,13%
Total	**32.458.687**	**28.962.783**	**3.495.904**	**12,07%**

The deferred tax assets amounted to about 11.128 thousand Euros and are mostly related to inventory obsolescence funds, to the variations of the inter-group profits on the inventory at the end of the period, to the devaluation fund for receivables exceeding those that are tax deductible as well as the deferred taxes calculated on the re-evaluation of some company assets operated by some of the Italian companies according to the laws now in force.
The deferred tax assets are registered when the existence of adequate future fiscal profits which can be used to pay the temporary differences is probable. In this regard the Group estimates the probable temporal manifestations and the amount of the taxable future profits.

The category of "Other non-current assets" is related to the temporary use of cash by the Parent Company in previous years for 11,5 million Euros for life insurance policies which have as a basis a separate management of securities with capital guaranteed and with the possibility of cashing them in either partially or entirely for the duration of the contract on the condition that at least a year has passed since the policy was stipulated, by the subsidiary Quanta System SpA which invested in similar financial instruments for an amount of 2,5 million Euros and by the subsidiary Deka Mela for 3 million Euros during the third quarter 2021, increased by this latter for other 3 million during the second quarter 2022. Since this is a mid-term investment the companies decided to classify it among the non-current assets held for sale booking the *fair value* in the assets and the re-evaluation of the same in the income statement and, consequently, to exclude it from the net financial position.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

	30/06/2022	31/12/2021	Variation	Var. %
Raw materials, consumables and supplies	100.171.322	70.393.805	29.777.517	42,30%
Work in progress and semi-finished products	47.350.103	44.030.631	3.319.472	7,54%
Finished products and goods	48.809.122	41.514.790	7.294.332	17,57%
Total	**196.330.547**	**155.939.226**	**40.391.321**	**25,90%**

The final inventory amounted to about 196.331 thousand Euros, an increase of 26% with respect to the 155.939 thousand Euros on December 31st 2021 in consideration of the increase in the volume of business.

The chart below shows the breakdown of the total inventory, distinguishing between the amount of obsolete stock from the gross amount:

	30/06/2022	31/12/2021	Variation	Var. %
Gross amount of Inventory	219.157.918	175.975.856	43.182.062	24,54%
Devaluation provision	-22.827.371	-20.036.630	-2.790.741	13,93%
Total	**196.330.547**	**155.939.226**	**40.391.321**	**25,90%**

The obsolescence fund is calculated so as to align the stock value with the presumed selling price and recognizing, where necessary the obsolescence and slow rotation.
The amount of inventory increased by about 2.791 thousand Euros with respect to December 31st 2021 while its incidence on the gross value of the inventory showed a slight decrease and dropped from 11,4% on December 31st 2021 to 10,4% on June 2022.

Accounts receivable (note 6)

Receivables are composed as follows:

	30/06/2022	31/12/2021	Variation	Var. %
Accounts receivable from third parties	159.481.823	145.785.080	13.696.743	9,40%
Accounts receivable from associated	892.560	988.787	-96.227	-9,73%
Total	**160.374.383**	**146.773.867**	**13.600.516**	**9,27%**

Accounts receivable from third parties	30/06/2022	31/12/2021	Variation	Var. %
Italy	61.274.338	61.099.730	174.608	0,29%
EEC	18.002.289	12.772.816	5.229.473	40,94%
ROW	88.537.564	79.724.797	8.812.767	11,05%
minus: bad debt reserve	-8.332.368	-7.812.261	-520.107	6,66%
Total	**159.481.823**	**145.785.080**	**13.696.743**	**9,40%**

The chart shows an overall increase in the amount of the accounts receivable.

The chart below shows the operations which took place this year for the bad debt reserve:

	2022
At the beginning of the period	7.812.261
Provision	877.040
Amounts utilized and unused amounts reversed	-446.734
Other movements	-1.423
Translation adjustment	91.224
At the end of the period	**8.332.368**

The incidence of the bad debt reserve on the total accounts receivable from third parties remained unchanged at 5% with respect to December 31st, 2021.

Breakdown of accounts receivable from third parties, net of the bed debt reserve, is shown below:

Accounts receivable from third parties	30/06/2022	31/12/2021
To expire	116.937.284	112.834.547
Overdue:		
0-30 days	17.206.778	18.256.294
31-60 days	6.102.436	4.452.482
61-90 days	5.332.030	3.070.180
91-180 days	8.676.701	2.902.471
Over 180 days	5.226.594	4.269.106
Total	**159.481.823**	**145.785.080**

For a detailed analysis of the accounts receivable from associated companies, please refer to the chapter on “Related Parties”.

Tax receivables/Other receivables (note 7)

The chart below shows a breakdown of tax receivables and other receivables:

	30/06/2022	31/12/2021	Variation	Var. %
Tax receivables				
VAT receivables	16.814.776	13.415.790	3.398.986	25,34%
Income tax receivables	2.097.630	2.309.704	-212.074	-9,18%
Total	**18.912.406**	**15.725.494**	**3.186.912**	**20,27%**
Current financial receivables				
Financial receivables - third parties	3.894	697	3.197	458,68%
Financial receivables - associated	61.565	261.565	-200.000	-76,46%
Total	**65.459**	**262.262**	**-196.803**	**-75,04%**
Other current receivables				
Security deposits	588.438	382.800	205.638	53,72%
Advance payments to suppliers	12.104.795	5.515.057	6.589.738	119,49%
Other receivables	8.657.163	6.994.786	1.662.377	23,77%
Total	**21.350.396**	**12.892.643**	**8.457.753**	**65,60%**
Total Current financial receivables e Other current receivables	**21.415.855**	**13.154.905**	**8.260.950**	**62,80%**

The first half of the year closed with a VAT credit of almost 17 million Euros which was mostly a result of the intense export activity of the Group.
In the “income tax receivables” we have included for some of the companies of the Group, receivables derived from the difference between pre-existing tax credits/down payments and the tax debt that had matured at the date of this document.

For a detailed analysis of financial and other receivables from associated companies, please consult the chapter titled “Related parties” in this document.

The entry of “Other receivables” refers mainly to the pre-paid costs of various companies as well as the deposits for participation in tenders paid by the Chinese subsidiary Penta Laser Zhejiang Co., Ltd.

Securities and other current financial assets (note 8)

	30/06/2022	31/12/2021	Variation	Var. %
Securities and other current financial assets				
Other current financial assets	953.367	1.090.700	-137.333	-12,59%
Total	**953.367**	**1.090.700**	**-137.333**	**-12,59%**

The amount entered under the heading of “Other current financial assets” consists of mutual funds held by the subsidiaries Deka Mela and Quanta System, acquired in 2021 for the purpose of making a temporary use of cash.

Cash and cash equivalents (note 9)

Cash and cash equivalents are composed as follows:

	30/06/2022	31/12/2021	Variation	Var. %
Bank and postal current accounts	119.928.432	181.318.394	-61.389.962	-33,86%
Cash on hand	51.096	44.418	6.678	15,03%
Total	**119.979.528**	**181.362.812**	**-61.383.284**	**-33,85%**

For an analysis of the variations in cash and cash equivalents, please refer to the cash flow statement.

It should also be noted that the amount of bank and postal deposits includes about 9 million Euros for the Chinese companies containing deposits which will become available upon the expiration of some payments to suppliers with the issuing of some bank bills.

Net financial position on June 30th 2022

The net financial position of the Group on June 30th 2022 is the following (data in thousands of Euros):

	Net Financial Position	30/06/2022	31/12/2021
A	Cash	119.980	181.363
B	Cash equivalents	-	-
C	Other current financial assets	957	1.092
D	**Liquidity (A + B + C)**	**120.937**	**182.455**
E	Current financial debt	(28.852)	(20.388)
F	Current portion of non-current financial debt	(4.111)	(3.134)
G	**Current financial indebtedness (E + F)**	**(32.963)**	**(23.522)**
H	**Net current financial position (D + G)**	**87.974**	**158.932**
I	Non-current financial debt	(26.862)	(27.204)
J	Debt instruments	(10.238)	(9.778)
K	Non-current trade and other payables	(6.950)	(6.184)
L	**Non-current financial indebtedness (I + J + K)**	**(44.049)**	**(43.166)**
M	**Net Financial Position (H + L)**	**43.925**	**115.766**

The net financial position for this period showed a drop of about 72 million from the 115,8 million on December 31st 2021 to the 43,9 million registered on June 30th 2022.

This significant decrease requires a careful analysis of the uses of cash in the last six months. The variation in the net working capital amounts to about 46 million and is caused by the rapid growth and by the need to prevent or reduce the impact of the supply chain crisis on the production. In order to avoid delivery times which are increasingly long and uncertain, the amounts of inventory of raw materials have been greatly increased; in order to obtain better service from our suppliers the times for payment have been shortened. The change in the other amounts of current debts and credits for the amount of 14 million represents the decrease in down payments received from clients (especially in China where both the receipt of new orders and the sales volume have been relatively weak), and the increase in down payments paid to suppliers which, again in this case, is necessary in order to guarantee a fast delivery. The amount of about 7 million is derived from the temporary trend of tax debts and credits, with the payments made for direct and indirect taxes which created credits that were greater than the debt amounts created by the taxes for the period.

Even though the investment activity was very intense, its effect on the absorption of cash this half was relative. The investments in new buildings and the relative equipment and in the improvement of the pre-existing buildings belonging to the Group absorbed about 6,2 million this half, of this amount, 2,4 million was for the second factory of Quanta Systema at Samarate, and 1,7 million for the Chinese activities in the cutting sector. The other investments in equipment, motor vehicles and plants amounted to 2,6 million during this half. Moreover, of the 11,9 million of investments entered into accounts, 3 million are actually an investment of cash that is entered among the financial assets in order to reflect their multi-year nature.

During this half, dividends for an amount of 17,2 million Euros, 16 million of which by El.En. SpA for an amount of 20 Euro cents per share.
The current profitability, despite the fact that it is very good, during the half was not able to cover all of the uses of cash and the net financial position showed a sharp decrease, although it remains a very significant amount.
This half clearly demonstrates the strategy of the Group to promote and facilitate the rapid growth of the company by using available cash even as working capital, an investment which is in part temporary and necessary in this phase to overcome the obstacles created by the general unreliability of suppliers of components.

It should also be recalled that 20 million Euros in cash has been invested in financial instruments of an insurance type which, for their particular nature, must be entered into accounts among the non-current assets. The companies having this type of investment of cash are: El.En. SpA for 11,5 million, Quanta System for 2,5 million and Deka Mela for 6 million Euros, of which 3 million Euros were invested in the second quarter of this year. Since these are mid-term cash investments, the amounts are not part of the net financial position. At the end of this half, the fair value of the investments amounted to 21,3 million Euros.

Information on the Consolidated Statement of financial position - Liabilities

Share Capital and Reserves

The main components of the shareholders' equity are shown below:

Share Capital (note 10)

As of June 30th 2022, the capital stock of the El.En Group, which coincides with that of the Parent Company, was as follows:

Authorized (to stock option plan service)	Euros	2.612.671
Underwritten and deposited	Euros	2.594.008

Nominal value of each share - Euros	***without nominal value***

Category	**31/12/2021**	**Increase**	**Decrease**	**30/06/2022**
No. of Ordinary Shares	79.810.088	5.540	0	79.815.628
Total	**79.810.088**	**5.540**	**0**	**79.815.628**

Shares are nominal and indivisible and each of them gives the holder the right to one vote in all the ordinary and extraordinary assemblies as well as the other financial and administrative rights granted in accordance with the law and the Statute. At least 5% of the net profits of the financial year must be set aside for the legal reserve in accordance with art. 2430 of the civil code. The remainder is distributed to the shareholders, unless the assembly votes otherwise. The Statute does not allow advance payments on the dividends. Dividends not cashed within five years from the date of emission are returned to the Company. No special statutory clauses exist with regard to the participation of shareholders in the remaining assets in the event of liquidation. No statutory clauses exist granting special privileges.

Increase in the capital in the stock option plan service

The extraordinary shareholders' meeting of the Parent Company El.En. S.p.A. held on May 12th, 2016, in compliance with art. 2443, II sub-section, CC., voted to authorize the Board of Directors to increase, in one or more operations and even separately, within five years after the authorization, the capital stock up to a maximum of nominal 104.000,00 Euros by issuing new shares intended for underwriting by the beneficiaries of the stock option plan for 2016-2025.

On September 13th 2016, the Board of Directors of the Company, following a recommendation of the Remuneration Committee, voted on the implementation of the stock option plan for 2016-2025 ("Stock Option Plan 2016-2025") in compliance with the mandate conferred to them by the Shareholders' meeting mentioned above and identified the beneficiaries of the plan, the number of options to be assigned, the temporal limits for picking up the options, and the price of underwriting them.

The Board, in compliance with art. 2443, II sub-section, CC., also executed the mandate conferred upon them by the Assembly, to increase, upon payment, entirely and exclusively for use in the stock option plan, separately and with the exclusion of the option right described in art. 2441, sub-section V, CC, the capital stock, by 104.000,00 Euros by issuing 800.000 ordinary shares (3.200.000 ordinary shares after the stock split) which can be underwritten by the administrators, collaborators and employees of El.En. S.p.A. and the companies it controls who are the beneficiaries of the stock options included in the above-mentioned Plan.

The options may be picked up by the beneficiaries in conformity to the terms and conditions stated in the regulations of the Plan which was definitively approved on September 13th in two equal sections: the first from September 14th 2019 until December 31st 2025, and the second from September 14th 2020 until December 31st 2025.

The plan will terminate on December 31st 2025 and the options that have not been picked up before that date will expire permanently; the capital will be definitively increased for the amount actually underwritten and released by that date.

After the exercise by some of the beneficiaries of the Stock Option Plan 2016-2025, during the first half of 2022 the Parent Company issued, 5.540 ordinary shares (after the split), cashing in the amount of 17,6 million Euros including the increase in capital and share premium.
It should also be noted that the market capitalization of the Company in any case is now greater with respect to the values implicit in the consolidated shareholders' equity shown on June 30th 2022.

Additional paid in capital (note 11)

On June 30th 2022 the share premium reserve, coinciding with that of the Parent Company, amounted to 46.858 thousand Euros, an increase with respect to the 46.841 on December 31st 2021 because of the stock options that were picked up this year, as discussed in the previous Note.

Other reserves (note 12)

	30/06/2022	31/12/2021	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	88.664.601	80.579.145	8.085.456	10,03%
Cumulative translation adjustment	2.178.017	1.952.589	225.428	11,55%
Stock option/ stock based compensation reserve	4.753.358	4.753.358		0,00%
Special reserve for grants received	426.657	426.657		0,00%
Other reserves	-76.043	-172.550	96.507	-55,93%
Total	**96.483.892**	**88.076.501**	**8.407.391**	**9,55%**

As of June 30th 2022, the "extraordinary reserve" amounted to 88.665 thousand Euros; the increase with respect to December 31st 2021 is related to the destination of the result for 2021 net of the use for the distribution of dividends, as was voted by the Shareholders' meeting of the Parent Company on April 29th 2022.

The cumulative translation adjustments summarize the effects of the variations in the exchange rate on the investments in foreign currency. The effects for the year 2022 are shown in the column "Comprehensive (loss) income" in the shareholders' equity chart.

The reserve for *stock options/stock based compensation* includes the costs that had been determined in compliance with IFRS 2 of the stock option plans assigned by the Parent Company El.En. S.p.A

The reserve for contributions in capital account must be considered a reserve of profits and is unchanged with respect to December 31st 2021.

The heading "Other reserves" includes among other things the reserve related to the evaluation of the severance indemnity fund in conformity with standard IAS 19.

Treasury stock (note 13)

On April 27th 2021 the shareholders' meeting of the Parent Company authorized the Board of Directors to purchase treasury stock within 18 months of the resolution, as described in detail in the annual report for the year ending on December 31st 2021.

At the date of closure of this report, the treasury stock held by the company amounted to 20.000 shares (after the split) which were acquired during the first half of 2022 at the average price of 14,11 Euros per share for a total of 282 thousand Euros.

Retained earnings (note 14)

This category includes a synthesis of the contribution of all the consolidated companies to the shareholders' equity of the Group.

Non-current liabilities

Severance indemnity (note 15)

The chart below shows the operations which have taken place during this financial period.

31/12/2021	Provision	(Utilization)	Payment to complementary pension forms, to INPS fund and other movements	30/06/2022
5.100.689	1.107.768	-446.335	-1.470.959	4.291.163

The severance indemnity represents an indemnity which is matured by the employees during their period of employment, and which is paid upon termination of employment.
For IAS purposes the payment of a severance indemnity represents a "long term benefit subsequent to the termination of employment"; this is an obligation of the "defined benefit" type which entails entering a liability similar to that entered for defined benefit pension plans.

As far as the companies located in Italy are concerned, after the modifications to the severance indemnity in conformity with the Law of December 27th 2006 (and later modifications), for IAS 19 purposes, only the liability relative to the matured severance provision left in the company has been evaluated because the quota maturing has been paid to a separate entity (complementary pension type). Also for employees who have explicitly decided to keep the indemnity provision in the company, the indemnity matured since January 1st 2007 has been paid into the treasury Fund managed by INPS. This provision, according to the financial law 2007, guarantees the employees working in the private sector the payment of the severance indemnity for the amount corresponding to the payments deposited to the latter.

The present value of the liabilities for the severance fund that remains in the companies of the Group on June 30th 2022 is 4.312 thousand Euros.

The hypotheses used to establish the indemnity plan are summarized in the chart below.

Financial hypotheses	Year 2021	Year 2022
Annual implementation rate	0,98%	1,76%-2,35%-2,56%-2,74%-3,22% (*)
Annual inflation rate	1,79%	4,91%-2,27%, 2%, 1,89% (**)
Annual increase rate of salaries (including inflation)	Executives 2,00% White collar workers 0,50% Blue collar workers 0,50%	Executives 3,50% White collar workers 2,50% Blue collar workers 2,50%

(*) 1,76% for the first three years, 2,35% from the fourth to fifth year, 2,56% from the sixth to seventh year, 2,74% from the eighth to tenth year e 3,22% from the eleventh year.
(*) 4,91% for the first year, 2,27% for the second year, 2% from the third to fifth year, 1,89% from the sixth year.

In order to guarantee consistency with the sources of performance used for the preceding evaluations, we have used the performances that Markit has registered and published for the expiration dates 1-3Y, 3- 5Y, 5-7Y, 7-10Y and lastly,10+Y, in order to construct a curve of the rates of iBoxx Corporate AA on June 30th 2022 as summarized in the chart below.

The amount entered in the column "Payment to complementary pension forms, to INPS fund and other movements" of the chart showing the activity in the severance indemnity fund mostly represents the severance indemnity quotas deducted from the fund because they were intended for other additional non-company funds or to the treasury Fund managed by INPS (with particular reference to the Parent Company El.En and the subsidiary Quanta System), in accordance with the choices made by the employees and the amount of actuarial gain or loss shown during the year.

Other accruals (note 16)

The chart below shows the operations made with other accruals:

	31/12/2021	Provision	(Utilization)	Other movements	Translation adjustment	30/06/2022
Reserve for pension costs and similar	1.806.213	183.298	-218.131	1.002		1.772.382
Warranty reserve on the products	7.444.291	780.901	-295.276	-257.900	155.111	7.827.127
Reserve for risks and charges	1.219.401	-42.267	-391.686			785.448
Total	**10.469.905**	**921.932**	**-905.093**	**-256.898**	**155.111**	**10.384.957**

The clients' agents' indemnity fund which is included under the heading of "Reserve for pension funds and similar" on June 30th 2022 amounted to 1.540 thousand Euros as opposed to the 1.548 thousand Euros on December 31st 2021. According to IAS 37 the amount due must be calculated using actualization techniques in order to estimate as closely as possible the overall costs to be sustained for the payment to the agents of benefits after the termination of employment.

The technical evaluations were made on the basis of the hypotheses described below:

Financial hypotheses	Year 2021	Year 2022
Annual implementation rate	0,98%	1,76%-2,35%-2,56%-2,74%-3,22% (*)
Annual inflation rate	1,79%	4,91%-2,27%, 2%, 1,89% (**)

(*) 1,76% for the first three years, 2,35% from the fourth to fifth year, 2,56% from the sixth to seventh year, 2,74% from the eighth to tenth year e 3,22% from the eleventh year.

(*) 4,91% for the first year, 2,27% for the second year, 2% from the third to fifth year, 1,89% from the sixth year.

The warranty reserve is calculated on the basis of the costs for spare parts and servicing under warranty incurred in the previous financial year, adjusted to the volume of sales of the current financial year, the average number of years of the duration of the guarantee and the sector to which it belongs.

Other potential debts and potential liabilities

On April 24th and on May 4th of 2018 El.En. SpA and its subsidiary, Cutlite Penta Srl, received a citation to appear in front of the Superior Court of Hartford (Connecticut) in relation to their responsibility for damages caused in the factory of one client which was destroyed by a fire. At the time of the fire on the factory there were three laser systems produced by Cutlite Penta.

El.En. and Cutlite Penta vehemently rejected every hypothesis that considers them even remotely connected with this event.

At this time the case is still in a preliminary phase during which they are gathering information using written questionnaires about the conducting of the contractual obligations and the contents of the obligations taken on with the sale of the laser systems. After the emergency caused by the Covid-19 pandemic, and the complexity of the case, the preliminary activities of the suit involving questions, answers and production of documents, began in 2021 and proceed very slowly.

By the end of 2022 the testimony of those present at the site and the opposing parties will probably take place. At this time we expect that the discovery activity conducted by the two parties should be concluded by February 1st 2023 and that conducted by the experts by September 15th 2023.

The requests of the two parties must be formulated in October of 2023 and preliminary discussions will be conducted in front of the court in December 2023. The trial will not begin before September 3rd 2024. Consequently, at this time we do not have sufficient elements to evaluate the outcome or the entity of an economic risk for the two companies. In fact, at this time no proof has been presented nor have they determined the exact amount requested for damages. In any case, for cautionary purposes, the Company has stipulated an insurance policy related to the responsibility for the damages caused by a product which comports a maximum coverage of 15.000.000 Euros for every accident. The insurance company has taken on the case and, at its own expense, has hired an American lawyer to defend the rights of their insured clients.

Consequently, in the financial statement of June 30th 2022, there are no accruals in relation to the potential liability connected with this law suit.

Financial debts and liabilities and other non-current liabilities (note 17)

Financial m/l term debts	**30/06/2022**	**31/12/2021**	**Variation**	**Var. %**
Amounts owed to banks	26.861.707	27.204.446	-342.739	-1,26%
Amounts owed to leasing companies	9.943.108	9.303.547	639.561	6,87%
Amounts owed to other financiers	294.713	474.052	-179.339	-37,83%
Other non-current liabilities	6.949.739	6.184.097	765.642	12,38%
Total	**44.049.267**	**43.166.142**	**883.125**	**2,05%**

The breakdown of the amounts owed to banks as of June 30th 2022 is shown in the following chart:

Company	**Bank**	**Currency**	**Current amount**	**Non-current amount**	**First installment**	**Last installment**	**Interest rate**
Esthelogue Srl	Intesa San Paolo	Euro	367.731	1.132.269	28/08/2022	28/05/2028	1,30%
Asclepion GmbH	Baudarlehen Deutsche Bank	Euro	444.444	2.037.039	02/05/2018	31/12/2027	1,40%
Asclepion GmbH	Kfw Darlehen CB	Euro	375.000	750.000	03/07/2020	30/06/2025	2,00%
Asclepion GmbH	Kfw Darlehen DB	Euro	375.000	750.000	09/07/2020	30/06/2025	2,00%
Asclepion GmbH	Commerzbank	Euro	1.000.000		30/07/2019	29/07/2022	1,75%
ASA S.r.l.	Unicredit	Euro	236.896	1.464.356	30/11/2019	31/05/2029	Eurirs 12 months +0,5%
ASA S.r.l.	Intesa San Paolo	Euro	738.579	2.261.421	24/09/2022	24/06/2026	1,02%
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	80.000.000	-	29/07/2022	29/07/2022	1,17%
With Us Co., Ltd	The Shoko Chukin Bank, Ltd. - Tokyo	Yen	7.104.000	84.016.000	05/04/2021	05/04/2035	1,17%
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen		150.000.000	26/08/2023	26/07/2030	0,949% (only on 50 million Yen)
With Us Co., Ltd	Higashi-Nippon Bank, Ltd.	Yen	33.336.000	55.552.000	31/03/2022	28/02/2025	0,985%
Penta Laser (Wuhan) Co., Ltd.	Intesa San Paolo	Euro	1.000.980	-	02/12/2022	02/12/2022	1,35%
Penta Laser (Wuhan) Co., Ltd.	Intesa San Paolo	Euro	1.998.590	-	01/03/2023	01/03/2023	1,34%
Penta Laser (Wuhan) Co., Ltd.	Everbright Bank	RMB	10.000.000	-	31/03/2022	30/03/2023	4,50%
PENTA LASER(ZHEJIANG)CO., LTD.	CCB	RMB	20.252.833	-	28/02/2023	28/02/2023	3,70%
PENTA LASER(ZHEJIANG)CO., LTD.	Intesa San Paolo	RMB	5.520.000		28/10/2022	28/04/2023	4,65%
PENTA LASER(ZHEJIANG)CO., LTD.	Intesa San Paolo	RMB		5.535.011	30/10/2023	28/06/2024	4,65%

PENTA LASER(ZHEJIANG)CO., LTD.	NB	RMB	24.477.913		23/03/2023	13/05/2023	3,60%
PENTA LASER(ZHEJIANG)CO., LTD.	SMB	RMB	19.582.330		17/11/2022	17/11/2022	2,30%
Cutlite Penta Srl	Intesa San Paolo	Euro	150.895		18/01/2020	18/07/2022	0,53%
Cutlite Penta Srl	Intesa San Paolo	Euro	1.205.251		19/12/2020	19/03/2023	0,50%
Cutlite Penta Srl	Intesa San Paolo	Euro	1.230.965	3.769.035	28/08/2022	28/05/2026	1,02%
Cutlite Penta Srl	Intesa San Paolo	Euro	2.200.000	7.150.000	28/10/2021	28/07/2026	Euribor rate 3 months + SPREAD 1,06%
Cutlite Penta Srl	Intesa San Paolo	Euro	1.339.912	3.660.088	28/10/2022	28/04/2025	1,75%
Cutlite Penta Srl	Credem	Euro	832.183	1.046.675	26/10/2021	26/07/2024	0,55%
Cutlite Penta Srl	Intesa San Paolo	Euro	2.984.999			30/09/2022	Euribor rate 3 months + SPREAD 0,750%

The debts owed to leasing companies refer, also in previous years, mostly to the subsidiary Cutlite Penta S.r.l. which purchased with a leasing contract a new building for conducting its company activities and consequently treated from an accounting point of view according to IFRS 16 instead of the previously applied IAS 17. The contract stipulated by Cutlite Penta Srl has duration of twelve years and expires in the month of December 2030. The residual debt as of June 30th 2022 amounted to 4 million Euros. In 2021, the company stipulated another leasing contract for the purchase of a building adjacent to their other one; the contract will last for 12 years and expires in the month of January 2033. The residual debt on June 30th 2022 amounted to about 3,8 million Euros.

The other amounts in this category are derived from the application of IFRS 16 which occurred for the first time in the financial year 2019.

The amounts owed to other financiers consist, among others, of the quotas due after more than one year for:
-Financing issued by Mediocredito to the subsidiary Lasit for a research project for the amount of 272 thousand Euros at the annual rate of 0,36% to be paid back in annual installments starting in March 2018, last installment March 8th 2025:
- Financing issued by BPER to the subsidiary Lasit for the purchase of new equipment for a total residual on June 30th 2022 of 173 thousand Euros to be paid back in installments, last installment on June 15th 2025.

The other non-current liabilities include:

- the amount owed to the ex minority shareholder of Penta Laser Zhejiang Co. Ltd. for 40 million Renminbi (about 5 million Euros), which will have to be paid in compliance with the earn-out clause of the contract which states that this amount must be paid if they proceed to an IPO of Penta Laser Zhejiang Co. Ltd within 5 years of the date of acquisition.
- the amounts owed to suppliers which expired more than 12 months ago or the payment terms of which are for more than a year for 935 thousand Euros.

Current liabilities

Financial debts (note 18)

The chart below shows a breakdown of the short-term financial debts:

Financial short term debts	30/06/2022	31/12/2021	Variation	Var. %
Amounts owed to banks	28.851.960	20.388.456	8.463.504	41,51%
Amounts owed to leasing companies	2.835.389	2.623.510	211.879	8,08%
Amounts owed to other financiers	359.655	510.224	-150.569	-29,51%
Total	**32.047.004**	**23.522.190**	**8.524.814**	**36,24%**

	30/06/2022	31/12/2021	Variation	Var. %
Current liabilities for derivative financial instruments	915.714		915.714	
Total	**915.714**		**915.714**	

The details of the amounts owed to banks are described in the preceding note.

The heading of “Amounts owed to leasing companies” includes the amounts for short-term leasing mentioned in the preceding note.

“Amounts owed to other financers” includes:
- the short-term financing described in the previous Note,
- the residual debt for the amount of 70 thousand Euros of the subsidiary Quanta System SpA for the purchase of Galli Giovanni & Co, Srl, to be reimbursed in four annual payments, last installment on June 30th 2023,
-facilitated financing for applied research (MILORD) project), issued by FidiToscana to the Parent Company, El.En. SpA for a total of 488.285,25, reimbursable in six half-yearly installments starting in April 2020, last installment on October 31st 2022.

The heading of “Current liabilities for derivative financial instruments” as of June 30th 2022 includes the evaluation at fair value according to IFRS 9 of the derivative contract Currency rate forward for hedging the exchange rate in US dollars, underwritten during this half by the Parent Company, El.En SpA.

Accounts payable (note 19)

	30/06/2022	31/12/2021	Variation	Var. %
Accounts payable	166.086.676	158.065.656	8.021.020	5,07%
Amounts owed to associated companies		6.000	-6.000	-100,00%
Total	**166.086.676**	**158.071.656**	**8.015.020**	**5,07%**

Income tax payables /Other current payables (note 20)

The income tax debts matured for some of the companies belonging to the Group on June 30th 2022 amounted to 6.524 thousand Euros and are entered net of the down payments and deductions.

The chart below shows the subdivision of the other debts:

	30/06/2022	31/12/2021	Variation	Var. %
Social security debts				
Debts to INPS	3.664.198	3.843.430	-179.232	-4,66%
Debts to INAIL	150.498	274.068	-123.570	-45,09%
Debts to other Social Security Institutions	629.041	687.003	-57.962	-8,44%
Total	**4.443.737**	**4.804.501**	**-360.764**	**-7,51%**
Other debts				
Debts to the tax authorities for VAT	1.038.640	1.178.615	-139.975	-11,88%
Debts to the tax authorities for withholding	2.320.568	2.629.956	-309.388	-11,76%
Other tax liabilities	419.106	422.093	-2.987	-0,71%
Debts to staff for wages and salaries	19.537.196	19.443.695	93.501	0,48%
Down payments	50.089.568	64.103.421	-14.013.853	-21,86%
Other debts	16.556.328	17.669.291	-1.112.963	-6,30%
Total	**89.961.406**	**105.447.071**	**-15.485.665**	**-14,69%**
Total Social security debts and Other debts	**94.405.143**	**110.251.572**	**-15.846.429**	**-14,37%**

The amounts owed to staff include, among other things, the debts for deferred salaries of personnel employed as of June 30th 2022.

The entry of “Down payments” consists of down payments received from clients for orders received; the increase refers in particular to the Parent Company, El.En SpA. and to the subsidiaries Cutlite Penta Srl and Penta Laser Zhejiang Co., Ltd.

The entry of “Other debts” includes, among other things, the deferred income calculated on the grants received by the subsidiary Penta Laser Zhejiang Co., Ltd, to sustain the new production center and the research and development activities.

Segment information -IFRS8

The segments identified by the El.En. Group that are shown below in compliance with IFRS 8, are those shown below along with the amounts associated with them in the financial statement.

30/06/2022		**Total**	**Medical**	**Industrial**	**Other**
Revenues		328.463	182.936	144.446	1.081
Intersectorial revenues		(1.489)		(407)	(1.081)
Net Revenues		326.975	182.936	144.038	
Other revenues and income		2.981	1.286	1.696	
Gross Margin		121.855	81.906	39.949	
	Inc.%	*37%*	*44%*	*27%*	*0%*
Margin		51.710	39.736	11.973	
	Inc.%	*16%*	*22%*	*8%*	*0%*
Not assigned charges		10.319			
EBIT		41.391			
Net financial income (charges)		255			
Share of profit of associated companies		7	15		(8)
Other Income (expense) net		0			
Income (loss) before taxes		41.653			
Income taxes		11.011			
Income (loss) before minority interest		30.641			
Minority interest		2.219			
Net income (loss)		28.422			

30/06/2021		**Total**	**Medical**	**Industrial**	**Other**
Revenues		275.034	146.688	127.483	864
Intersectorial revenues		(1.123)		(260)	(864)
Net Revenues		273.911	146.688	127.223	
Other revenues and income		2.162	892	1.053	217
Gross Margin		99.915	65.425	34.273	217
	Inc.%	*36%*	*44%*	*27%*	*100%*
Margin		39.505	28.193	11.096	217
	Inc.%	*14%*	*19%*	*9%*	*100%*
Not assigned charges		8.648			
EBIT		30.857			
Net financial income (charges)		1.088			
Share of profit of associated companies		(111)	(108)	(6)	2
Other Income (expense) net		0			
Income (loss) before taxes		31.835			
Income taxes		6.928			
Income (loss) before minority interest		24.907			
Minority interest		2.457			
Net income (loss)		22.451			

30/06/2022	Total	Medical	Industrial
Assets assigned	605.517	286.880	318.637
Equity investments	806	790	16
Assets not assigned	57.876		
Total assets	664.199	287.670	318.654
Liabilities assigned	314.679	83.657	231.021
Liabilities not assigned	46.578		
Total liabilities	361.257	83.657	231.021

31/12/2021	Total	Medical	Industrial
Assets assigned	578.051	266.495	311.555
Equity investments	809	671	138
Assets not assigned	71.835		
Total assets	650.695	267.166	311.693
Liabilities assigned	314.006	81.584	232.423
Liabilities not assigned	48.987		
Total liabilities	362.994	81.584	232.423

30/06/2022	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	5.758	2.345	3.414
- not assigned	212		
Total	5.970	2.345	3.414

31/12/2021	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	15.623	(793)	16.417
- not assigned	48		
Total	15.671	(793)	16.417

Information on the consolidated Income Statement

Revenue (note 21)

The chart below shows the subdivision of the revenue of the Group derived from contracts with clients as of June 30th 2022 and 2021.

	30/06/2022	30/06/2021	Variation	Var. %
Total medical systems	149.656.457	121.987.616	27.668.841	22,68%
Total industrial systems	135.221.872	119.159.919	16.061.953	13,48%
Total service	42.096.435	32.763.539	9.332.896	28,49%
Total revenue	**326.974.764**	**273.911.074**	**53.063.690**	**19,37%**

Breakdown of the revenue by geographical areas

Medical sector

	30/06/2022	30/06/2021	Variation	Var. %
Italy	17.896.645	16.664.232	1.232.413	7,40%
Europe	53.748.733	41.579.173	12.169.560	29,27%
ROW	111.290.895	88.444.200	22.846.695	25,83%
Total Medical	**182.936.274**	**146.687.605**	**36.248.668**	**24,71%**

Industrial sector

	30/06/2022	30/06/2021	Variation	Var. %
Italy	48.009.388	33.611.795	14.397.593	42,83%
Europe	15.431.735	12.308.923	3.122.811	25,37%
ROW	80.597.369	81.302.751	-705.382	-0,87%
Total Industrial	**144.038.492**	**127.223.469**	**16.815.022**	**13,22%**

Breakdown of the revenue on the basis of the time the revenue was recognized

	30/06/2022	30/06/2021	Variation	Var. %
Goods transferred at a specific time	323.384.398	270.416.254	52.968.144	19,59%
Services transferred over time	3.590.366	3.494.820	95.546	2,73%
Total revenue	**326.974.764**	**273.911.074**	**53.063.690**	**19,37%**

The overall growth reached 19% and was strongest in the medical sector.

For further details, please consult the Management Report.

Other income (note 22)

The analysis of the other income is as follows:

	30/06/2022	30/06/2021	Variation	Var. %
Other income due to Insurance refunds	3.601	48.389	-44.788	-92,56%
Recovery of expenses	929.506	632.752	296.754	46,90%
Capital gains on disposal of fixed assets	25.405	78.412	-53.007	-67,60%
Other income	2.022.911	1.402.849	620.062	44,20%
Total	**2.981.423**	**2.162.402**	**819.021**	**37,88%**

The heading of “Recovery of expenses” refers mainly to reimbursements for shipping costs.

The entry “Other income” consists mainly of government grants related both to the new factory as well as to research projects for an amount of about 1.367 thousand Euros entered by the Chinese subsidiary Penta Laser Zhejiang Co. Ltd and Penta Laser Technology (Shangdong) Co., Ltd.

Costs for the purchase of goods (note 23)

The analysis is shown on the following chart:

	30/06/2022	30/06/2021	Variation	Var. %
Purchases of raw materials and finished products	210.412.047	179.480.190	30.931.857	17,23%
Packaging	1.943.255	1.217.808	725.447	59,57%
Shipping charges on purchases	1.522.762	1.095.824	426.938	38,96%
Other purchase expenses	752.274	580.086	172.188	29,68%
Other purchases	3.690.073	2.516.185	1.173.888	46,65%
Total	**218.320.411**	**184.890.093**	**33.430.318**	**18,08%**

The costs for the purchase of goods and related charges as of June 30th 2022 were 218.320 thousand Euros as opposed to 184.890 thousand Euros last year, showing an increase of about 18%. Net of the variations in the inventory, the incidence of these costs was 54,8% as opposed to 56,7% for last year.

Direct services/ Operating services and charges (note 24)

Breakdown of this category is shown on the chart below:

	30/06/2022	30/06/2021	Variation	Var. %
Direct services				
Outsourced processing	14.969.938	9.973.309	4.996.629	50,10%
Technical services on products	2.201.336	1.316.886	884.450	67,16%
Shipment charges on sales	3.080.485	2.027.907	1.052.578	51,90%
Sale commissions	7.563.680	6.744.386	819.294	12,15%
Royalties	266.400	124.800	141.600	113,46%
Travel expenses for technical assistance	739.841	509.896	229.945	45,10%
Other direct services	142.337	250.633	-108.296	-43,21%
Total	**28.964.017**	**20.947.817**	**8.016.200**	**38,27%**
Other operating services and charges				
Maintenance and technical assistance on equipment	649.287	580.386	68.901	11,87%
Commercial services and consulting	1.508.194	1.243.349	264.845	21,30%
Legal and administrative services and consulting	801.439	747.451	53.988	7,22%
Audit fees	215.527	288.549	-73.022	-25,31%
Insurances (no staff cost)	600.772	405.875	194.897	48,02%
Travel and accommodation expenses	1.803.694	1.009.275	794.419	78,71%
Trade shows	2.352.288	225.624	2.126.664	942,57%
Promotional and advertising fees	2.712.251	2.506.489	205.762	8,21%
Expenses related to real estate	2.104.740	1.493.179	611.561	40,96%
Other taxes	719.004	404.854	314.150	77,60%
Vehicles maintenance expenses	1.169.328	920.245	249.083	27,07%
Office supplies	287.189	315.317	-28.128	-8,92%
Hardware and Software assistance	1.118.499	710.935	407.564	57,33%
Bank charges	233.284	196.675	36.609	18,61%
Leases and rentals	1.005.458	841.389	164.069	19,50%
Salaries and indemnity to the Board of Directors and Board of Auditors	1.810.293	1.649.843	160.450	9,73%
Temporary employment	807.258	768.793	38.465	5,00%
Other services and charges	7.747.839	6.454.564	1.293.275	20,04%
Total	**27.646.344**	**20.762.792**	**6.883.552**	**33,15%**

The costs for operating services and charges are 27.646 thousand Euros, showing an increase with respect to the 20.763 thousand Euros on June 30th 2021.
The increases are due mainly to the return to participation in trade fairs and symposiums which had been suspended due to the Covid19 pandemic.

The heading of “Other services and charges” refers mainly to technical and scientific consultation for an amount of 1.324 thousand Euros and studies and research for an amount of about 2.085 thousand Euros.

For the research and development activities and costs, please consult the relative paragraphs in the Management Report.

Staff costs (note 25)

The chart below shows the costs for staff:

	30/06/2022	30/06/2021	Variation	Var. %
Wages and salaries	36.292.905	31.114.656	5.178.249	16,64%
Social security contributions	8.658.453	7.615.711	1.042.742	13,69%
Severance indemnity	1.082.707	955.574	127.133	13,30%
Staff costs for stock options/stock based compensation	456.411		456.411	
Other costs	491.148	328.902	162.246	49,33%
Total	**46.981.624**	**40.014.843**	**6.966.781**	**17,41%**

The costs for personnel were 46.982 thousand Euros, an increase with respect to the 40.015 thousand Euros registered for last year. The number of employees increased from 1.810 persons on June 30th 2021 to 2.067 on June 30th 2022.
The entry of “Staff costs for stock options/stock based compensation” includes the figurative costs for the stock options and stock based compensations assigned by El.En. and by Penta Laser Zhejiang to some employees.

Depreciation, amortization and other accruals (note 26)

The table below shows the breakdown for this category:

	30/06/2022	30/06/2021	Variation	Var. %
Amortization of intangible assets	427.506	395.793	31.713	8,01%
Depreciation of tangible assets	3.010.531	2.781.197	229.334	8,25%
Depreciation of tangible assets right of use	1.259.709	1.020.930	238.779	23,39%
Accrual for bad debts	541.090	1.250.929	-709.839	-56,74%
Accrual for risks and charges	597.324	2.831.413	-2.234.089	-78,90%
Total	**5.836.160**	**8.280.262**	**-2.444.102**	**-29,52%**

The accrual for risks and charges is mainly due to amount accrued in the warranty reserve of the various companies of the Group.

Financial income and charges and exchange gain (loss) (note 27)

The breakdown of the category is as follows:

	30/06/2022	30/06/2021	Variation	Var. %
Financial income				
Interests income on bank and postal deposits	184.937	199.948	-15.011	-7,51%
Financial income from associated companies	149	761	-612	-80,42%
Interests income from current securities and financial assets	84.461	96.858	-12.397	-12,80%
Capital gain and other income from current securities and financial assets	19.057	16.889	2.168	12,84%
Other financial income	66.339	99.203	-32.864	-33,13%
Total	**354.943**	**413.659**	**-58.716**	**-14,19%**
Financial charges				
Interests on bank debts and on short term loans	58.575	66.630	-8.055	-12,09%
Interests on bank debts and on other m/l term loans	107.982	53.757	54.225	100,87%
Capital losses and other charges on current securities and financial assets	273.853		273.853	
Other financial charges	381.962	225.394	156.568	69,46%
Total	**822.372**	**345.781**	**476.591**	**137,83%**
Exchange gain (loss)				
Exchange gains	3.194.213	1.730.774	1.463.439	84,55%
Exchange losses	-1.556.163	-685.023	-871.140	127,17%
Financial charges fair value on exchange rate derivatives	-915.714	-25.153	-890.561	3540,58%
Total	**722.336**	**1.020.598**	**-298.262**	**-29,22%**

The “interest income from current securities and financial assets” refer to the maturity of the interest on the insurance policies underwritten by the Parent Company.
The “interests on bank debts and on short term loans” refers mainly to overdrafts granted by credit institutions to some Italian and foreign subsidiaries.
The category of “Other financial charges” includes the amount of about 25 thousand Euros for the interest charges deriving from the application of the IAS 19 accounting standard and 46 thousand Euros for the entry of interest for leases derived from the application of the IFRS 16 standard.
It should be noted that there is no significant amount related to interests that were not paid or were not cashed in.

Amount of profit/loss of the associated companies (note 28)

The profit registered for this half is based mainly on the performance of Elesta SpA.

Income taxes (note 29)

The income taxes for this period amounted to 11 million Euros. The taxes related to this half were calculated on the basis of the best estimate of the fiscal aliquotes expected for the year 2022.

Earnings per share (note 30)

The average weighted number of shares in circulation this year amounted to 79.798.651 ordinary shares, after the pick-up of the stock options and the treasury stock. The profits per share on June 30th 2022 therefore amounted to 0,36 Euros. The diluted profit per share, which takes into consideration also the stock options assigned, was 0,35 Euros.

Dividends distributed (note 31)

The shareholders' meeting of El.En. SpA held on April 29th 2022 voted to distribute to the shares in circulation on the date the coupon came due, a dividend of 0,20 Euros (zero point twenty) gross for each share in circulation. The dividend distributed was 15.958.902 Euros.

Other components of the statement of comprehensive income (note 32)

With reference to June 30th 2022 we wish to point out that there are no "Other components of the comprehensive income statement" worthy of note.

Non-recurring significant, atypical and unusual events and operations (note 33)

In compliance with Consob Communication DEM/6064293 of July 28th 2006, we declare that last year and during the first semester 2022 the Group did not conduct any significant non-recurring, atypical or unusual operations, as defined in the aforementioned Communication.

Information about related parties (note 34)

All of the operations conducted between related parties cannot be qualified as atypical or unusual. The operations are conducted under ordinary market conditions.

In particular the following ones should be mentioned:

Subsidiary companies
Reciprocal operations and transactions among the companies of the Group, included in the scope of consolidation are eliminated when the consolidated half-yearly statement is drawn up and, consequently, they are not described in this report.

Associated companies:
All of the relations of credits and debts, costs and revenue, all of the financing and guarantees granted to associated companies during the first half of 2022 are shown clearly and in detail in the chart.
The prices of all of the transfers are set with reference to what normally takes place on the market. The above-mentioned inter-Group transactions, therefore, reflect the trends in prices on the market with which they may differ slightly depending on the marketing policy of the Group.
The chart below shows the transactions that have taken place with associated companies during this period, both in relation to trade exchanges as well as amounts payable and receivable.

	Financial Receivables		**Accounts receivable**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Actis Srl	30.000		749	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA			889.043	
Quanta Aesthetic Lasers USA, LLC			2.769	
Total	**61.565**		**892.560**	

Associated companies:	**Sales**	**Service**	**Total**
Elesta SpA	402.157	60.598	462.756
Accure Inc	6.657	28.518	35.175
Total	**408.814**	**89.116**	**497.930**

Associated companies:	**Other revenues**
Elesta SpA	11.647
Actis Srl	600
Accure Inc.	450
Total	**12.697**

Associated companies:	**Purchase of raw materials**	**Services**	**Other**	**Total**
Actis Srl		6.000		6.000
Total	**-**	**6.000**	**-**	**6.000**

The amounts shown on the charts above refer to operations that are inherent to the ordinary operations of the Group.

The chart below shows the incidence which the operations with related parties have had on the economic and financial situation of the Group.

Impact of related parties transactions	**Total**	**related parties**	**Inc %**
Impact of related parties transactions on the statement of financial position			
Equity investments	2.068.784	1.027.864	49,68%
Accounts receivable	160.374.383	892.560	0,56%
Other current receivables	21.415.855	61.565	0,29%
Non current financial liabilities	37.099.528	-	0,00%
Current financial liabilities	32.962.718	-	0,00%
Accounts payable	166.086.676	-	0,00%
Other current payables	94.405.143	-	0,00%
Other non-current payables	6.949.739	-	0,00%
Impact of related parties transactions on the income statement			
Revenues	326.974.764	497.930	0,15%
Other revenues and income	2.981.423	12.697	0,43%
Purchase of raw materials	218.320.411	-	0,00%
Direct services	28.964.017	-	0,00%
Other operating services and charges	27.646.344	6.000	0,02%
Financial charges	822.372	-	0,00%
Financial income	354.943	149	0,04%
Income taxes	11.011.386		0,00%

Risk factors and procedures for the management of financial risks (note 35)

The main financial instruments of the Group include short-term checking accounts and bank deposits, short and long-term financial liabilities, financial leasing, stocks and hedging derivatives.
Besides these, the Group also has trade credits and debts derived from their operative activity.
The main financial risks to which the Group is exposed are those related to exchange rates, receivables, cash and interest rates.

Currency risk
The Group is exposed to the risk caused by fluctuations in the Exchange rates of the currencies used for some of the commercial and financial transactions. These risks are monitored by the management which takes all the necessary measures to reduce them.
Since the Parent Company prepares its consolidated financial statements in Euros, the fluctuations in the exchange rates used to convert the data in the statements of the subsidiaries originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity as expressed in Euros in the consolidated financial statements of the Group.

The Parent Company, El.En. SpA this year stipulated a forward contract to cover in part the risk related to the exchange rate with US dollars.

Operation	Notional value	*Fair value*
Currency rate forward	$13.800.000	-€ 915.714
Total	**$13.800.000**	**-€ 915.714**

Credit risks
As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation provision which is accrued at the end of the year represents about 5% of the total accounts receivable from third parties. For an analysis of the overdue receivables from third parties, please consult the relative paragraph in the consolidated financial statement.

As far as guarantees granted to third parties are concerned:
With the conclusion of the acquisition of the minority share of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. granted a guarantee in favor of the selling partner for the payment described in the earn-out clause for 40 million Renminbi (about 5 million Euros) in the case that they proceeded with an IPO of Penta Laser Zhejiang Co., Ltd within 5 years from the acquisition. This debt is entered with the non-current liabilities.

Moreover, in July of 2021 El.En. SpA underwrote the following bank guarantees:
- In favor of Cutlite Penta Srl for financing of 11 million Euros issued by Intesa San Paolo
- In favor of Penta Laser (Wuhan) on the short-term guarantee obtained for 3 million Euros.

In the month of July 2020 Esthelogue Srl obtained a guarantee from Mediocredito Centrale on the financing of 1,5 million Euros issued by Intesa San Paolo. The amount of the guarantee was 1,35 million Euros.

In the month of July 2020 Cutlite Penta Srl obtained a guarantee from Mediocredito Centrale on the financing of 5 million Euros issued by Intesa San Paolo. The amount guaranteed was 4,5 million Euros.

The Chinese subsidiary Penta-Laser Zhejiang Co. Ltd in previous years obtained financing for the construction of a new factory and the necessary equipment by taking out a mortgage for a total value of 20 million RMB.

The Chinese subsidiary Penta Laser (Wuhan) also obtained financing by taking out a mortgage for an overall amount of 10 million RMB.

The subsidiary ASA S.r.l. has signed a loan contract to be used for the construction of the new factory by taking out a mortgage for a total amount of 4,8 million Euros.
In the month of June 2020 the company obtained a guarantee from Mediocredito Centrale for the financing of 3 million Euros obtained from Intesa San Paolo. The amount guaranteed was 2,7 million Euros.

The German subsidiary Asclepion in 2018 has signed a contract for a loan to be used for the construction of a new factory by taking out a mortgage for an overall amount of 4 million Euros.

Cash and interest rate risks
As far as the exposure of the Group to risks related to cash and interest rates is concerned, it should be pointed out that cash held by the Group has been maintained at a high level also during this half in such a way as to cover existing debts and obtain a net financial position which is extremely positive at the end of this half. For this reason, we believe that these risks are fully covered

Management of the capital
The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

Financial Instruments (note 36)

Fair value

The chart below shows a comparison by category between book value and fair value of all the financial instruments of the Group.

	Book value	Book value	Fair value	Fair value
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Financial assets				
Equity investments in other companies	1.040.920	1.031.420	1.040.920	1.031.420
Non current financial receivables	-	230.097	-	230.097
Current financial receivables	65.459	262.262	65.459	262.262
Securities and other non-current financial assets	21.336.138	18.368.415	21.336.138	18.368.415
Securities and other current financial assets	953.367	1.090.700	953.367	1.090.700
Cash and cash equivalents	119.979.528	181.362.812	119.979.528	181.362.812
Financial debts and liabilities				
Non current financial liabilities	37.099.528	36.982.045	37.099.528	36.982.045
Current financial liabilities	32.962.718	23.522.190	32.962.718	23.522.190

Fair value hierarchy

The Group uses the following hierarchy in order to determine and to document the fair value of the financial instruments based on evaluation techniques:

Level 1: quoted prices (not rectified) in a market which is active for identical assets and liabilities.
Level 2: other techniques for which all the input which have a significant effect on the registered fair value can be observed, either directly or indirectly.
Level 3: techniques which use input which have a significant effect on the registered fair value which are not based on observable market data.

As of June 30th 2022, the Group owns the following stocks valued at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		21.336.138		21.336.138
Mutual funds	953.367			953.367
Currency forward		-915.714		-915.714
Other equity investments			1.040.920	1.040.920
Total	**953.367**	**20.420.424**	**1.040.920**	**22.414.711**

Other information (note 37)

Average number of employees

Personnel	Average of the period	30/06/2022	Average of previous period	31/12/2021	Variation	Var. %
Total	**1.985**	**2.067**	**1.764**	**1.902**	**165**	**8,68%**

Subsequent events (nota 38)

On the 1st of September, the equity of El.En. SpA in the subsidiary Cutlite do Brasil LTDA (amounting to 98,27% of the capital) was sold to Cutlite Penta and became part of the laser cutting business unit. The transfer of the company formalizes the almost total involvement of the activities of the Brazilian subsidiary in the business of laser cutting of sheet metal.

For the Board of Directors
Managing Director – Ing. Andrea Cangioli

Declaration of conformity of the half-yearly condensed financial statement on June 30th 2022 in compliance with art. 81-ter CONSOB regulation n. 11971 of May 14th 1999 and later modifications and additions

1. We the undersigned, Andrea Cangioli as managing director, and Enrico Romagnoli as executive officer responsible for the preparation of the financial statements of El.En. SpA, in conformity with art. 154-bis, comma 3 and 4, of Legislative Decree no. 58 of February 24th 1998, declare:
- the conformity in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures used in drawing up the consolidated financial statement, during the first half of 2022.

2. No significant aspects emerged concerning the above.

3. We also declare that:

3.1 the condensed consolidated half-yearly financial statement:

a) is drawn up in conformity with the applicable international accounting standards recognized by the European Union in conformity with Regulation (CE) n. 1606/2002 of the European Parliament and the Commission, on July 19th 2002.

b) corresponds to the figures in the ledgers and accounting books.

c) is suitable to supply a true and correct representation of the capital, economic and financial situation of the issuer and of the other companies included in the scope of consolidation.

3.2 The Management Report contains a reliable analysis of the important events of the first six months of this year and their impact on the half-yearly condensed financial statement, together with a description of the principal risks and uncertainties to which they are exposed for the remaining six months of the year. The Management Report also contains a reliable analysis of the significant operations with related parties.

Calenzano, September 12th 2022

Managing Director	Executive officerr in charge of the preparation of the company financial documents
Ing. Andrea Cangioli	Dott. Enrico Romagnoli

EL.EN. S.p.A.

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
EL.EN. S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of EL.EN. S.p.A. and its subsidiaries (the "EL.EN. Group") as of 30 June 2022. The Directors of EL.EN. S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of EL.EN. Group as of June 30, 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, September 12, 2022

EY S.p.A.
Signed by: Lorenzo Signorini, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers