ELEN™

THE FUTURE IN A BEAM

Annual Financial Report as of December 31, 2024

EL.EN. S.p.A.

ANNUAL FINANCIAL REPORT

AS OF 31 DECEMBER 2024

El.En. S.p.A.
Headquarters in Calenzano (FI) – Via Baldanzese 17
Share capital underwritten and deposited EUR: € 2,603,961.75(*)
Registered with the Florence Business Register no. 03137680488
(*) At the date of the approval of this document

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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

Board of Directors

CHAIRMAN AND MANAGING DIRECTOR

Gabriele Clementi

MANAGING DIRECTOR

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Roberta Pecci

Giovanna D'Esposito

Board of Statutory Auditors

CHAIRMAN

Carlo Carrera

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

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

Mr Enrico Romagnoli

Executive officer responsible for the preparation of the sustainability statement pursuant to It. Leg. D. 125/24

Caterina Delibassis

Independent Auditor
EY S.p.A.

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Ms Barbara Bazzocchi, co-founder of El.En. spa, of which she was the Honorary Chairman after having held the office of Managing Director until April 2024, passed away on 4 September 2024.
A woman of extraordinary strength and determination, she played a fundamental role both in the first steps of El.En. and in managing the group's subsequent growth, holding corporate offices in numerous companies, half of an inseparable couple with her husband, Leonardo Masotti, who left us in 2021.
El.En. Group remembers her with sincere fondness and gratitude.

MANAGEMENT REPORT 2024

INTRODUCTION

Dear Shareholders,

Financial year 2024 was characterised by unstable market conditions and the weakness of some of our most important end markets. Against this backdrop, the group was able to improve its net income for the year, which increased from euro 48.2 million to euro 51.6 million, despite a slight drop in revenue.

During the year, the intention to proceed with the sale of the equity investment in the Laser Cutting business unit was made known. Subsequently, it was reported that the majority of Chinese company Penta Laser Zhejiang alone would be divested upon conclusion of the negotiations. Therefore, with this manifested intention, this financial statement was prepared, in accordance with IAS/IFRS accounting standards, by reclassifying the Chinese industrial cutting division's contribution into assets, liabilities and income/loss from discontinued operations, according to IFRS5 for the current year. For 31 December 2023, the adjustment to comparative data was only necessary for the Consolidated income statement and the Consolidated cash flow statement, in accordance with the provisions of paragraph 40 of IFRS 5.

In this Management Report, with a view to making data comparability easier, the Statement of financial position and the Net financial position as of 31 December 2023 were restated in the same way as the Consolidated income statement and the Consolidated cash flow statement at that date. The reconciliations with the financial statement data submitted in the subsequent Notes to the financial statement were set out in paragraph: Presentation of existing relationships between continuing operations and discontinued operations.

Based on this new representation, the group recorded revenue for euro 565.8 million in 2024 (-1.76% compared to euro 576.0 million in 2023), namely euro 645.9 million in the previous representation, down 6.7% with respect to euro 692.3 million in 2023. According to the new presentation, the EBIT reached euro 78.3 million, thus exceeding euro 78.2 million in year 2023. As per the previous representation, however, it fell to euro 70.9 million, from euro 72.7 million in the previous year.
2024 was the first year since 2011 to show a decline in the Group's consolidated revenue. After years characterised by even turbulent growth in revenues and working capital, the management was particularly effective in managing working capital, with beneficial effects on the net financial position, which, also as a result of excellent income flows, reached euro 110.6 million at the end of the year, an increase of about euro 51 million compared to the opening of the year.

REGULATORY FRAMEWORK

In compliance with the provisions of European Regulation No. 1606 of 19 July 2002, the El.En. Group prepared its consolidated financial statement as of 31 December 2024 in accordance with the International Accounting Standards endorsed by the European Commission.
Pursuant to It. Leg. D. 38/2005, as from the financial year 2006 also the annual financial statements of the parent company El.En. S.p.A. (financial statement) were prepared in accordance with the International Financial Reporting Standards (IFRS); reference will be made to these when presenting the figures for the parent company.

SIGNIFICANT EVENTS WHICH OCCURRED DURING FINANCIAL YEAR 2024

On 29 April, the Ordinary Shareholders' Meeting of the Parent company approved the financial statements for the year 2023, which showed a net income of euro 28.122.000,00, while resolving:
- to distribute to the shares outstanding on the ex-dividend of coupon no. 3 on 20 May 2024 - in compliance with the provisions set forth by Art. 2357-ter, second paragraph, of the Italian Civil Code, a dividend, equal to 0,20 euro gross per outstanding share for a total amount as of the date of the resolution of 16.006.440,40 euro, it being understood that said amount could be increased by any new amounts required for the distribution of the dividend to the shares

outstanding as of the ex-dividend date resulting from the exercise of the 2016-2025 stock option plan in the period between the date of the resolution and the record date of 21 May 2024;
- to accrue the residual amount equal, as of the date of the resolution, to 12.115.559,60 euro to the extraordinary reserve, it being understood that this amount could be decreased by any new amounts required for the distribution of the dividend from the shares outstanding as of the ex-dividend date resulting from the exercise of the 2016-2025 stock option plan in the period between the date of the resolution and the record date of 21 May 2024;
- to pay the above dividend from 22 May 2024.

The Ordinary Shareholders' Meeting also:
- approved the Remuneration Report and the compensation paid, in accordance with Art. 123-ter T.U.F. paragraph 3-bis and Art. 123-ter T.U.F. paragraph 6.
- appointed the Board of Directors for the three-year period 2024-2026 and thus until the approval of the financial statements as at 31 December 2026, appointing Gabriele Clementi as Chairman and electing as other Board members, Andrea Cangioli, Alberto Pecci, Fabia Romagnoli, Roberta Pecci, Michele Legnaioli, Giovanna D'Esposito.
Pursuant to Art. 19 of the Articles of Association, the Board members Clementi, Cangioli, Alberto Pecci, Romagnoli, Roberta Pecci and Legnaioli were drawn from the list of candidates presented by the shareholder Andrea Cangioli (list no. 1); the director D'Esposito was drawn from the list presented by a grouping of asset management companies and other institutional investors (list no. 2).
The composition of the Board of Directors respects the gender balance pursuant to Art. 147-ter, paragraph 1-ter of It. Leg. D. 58/1998.
The election of board members Romagnoli, D'Esposito and Legnaioli provides the board with no. 3 independent administrators as provided for by Art. 19 of the Articles of Association, in accordance with Art. 147-ter, paragraph 4 of It. Leg. D. 58/98 and art. 2 Corporate Governance Code of Borsa Italiana. Upon acceptance of the appointment, they declared that they meet these requirements and undertook to maintain them throughout their term of office and to resign should they fail to do so.
- redetermined the remuneration of the administrative body by approving the total emolument of the Board of Directors, pursuant to Art. 2389 of the It. c.c. and pursuant to Art. 21 of the Articles of Association.
- appointed Elisa Raoli as minority alternate auditor to supplement the Board of Statutory Auditors following a proposal submitted by a group of asset management companies and other institutional investors.
- resolved, subject to revocation for the unused portion of the authorisation granted by the same shareholders' meeting on 27 April 2023, to authorise the purchase and disposal of treasury stock pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, Art. 132 of Italian Decree Law no. 58 of Art. 144-bis of the Consob regulation.
Treasury stock will be purchased as a result of the following possible, competing or alternative purposes: allocations or distributions to employees and/or collaborators and/or members of the administration or control bodies of the company or its subsidiaries; exchanges or swaps of equity investments within the scope of and on the occasion of strategic transactions.
The authorisation was granted for the period of 18 months from the date of the resolution, for the purchase, in one or more instalments, of a maximum number of ordinary shares of the company, the only category of financial instruments currently issued by the company, which in any case does not exceed one-tenth of the share capital. Treasury stock must be purchased in compliance with the criteria of equal treatment of shareholders according to that established by Art. 132 T.U.F. and by art. 144-*bis* Issuers' Regulation. Shareholders authorised the purchase at a minimum price that is not lower than the price that the stock recorded in the trading session on the day preceding the completion of each single transaction, decreased by 10%, and at a maximum price no higher than 10% of the official trading price recorded on the day preceding the purchase.
The Board was given authorisation to sell or dispose of, within 10 years of the resolution, the purchased shares at a price, or countervalue in the case of corporate transactions, of no less than 95% of the average of the official trading prices recorded in the five days preceding the sale or disposition.

The Extraordinary Shareholders' Meeting finally resolved to enter the amendment of Article 14 (Participation in the Shareholders' Meeting) into the Articles of Association, providing that, in the notice convening each Shareholders' Meeting, it may be specified that the participation therein and the exercise of the right to vote may take place solely through the representative designated by the Company, thus seizing the opportunities offered by the reform underway in the Italian legislative system to support the competitiveness of capital as well as aiming at simplifying the access and regulation of capital markets.

On the same date, the Board of Directors of the parent company appointed the Chairman Gabriele Clementi and Director Andrea Cangioli as Managing directors, assigning them, separately and with free signature, all the powers of ordinary and extraordinary administration for the performance of any activity falling within the corporate purpose, with the exception of the powers subject to prohibition of delegation pursuant to the law and the Articles of Association.

As at 31 December 2023, “Other non-current liabilities” included the liability for the earn-out provided for in favour of the former minority shareholder of Penta Laser Zhejiang Co., Ltd as part of the agreement to purchase its shares: this amounted to Renminbi 40 Million (approximately 5 million euro), to be paid if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the date of purchase, which occurred in November 2019.
Following the negative results achieved by Penta Laser Zhejiang, the suspension of the IPO process and the consequent request for the exit of private equity funds from the capital of the Chinese subsidiary, the management interrupted the IPO process and consequently eliminated the financial liability with recognition of the related financial income in the income statement.

During the fourth quarter, Cutlite Penta USA Inc. was incorporated as a wholly-owned subsidiary of BRCT Inc.

Potential developments of the “Laser Cut” business unit

As part of the reorganisation of the laser cut business, the Group suspended and then interrupted the IPO process for the laser cutting business, with Ot-las Srl buying back 100 per cent of the shares of Cutlite Penta Srl held by Penta Laser Zhejiang on 29 August 2024. Subsequently, Penta Laser Zhejiang liquidated the equity investments of the private equity funds that had entered the company's capital in 2022, returning the invested capital plus an interest of 6 per cent per annum to them, for a total of approximately euro 19.4 million, de facto bringing the IPO process to a halt.

In order to prevent any disputes by the CITIC fund, which had waived its right of withdrawal, the management, nevertheless, opted for its liquidation, paying approximately euro 5.7 million in principal and interest.

On 8 November 2024, El.En. S.p.A. announced a framework agreement with Yangtze Optical Fibre and Cable Joint Stock Limited Company (YOFC) to negotiate the sale of the majority of the companies active in the laser cutting business, thus including Cutlite Penta S.r.l. and Cutlite do Brasil Ltda, for an expected total consideration of euro 55.3 million. As part of the deal, Ot-las S.r.l. reportedly sold 59.18% of Penta Laser Zhejiang to YOFC for RMB 298.7 million (about euro 38.8 million) and a 67% equity investment in Cutlite Penta S.r.l. for about euro 16.5 million. YOFC also reportedly subscribed to a capital increase of Cutlite Penta S.r.l. for a nominal value of €51,256 by paying into the company's coffers a total subscription price of approximately €2.5 million, bringing its equity investment to 70.06%.

Following the divestment under the framework agreement, El.En. reportedly retained equity investments accounting for 19.3% and 30% in Penta Laser Zhejiang and in Cutlite Penta respectively.

On 2 January 2025, El.En. announced the extension of the negotiation deadline until 31 March 2025 and reaffirmed that Cutlite Penta will remain an Italian brand. It was also emphasised that in order to keep the Italian identity of the brand and company clear, Ot-las would remain the majority shareholder of Cutlite Penta and YOFC would participate as a significant minority shareholder.

It is important to note that legally binding agreements will only become effective upon the signing of final contracts. The final transfer of control of the laser cutting division will be subject to the procedure required by It. Leg. D. 21/2012, and subsequent amendments by the Italian Presidency of the Council of Ministers.

DESCRIPTION OF THE ACTIVITIES OF THE GROUP

Founded in 1981 on an idea by a University professor and one of his students, El.En. has developed over the years into a structured and dynamic industrial group specialised in the production, research and development, distribution and sales of laser systems.

The laser, acronym of “**Light Amplification by Stimulated Emission of Radiation**”, a fascinating technology invented in 1960, is the technological core of the Group. This light emission with such particular characteristics (mono-chromaticity, coherence, brightness) has an ever growing number of applications which have given rise to actual industrial sectors and have radically changed the way other sectors operate. Telecommunications, sensors, printers, lithography, atmospheric detection, advanced vision systems, a variety of processes in industrial manufacturing, as well as medical and aesthetic applications have benefited from the innovations made possible by the versatility, precision and reliability of laser systems. Scientific research and applied industrial research will still find innovative applications for laser technology, which we will take advantage of both directly and indirectly.

Among the variety of types of laser sources and applications developed to date, the group is specialised in producing systems for two sectors: laser systems for medicine and aesthetic, which we call the Medical sector, and laser systems for manufacturing processes, which we call Industrial sector. Each of the two sectors includes a variety of differentiated segments for the specific application of the laser system, and therefore for the specific underlying technologies and for the type of user. As a result, the group’s business, generically defined as production of laser sources and systems, includes a considerable variety of products catering for many types of customers, also by virtue of the global presence of the group that leads it to adapt to the peculiarities of every region of the world in using our technologies.

Over time, the group has taken on the current structure by setting up new companies and taking over others. The activities are conducted by this structured group of companies that operates in the production, research and development, distribution and sales of laser systems. Specific businesses, sometimes related to a single geographic market, sometimes targeting a particular product niche, and sometimes a broader scope of activities across technologies, applications and geographic markets are managed by specially committed operating structures and companies. The activities of the group companies are coordinated by the parent company so that adequate resources are made available to each business in order to best serve the relevant markets by exploiting the dynamism and flexibility of individual business units, without losing the advantages of managing certain resources in a coordinated manner.

The comprehensiveness of supply and the ability to segment certain markets in order to maximise the total share held by the group, together with the opportunity of involving managerial skills in their capacity as minority shareholders, underlie the group’s corporate structure. The number of member companies must always be related to the linear division of the business, which we identify, for reporting but above all for strategical purposes, as follows:

MEDICAL SECTOR	INDUSTRIAL SECTOR
Aesthetic	Cutting
Surgical	Marking
Physiotherapy	Laser sources
Medical Service	Restoration
	Industrial Service

The sale of systems is associated to the after-sales service, essential support to installation, maintenance and correct use of our laser systems and significant source of revenues for spare parts, consumables and technical assistance services. The sale of surgical consumables, specifically sterile optical fibres used in urological surgeries, is becoming an increasingly important part of after-sales revenues.

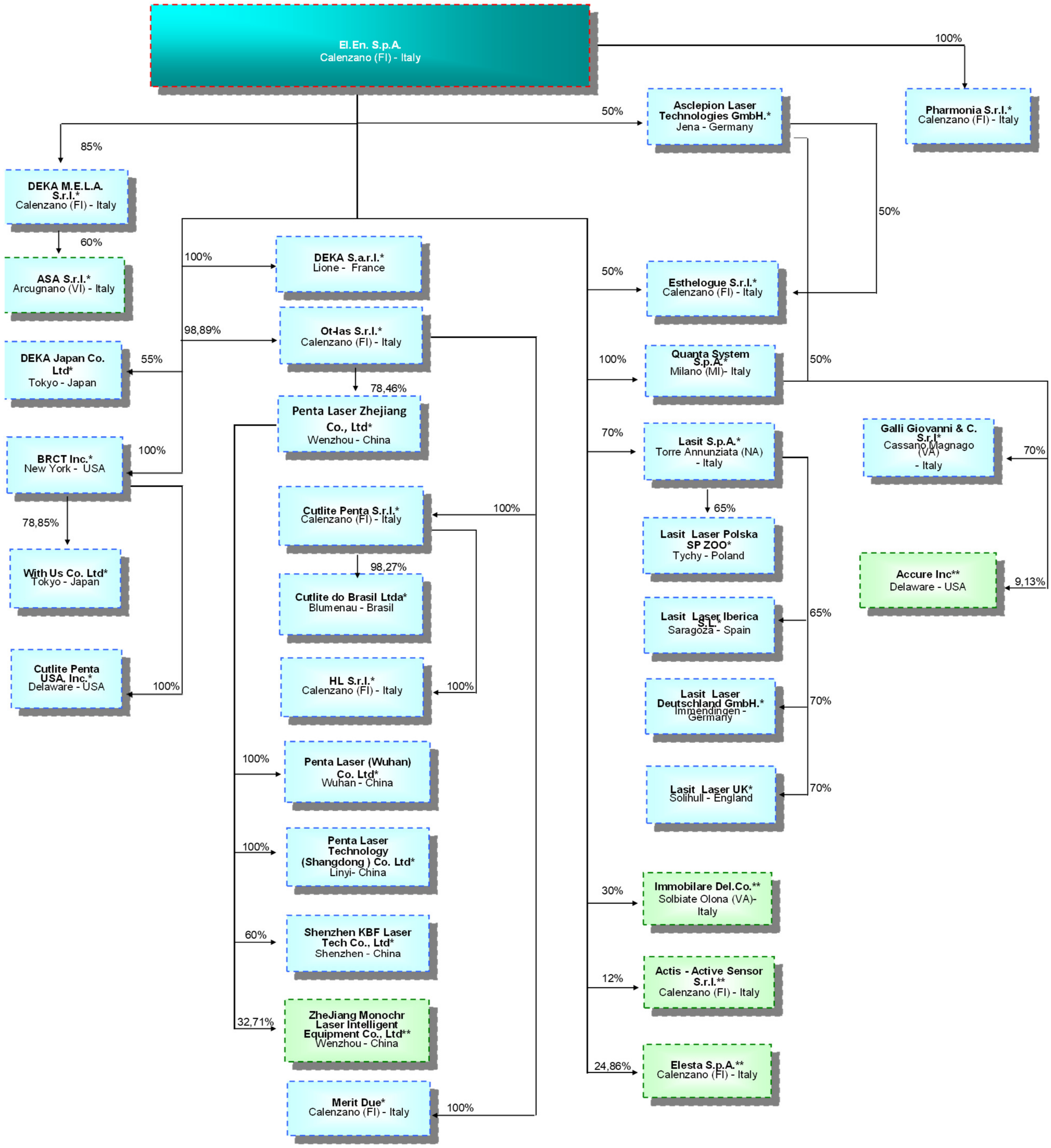
The structure of the group into numerous companies also reflects the strategy of product distribution and of organisation of research and development and marketing activities. In the medical sector, the integration strategy of the companies acquired or set up over the years (Deka, Asclepion, Quanta System and Asa) has followed an approach that is typical of our sector: each of these group companies has maintained its own specific characterisation in terms of the elective technologies developed and product range, with its own brands and distribution networks independent of the other group companies, thereby making up a true business unit with its own strategic and market positioning. Furthermore, each company has been able to take advantage of the *cross fertilisation* offered by each research hub, making their elective technologies available also to the other companies in the Group. This strategy, though a bit complex to manage, allowed the Group to grow, making it one of the most important, well-structured entities on the market. Aware of the importance that the multi-brand and multi-R&D approach has had on the group's growth, we feel the need to make the activities of the business units in the medical sector more closely co-ordinated with each other, while fostering, as circumstances allow, joint activities in distribution as well, such as in Italy, where the “Renaissance” brand brings together Deka, Quanta System and Asclepion in a single organisation, and in the DACH area, where Asclepion has created distribution networks alsotargeting the sale of systems by Quanta System and Deka.

Although laser technology is a common factor, as several strategical components and some R&D and production activities are shared, the two Medical and Industrial sectors target very different markets. The activities that they perform are organised so as to meet the profoundly different customer requirements of the two sectors. Furthermore, each market features specific dynamics of the demand and growth expectation linked to different key factors.
The medium-term growth forecasts are positive for both sectors. The demand for aesthetic and medical treatments by a population that is ageing on average and seeking to limit the effects of ageing ever more is in constant growth in the medical sector. The demand is also growing for technologies that can minimise operating and hospitalisation timeframes in some surgical procedures or that can enhance their effectiveness, reducing their impact on the patient (minimal invasiveness) and overall costs. For the industrial sector, laser systems are an ever more essential tool for manufacturing, making flexible and innovative technologies available for companies competing on international markets and who want to raise their quality standards and increase productivity. Therefore, while part of the traditional manufacturing market, laser systems make up a high-tech component which, thanks to constant innovation of the laser product and of the processes which lasers allow to develop, continues to feature interesting growth prospects.

Overall, considering the excellent growth outlook of the target markets on the medium and long-term, the group is able to acquire market shares and to create new application niches thanks to innovation. The breadth of the range of products offered, the ability to continuously innovate it to adapt it to market requirements and still better to create new ones, are our critical factors for success. El.En. Group was and still is able to excel in this business. The section dedicated to research and development documents and bears witness to its importance in the group’s activities and to the great attention paid in allocating appropriate resources needed to guarantee the prosperity of the group in years to come.

DESCRIPTION OF THE GROUP

As at 31/12/2024, the structure of the Group is as follows:



* *Subsidiaries*
** *Associates*

ALTERNATIVE NON-GAAP MEASURES

El.En. Group uses certain alternative non-GAAP measures that are not identified as accounting measures within the IFRS, to allow for a better assessment of the performance of the Group. Therefore, the determination criteria applied by the group might not be consistent with those adopted by other groups and the result obtained might not be comparable with that determined by the latter.

These alternative non-GAAP measures, determined in compliance with what is established by the Guidelines on alternative performance measures issued by ESMA/2015/1415 and adopted by CONSOB with notice no. 92543 of 3 December 2015, only refer to the performance of the accounting period this document refers to and to the periods compared.

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

- **value of production**: determined by the sum of revenues, the variation in finished goods, semi-finished goods, work in progress and capitalisation and other income;
- **gross margin**: which is an indicator of the margins of sales determined by adding the entry “Other operating services and charges” to the Added Value;
- **added value**: determined by adding the entry “Staff costs” to the EBITDA;
- the **earnings before income taxes, devaluations, depreciations and amortizations** or “EBITDA”: it is an operational performance indicator and is determined by adding the entry “Depreciation, amortization and other accruals” to the EBIT;
- the **earnings before interest and income taxes,** or “EBIT”, represents the difference between revenues and other income, production costs, other operating costs and depreciation, amortization and other accruals;
- the impact that the various entries of the income statement had on revenue.

The Group uses the following alternative non-GAAP measures to assess its ability to meet financial obligations:

- the **net financial position** understood as: cash and cash equivalents + securities included in current assets + current financial receivables - current financial debts and liabilities - non-current financial liabilities - other non-current payables (prepared in line with the ESMA Guidelines which, as of 5 May 2021, amended the references contained in previous CONSOB communications, including the references in Communication no. DEM/6064293 of 28-7-2006 on net financial position).

PERFORMANCE INDICATORS

The following performance indicators were identified to provide additional information on the group’s capital, financial and income structure:

	31/12/2024	31/12/2023
Profitability Ratios:		
ROE (Net Income / Own Shareholders' Equity)	15,5%	16,20%
ROI (EBIT / Total Asset)	10,6%	10,9%
ROS (EBIT / Sales)	13,8%	13,6%
Capital structural ratios:		
Investments Flexibility ratio (Current Asset / Total Asset)	0,64	0,63
Indebtedness (Total liabilities / Total asset)	0,45	0,48
Leverage ((Net Equity+ Loans) / Net Equity)	1,11	1,14
Current Ratio (Current Asset / Current Lability)	2,77	2,51
Current liability coverage ((Current receivables + Cash & cash equivalent + Investments) / Current liabilities)	1,76	1,50
Quick ratio ((Cash & cash equivalent + Investments) / Current liabilities)	0,92	0,65

For a clearer view of the table above and in the light of the provisions on alternative non-GAAP measures, we consider it appropriate to give the following definition referring to the financial statements:

- Own Shareholders’ Equity = Group's shareholders' equity – Net income (loss)

GROUP FINANCIAL HIGHLIGHTS

Year 2024 ended with the fourth quarter confirming the trends already outlined during the year. The medical sector continued its progressive recovery from 2023, recording a 4.6% year-on-year increase in revenue and 11.4% in the fourth quarter. The industrial sector, on the other hand, continued to suffer from the weakness of the Italian market, recording a 33.1 per cent drop in revenue in the fourth quarter, bringing the annual decline to 15.3 per cent.

The presentation of the income statement according to IFRS5 showed the achievement of the income target of the 2024 guidance, reporting an EBIT of euro 78.3 million, higher than euro 78.2 million in 2023. However, including the results of subsidiary Penta Laser Zhejiang, which is in the process of being sold, the EBIT reportedly stood at euro 71.0 million, down from euro 72.7 million in the previous year.

Two unexpected events negatively impacted earnings results in the fourth quarter: the worsening of the crisis at the Japanese subsidiary Withus generated losses and impairments, reducing the EBIT by about euro 0.7 million, while the unfavourable ruling against Penta Laser Zhejiang in the Baoyuan case resulted in an additional cost of about euro 2 million included in the income statement line of discontinued operations in which the company's entire loss for the year 2024 is reclassified.

We are therefore commenting on a year with a positive trend with which we are largely satisfied. Thanks to the great soundness of the group, the above-mentioned issues only slightly affected the total net income.

Revenue growth in the medical sector accelerated steadily and reached 4.6% year-on-year, a remarkable result in light of the difficult performance of most of our competitors due to unfavourable conditions in some key markets such as the US and the Middle East. Within the medical sector, system sales showed a positive trend in the three main segments: aesthetics, surgery and therapy. In addition, there was a rapid increase in after-sales revenues, for service and consumables, mainly due to the expansion of sales of sterile fibre optics for urology surgical applications.

Product innovation continues to be the fundamental pillar of the Group's marketing and sales strategy. The expansion of the range of products available for sale and the related innovation are the cornerstones of the business volume expansion strategy.

The highly qualified staff dedicated to the implementation of new products, the operational structures supporting research activities, both technical and product certifications, constitute a major commitment and burden annually expensed in the income statement. However, it is at the same time the most effective instrument to support the development of our activities.

In the industrial applications sector, there was a marked weakness in the Italian market, where a 39.5 per cent drop in revenue was recorded, compared to a 15.3 per cent drop in overall sales in the sector.
The Italian market was affected above all by the uncertainty following the termination of the benefits of the Industry 4.0 program and the long wait for the operational details of the new 5.0 initiative, only announced in summer 2024.

During the year, the Group continued its sustainability activities, which are included in the performance indicators for management compensation. The new 2023-2027 five-year Sustainability Plan identifies specific and measurable sustainability activities and objectives, on sensitive topics such as combating climate change, the circular economy, promoting a responsible supply chain, valuing people and contributing to the community. This confirms the commitment to sustainable development in which environmental and social responsibility are increasingly an integral part of the business model.

As of 1 January 2024, the El.En. Group prepares its sustainability reporting in accordance with the provisions of It. Leg. D. of 6 September 2024 no. 125 implementing European 2022/2464 Corporate Sustainability Reporting Directive (CSRD). This reporting also includes the requirements of EU Taxonomy Regulation 852/2020.

The following table shows the breakdown of revenue as at 31 December 2024 among the group's business sectors, compared with the similar breakdown for the financial year 2023.

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Medical	410.401	72,53%	392.434	68,13%	4,58%
Industrial	155.444	27,47%	183.577	31,87%	-15,32%
Total revenue	**565.846**	**100,00%**	**576.011**	**100,00%**	**-1,76%**

The Group's consolidated revenue decreased slightly, by about 1.76%, due to the performance of the industrial sector. This results in an increase in the overall weight of medical sector sales on the group's total sales from 68.1% to 72.5%.

In terms of geographical distribution of revenue, the performance of the period is outlined in the following tables:

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Italy	107.756	19,04%	151.755	26,35%	-28,99%
Europe	169.062	29,88%	154.495	26,82%	9,43%
Row	289.028	51,08%	269.761	46,83%	7,14%
Total revenue	**565.846**	**100,00%**	**576.011**	**100,00%**	**-1,76%**

Medical sector

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Italy	38.661	9,42%	37.528	9,56%	3,02%
Europe	128.492	31,31%	117.686	29,99%	9,18%
Row	243.249	59,27%	237.220	60,45%	2,54%
Total revenue	**410.401**	**100,00%**	**392.434**	**100,00%**	**4,58%**

Industrial sector

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Italy	69.095	44,45%	114.228	62,22%	-39,51%
Europe	40.569	26,10%	36.809	20,05%	10,21%
Row	45.780	29,45%	32.540	17,73%	40,69%
Total revenue	**155.444**	**100,00%**	**183.577**	**100,00%**	**-15,32%**

As already mentioned, the weakness of the Italian market (-28.99%) is noted, particularly in the industrial sector with sales down 39.5%. Conversely, revenue increased in all areas for the medical sector, highlighting the solidity of the group's competitive positioning, despite a year in which market demand was less vigorous.
The trend by geographic area of the industrial sector's revenue perfectly represents both the contingency of weak domestic demand in Italy and the benefits of the decision to intensify export activities through appropriate investments aimed at the internationalisation of activities. In this respect, the contribution of Lasit's foreign subsidiaries (Poland, Spain, Germany, UK and since 2025 France) and Cutlite Penta's intention to follow the same path, with plans to set up subsidiaries in Poland, Germany and Spain by 2025, are noteworthy. Also in the industrial sector, the contribution of the North American market was very significant.

Within the **medical and aesthetic systems segment**, which also accounted for about 72,5% of the group's revenue in the year 2024, the sales trend in the various segments is outlined in the following table:

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Aesthetic	235.486	57,38%	225.961	57,58%	4,22%
Surgery	77.384	18,86%	77.235	19,68%	0,19%
Physiotherapy	16.158	3,94%	15.894	4,05%	1,66%
Others	1.803	0,44%	3.250	0,83%	-44,51%
Total medical systems	**330.831**	**80,61%**	**322.340**	**82,14%**	**2,63%**
Medical service	79.570	19,39%	70.094	17,86%	13,52%
Total medical revenue	**410.401**	**100,00%**	**392.434**	**100,00%**	**4,58%**

The sales trend in the medical sector is again on the rise, both in systems and after-sales revenues. Of note is the return to growth in the Aesthetics segment, thanks to the excellent performance in the fourth quarter, which was very positive in substantially all geographic markets and also in all application disciplines.

The decrease in the “others” segment was solely due to sales in the dental sector in the US market slowed down by the reorganisation of our distributor structure.

These results are absolutely positive in light of the sales performance of our main competitors: in the group of listed companies releasing their results, revenues are mostly down by double digits, with only one company able to improve its revenues in 2024.

In the field of aesthetic applications, sales recovery is evident in all disciplines, including body contouring, facial reshaping and rejuvenation, treatment of melasma and other skin pigmentations, and toning with picosecond ultrafast lasers. In the fourth quarter, the group also achieved a marked recovery in sales in the hair removal sector. The general market trend shows a robust demand for anti-aging applications. However, the epilation sector, especially in the market segment covered by the technologies offered by the Group, is facing increasing competitive pressure and a general lessening of demand.

Among the technologies currently gaining most market acceptance is the fractional application of CO_2 lasers, typically for miniature rejuvenation (anti-ageing) treatments. Significantly, CO_2 technology applied to dermatology and aesthetics was the first laser technology in which El.En. ventured back in the 1980s, and it is still a central technology in the group's development strategy. Far from being an obsolete or outdated technology, thanks to the continuous improvements and innovations made by our research and development over time, it still remains a state-of-the-art technology. Improvements made over time, both in the laser source and in the hi-tech beam delivery devices, have allowed the application procedures performed with our CO_2 systems to be more effective and less invasive, decreasing, even to zero, the patient's down time after treatment. Today, our reference system for application is Deka's Tetra Pro.

Sales of surgical systems remained substantially stable on 2023 volumes, within which the urology segment continued to be the driving force with its applications for benign prostate hyperplasia and stone removal. Revenues from ORL and gynaecology applications, on the other hand, fell slightly.

In revenues for medical services, the services and goods sold following the system’s sale are reported. The contribution to this revenue item from optical fibre sales used as consumables in urological surgery remains solid, accounting approximately for 45% of the segment's revenues. In this regard, it should be noted that Quanta System is planning to build a new and larger clean room dedicated to the production of fibre optics at its Samarate plant to increase the production capacity of this medical device.

Thanks to the excellent performance in the fourth quarter, the Therapy segment, which is led in the group by Asa from Vicenza, also managed to exceed the 2023 revenue result by 1.7%.

For the **sector of industrial applications**, the following table details the revenue according to the market segments the Group is active in.

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Cutting	101.812	65,50%	133.839	72,91%	-23,93%
Marking	31.520	20,28%	29.838	16,25%	5,63%
Laser sources	4.291	2,76%	5.168	2,82%	-16,97%
Conservation	865	0,56%	512	0,28%	69,03%
Total industrial systems	**138.487**	**89,09%**	**169.357**	**92,25%**	**-18,23%**
Industrial service	16.957	10,91%	14.220	7,75%	19,24%
Total Industrial revenue	**155.444**	**100,00%**	**183.577**	**100,00%**	**-15,32%**

As already mentioned, the drop in sales in the industrial sector was caused by the weakness of the Italian market.

An unfavourable general situation is made worse by the time lag of tax relief policies for investments, with a transversal effect on our application target markets - cutting, marking for identification, and marking for decoration. The foreseen end of the 4.0 incentive was followed by a phase in which uncertainties related to the conditions and application modalities of the new 5.0 incentive pushed potential customers to wait for the necessary clarifications and operational instructions, causing a drop in demand greater than what would have resulted from the simple termination of the incentives. The trend in revenue and order intake, as also reported by UCIMU statistics, was very weak in the first half of the year, but showed encouraging signs of recovery in the second half of the year.

Revenue growth for goods and services provided to customers after system sales remained strong, a direct and delayed consequence of the rapid increase in the number of systems installed in the last two years. Also thanks to the decrease of revenue for systems, the impact of service revenue on the sector’s total doubled in the period, from 7,75% to 10,91%.

Against the declining trend in laser sources sales, there was a record in revenues for restoration systems, which exceeded the record result of 2023.

The Group’s technologies make possible a conservation that respects the historical authenticity of each work, enhancing its original beauty and ensuring that it is also usable for future generations.

The El.En. Group recently donated the advanced EOS 1000 LQS laser system, designed for the precise cleaning of ancient artefacts, to celebrate the 200th anniversary of the Egyptian Museum in Turin - a global benchmark for Egyptology and archaeology.
The handover ceremony marked an important milestone in the preservation of the cultural heritage of the Turin institution. The laser system will play a crucial role in the restoration and preservation of the Museum's priceless treasures.
El.En.'s collaboration with the Egyptian Museum only partly reflects the Group's commitment to the protection of cultural heritage worldwide.

CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2024

We present below the consolidated income statement for the year ended 31 December 2024, compared to that of the year 2023.

Income Statement	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Revenue	565.846	100,0%	576.011	100,0%	-1,76%
Change in inventory of finished goods and WIP	4.085	0,7%	13.983	2,4%	-70,79%
Other revenues and income	6.833	1,2%	4.793	0,8%	42,55%
Value of production	**576.763**	**101,9%**	**594.788**	**103,3%**	**-3,03%**
Purchase of raw materials	267.172	47,2%	313.900	54,5%	-14,89%
Change in inventory of raw material	10.284	1,8%	(10.322)	-1,8%	
Other direct services	53.669	9,5%	56.441	9,8%	-4,91%
Gross margin	**245.637**	**43,4%**	**234.769**	**40,8%**	**4,63%**
Other operating services and charges	55.092	9,7%	50.091	8,7%	9,98%
Added value	**190.545**	**33,7%**	**184.678**	**32,1%**	**3,18%**
Staff cost	98.770	17,5%	92.494	16,1%	6,78%
EBITDA	**91.775**	**16,2%**	**92.184**	**16,0%**	**-0,44%**
Depreciation, amortization and other accruals	13.467	2,4%	13.965	2,4%	-3,57%
EBIT	**78.309**	**13,8%**	**78.219**	**13,6%**	**0,11%**
Net financial income (charges)	802	0,1%	(449)	-0,1%	
Share of profit of associated companies	23	0,0%	64	0,0%	-64,89%
Other net income and charges	4.971	0,9%	0	0,0%	
Income (loss) before taxes	**84.104**	**14,9%**	**77.835**	**13,5%**	**8,05%**
Income taxes	21.227	3,8%	22.600	3,9%	-6,07%
Income (loss) from Continuing operations	**62.877**	**11,1%**	**55.235**	**9,6%**	**13,84%**
Income (loss) from Discontinued operation	(10.372)	-1,8%	(5.169)	-0,9%	100,67%
Income (loss) for the financial period	**52.505**	**9,3%**	**50.067**	**8,7%**	**4,87%**
Income (loss) of minority interest	892	0,2%	1.827	0,3%	-51,20%
Net income (loss)	**51.613**	9,1%	**48.239**	**8,4%**	**6,99%**

The gross margin was euro 245,637 thousand, up 4.6% from euro 234,769 thousand as of 31 December 2023, with the margin increasing from 40.8% in 2023 to 43.4% in 2024.

Underlying this improvement is both the sales mix, which saw an increase in sales in the medical sector, with higher margins, in the presence of a decrease in the industrial sector, and the geographical target mix in the industrial sector, which saw a decrease in sales in the competitive Italian market with a rise in export sales, with higher margins.
This improvement in margins also includes approximately euro 1.9 million, equal to 0.3 percentage points of annual revenue, from proceeds recorded for insurance and other income due to insurance and government refunds relating to the damage caused by the flood in Campi Bisenzio in November 2023.

Other operating services and charges amounted to 55.092 thousand euro, up from 50.091 thousand euro as at 31 December 2023, with the percentage on revenues increasing from 8,7% to 9,7%. In effect, the increase is the result of the higher sales expenditure incurred in the period, with the companies of both sectors committed to expanding their presence on the international markets. The notional costs for stock option plans for administrators also contributed to the increase in these costs, which amounted to approximately euro 445 thousand as of 31 December 2024 compared to euro 411 thousand in 2023.

Staff expenses of 98.770 thousand euro were up 6,8% compared to 92.494 thousand euro as at 31 December 2023, with an increasing impact on revenues (16,1% in 2023, 17,5% in 2024) due to a lower volume of business in the period. The notional costs for stock option plans in favour of employees amount to euro 2,111 thousand in the period against euro 1,621 thousand in 2023.

As at 31 December 2024, the group had 2,080 employees, substantially unchanged from 2,084 as at 31 December 2023. There is an increase in the number of employees in Italian companies, which are committed to expanding their capacities in view of expected business developments, and a decrease in some foreign companies.

A considerable amount of staff costs is absorbed by research and development, for which the Group also receives funds and reimbursements of expenses in view of specific contracts signed with the appropriate bodies.

The EBITDA amounted to euro 91,775 thousand down from euro 92,184 thousand as of 31 December 2023, despite a slight increase in the impact on revenues (16.0% in 2023, 16.2% in 2024).

Amortizations, depreciations and accruals costs decreased, going from euro 13,965 thousand on 31 December 2023 to euro 13,467 thousand on 31 December 2024 while their impact on revenues remained unchanged at 2.4%. There was an increase in provisions for credit risks, with a specific provision of about euro 2 million made necessary by the sudden financial crisis of a chain of hair removal centres, an important customer of the Japanese subsidiary Withus. The item was positively impacted by the reduction in the provision for risks following the settlement of certain disputes by Asclepion.

As a result, EBIT showed a positive result of euro 78,309 thousand, up from euro 78,219 thousand as at 31 December 2023, with the impact on revenue increasing from 13,6% to 13,8%.

Financial income amounted to euro 802 thousand, a significant increase compared to the negative result of euro 449 thousand last year, partly due to exchange rate gains, but mainly due to financial income (+ euro 1.4 mln) resulting from the management of liquidity positions held in particular by El.En., Deka Mela and Quanta System.

The removal of Private Equity funds from the Penta Zhejiang's equity investment has made it impossible to complete the company's IPO on the Chinese market. According to the contractual clauses stipulated in 2019 for the purchase of Penta Zhejiang's shares, the listing by November 2024 was a condition for the payment of an 'earn out' of euro 5 million to the minority shareholder liquidated at the end of 2019. Consequently, the financial liability was eliminated and the related income acknowledged.

Income before taxes showed a positive result of euro 84.1 million (euro 77.8 million FY 2023), with an increase of 8%.

The cost for current and deferred income taxes for the year amounted to euro 21,227 thousand: the overall tax rate was 25.2%, down from last year's 29.0%. The income tax for the year benefited from the agreement signed by El.En. S.p.A. with the Inland Revenue Agency for the renewal of so-called Tax credit on patents (Patent Box) for the 2020/2024 period.

The Group ended the financial year 2024 with a net income of euro 51.6 million, compared to euro 48.2 million last year. The impact on revenue for the period was 9.1% and the variation 7%.

RESULT FROM DISCONTINUED OPERATIONS

The net income of the businesses currently being divested, in particular Penta Laser Zhejiang and its Chinese subsidiaries, is negative by approximately euro 3.5 million. Excluding the capital gain from the sale of 100% of the capital of Cutlite Penta to Ot-las, the loss increased to euro 10.4 million. The operational difficulties encountered in the Group's Chinese operations were instrumental in the decision to relinquish control of these businesses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND NET FINANCIAL POSITION AS OF 31 DECEMBER 2024

The reclassified statement of financial position below shows a comparative assessment with that of the previous financial year.

Statement of financial position	31/12/2024	31/12/2023(*)	Variation
Intangible assets	4.692	4.162	529
Tangible assets	77.623	74.976	2.647
Equity investments	2.011	2.164	(153)
Deferred tax assets	11.299	10.910	390
Other non-current assets	7.612	24.092	(16.481)
Total non current assets	**103.237**	**116.304**	**(13.068)**
Inventories	172.394	180.371	(7.978)
Accounts receivable	117.982	127.689	(9.707)
Tax receivables	13.820	15.425	(1.604)
Other receivables	11.402	10.000	1.402
Financial instruments	10.017	4.315	5.702
Cash and cash equivalents	147.470	112.531	34.939
Total current assets	**473.085**	**450.331**	**22.754**
Assets held for sale	164.399	152.574	11.826
Total Assets	**740.721**	**719.209**	**21.512**
Share capital	2.604	2.599	5
Additional paid in capital	47.822	47.329	493
Treasury stock	(79)	(380)	301
Other reserves	123.625	108.565	15.061
Retained earnings / (accumulated deficit)	159.435	139.679	19.756
Net income / (loss)	51.613	48.239	3.374
Group shareholders' equity	**385.021**	**346.030**	**38.990**
Minority interest	25.782	29.427	(3.646)
Total shareholders' equity	**410.802**	**375.458**	**35.344**
Severance indemnity	4.981	4.758	223
Deferred tax liabilities	2.973	2.970	2
Reserve for risks and charges	8.117	8.650	(534)
Financial debts and liabilities	23.498	27.199	(3.701)
Other non current liabilities	1.186	6.783	(5.596)
Total non current liabilities	**40.755**	**50.360**	**(9.605)**
Financial liabilities	23.246	23.517	(270)
Accounts payable	90.550	96.159	(5.609)
Income tax payables	3.667	4.344	(677)
Other current payables	53.227	55.428	(2.201)
Total current liabilities	**170.690**	**179.448**	**(8.757)**
Liabilities directly associated with the assets held for sale	118.474	113.944	4.530
Total Liabilities and Shareholders' equity	**740.721**	**719.209**	**21.512**

(*) Values for the year 2023 have been restated in accordance with IFRS 5 for data comparability purposes

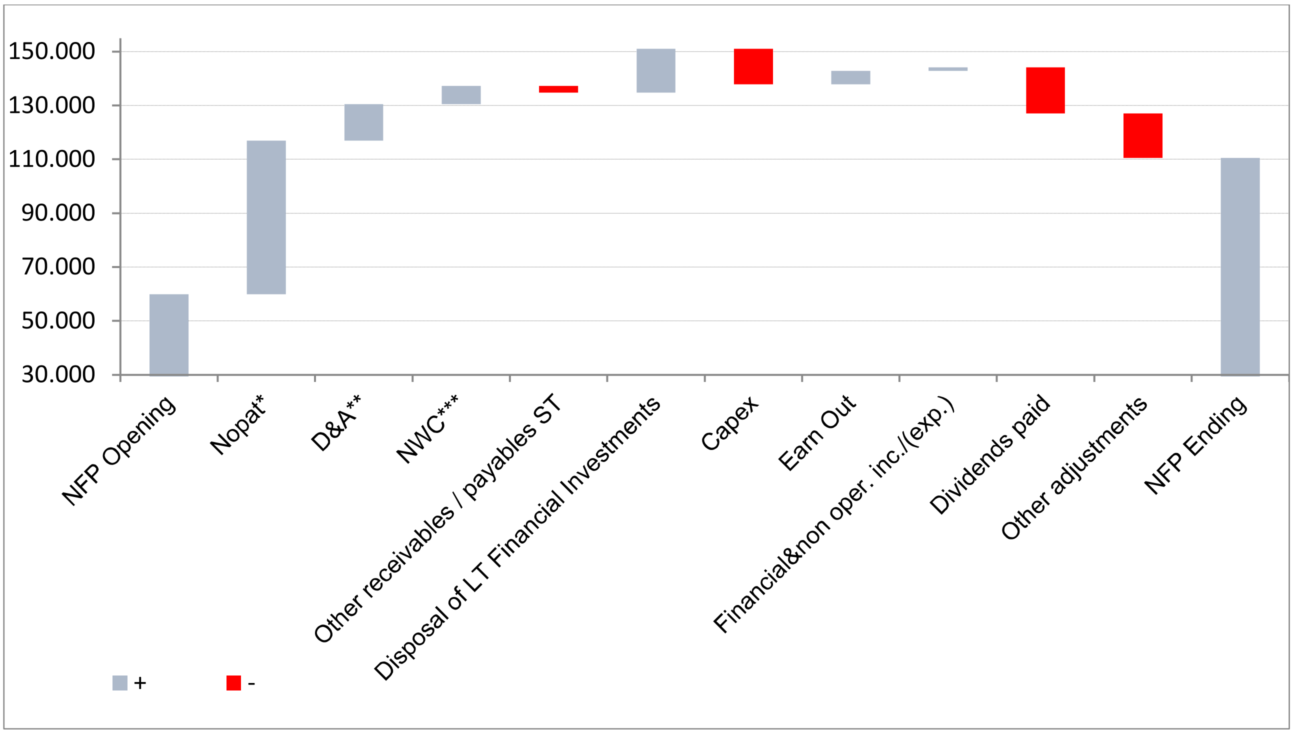
In accordance with the requirements of the Consob communication of 28 July 2006 and in compliance with the CESR Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Information Prospectuses", as updated by the Guidelines on Disclosure Requirements under the Prospectus Regulation 1 (ESMA/ 31-62-1426), we set forth below the details of the El.En. Group's net financial position as of 31 December 2024:

	Net financial position	31/12/2024	31/12/23 (*)
A	Cash and cash equivalents	147.470	112.531
B	Cash equivalents		
C	Other current financial assets	11.020	4.844
D	**Liquidity (A + B + C)**	**158.490**	**117.375**
E	Current financial debt	(19.858)	(20.626)
F	Current portion of non-current financial debt	(3.389)	(2.890)
G	**Current financial indebtedness (E + F)**	**(23.246)**	**(23.517)**
H	**Net current financial position (D + G)**	**135.244**	**93.858**
I	Non-current financial debt	(13.500)	(17.379)
J	Debt instruments	(9.998)	(9.820)
K	Non-current trade and other payables	(1.186)	(6.783)
L	**Non-current financial indebtedness (I + J + K)**	**(24.684)**	**(33.982)**
M	**Net Financial Position (H + L)**	**110.559**	**59.877**

(*) Values for the year 2023 have been restated in accordance with IFRS 5 for data comparability purposes

Cash generation in the financial year 2024 was substantial, bringing the net financial position at year-end to over euro 110 million.

The chart below shows the components of the cash flows that determined the variation in the net financial position in 2024:



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

Ordinary transactions resulted in a substantial improvement of the net financial position during the year, particularly in the second half of the year. The liquidity generated from operating activities amounted to approximately euro 70 million (Nopat +AMAC), while the reduction in net working capital freed up liquidity for approximately euro 7 million.
Of the total annual increase of euro 51 million, euro 16 million arose from the settlement of financial instruments recognised as non-current assets in the first half of the year, while €5 million arose from the cancellation, in the second half of the year, of the financial liability related to the earn-out clause granted to the Chinese minority shareholder when it purchased its shares in Penta Laser Zhejiang in 2019, to be paid in the event the Chinese company's IPO is implemented by 2024. During the year, dividends of about euro 17 million were paid, while fixed investments for the period amounted to about euro 13.3 million.
It should also be noted that the result as at 31 December 2024 of the fair value of liquidity invested in insurance-type financial instruments that, due to their nature, require recognition as non-current financial assets, amounted to euro 7.6 million, of which in El.En. Spa for euro 2.4 million and Deka Mela for euro 5.2 million. Being medium-term liquidity investments, these amounts do not form part of the net financial position.

PRESENTATION OF EXISTING RELATIONSHIPS BETWEEN CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS

Following the agreement to sell a majority stake in the Chinese company Penta Laser Zhejiang as described in more detail in this document, the comparative figures for the income statement and cash flow statement were restated to identify the contribution of the discontinued business, as required by IFRS 5.

In this Management Report, with a view to making data comparability easier, the Statement of financial position and the Net financial position as of 31 December 2023 were restated in the same way as the Consolidated income statement and the Consolidated cash flow statement at that date.

Below is a reconciliation of the Statement of financial position and net financial position values as of 31 December 2023 presented in the Management report and the values provided in the Notes to the Consolidated Financial Statements as of the same date.

Statement of financial position	31/12/2024	31/12/2023	IFRS5	31/12/2023 Reclassified
Intangible assets	4.692	12.616	(8.454)	4.162
Tangible assets	77.623	112.218	(37.242)	74.976
Equity investments	2.011	2.926	(762)	2.164
Deferred tax assets	11.299	14.347	(3.437)	10.910
Other non-current assets	7.612	24.092	-	24.092
Total non current assets	**103.237**	**166.200**	**(49.895)**	**116.304**
Inventories	172.394	210.297	(29.926)	180.371
Accounts receivable	117.982	173.383	(45.694)	127.689
Tax receivables	13.820	17.554	(2.129)	15.425
Other receivables	11.402	16.420	(6.420)	10.000
Financial instruments	10.017	4.315	-	4.315
Cash and cash equivalents	147.470	131.041	(18.510)	112.531
Total current assets	**473.085**	**553.009**	**(102.679)**	**450.331**
Assets held for sale	164.399	-	152.574	152.574
Total Assets	**740.721**	**719.209**	**-**	**719.209**
Share capital	2.604	2.599	-	2.599
Additional paid in capital	47.822	47.329	-	47.329
Treasury stock	(79)	(380)	-	(380)
Other reserves	123.625	108.565	-	108.565
Retained earnings / (accumulated deficit)	159.435	139.679	-	139.679
Net income / (loss)	51.613	48.239	-	48.239
Group shareholders' equity	**385.021**	**346.030**	**-**	**346.030**
Minority interest	25.782	29.427	-	29.427
Total shareholders' equity	**410.802**	**375.458**	**-**	**375.458**
Severance indemnity	4.981	4.758	-	4.758
Deferred tax liabilities	2.973	3.524	(554)	2.970
Reserve for risks and charges	8.117	13.252	(4.602)	8.650
Financial debts and liabilities	23.498	28.979	(1.780)	27.199
Other non current liabilities	1.186	7.633	(850)	6.783
Total non current liabilities	**40.755**	**58.145**	**(7.786)**	**50.360**
Financial liabilities	23.246	44.687	(21.170)	23.517
Accounts payable	90.550	153.231	(57.072)	96.159
Income tax payables	3.667	4.344	-	4.344
Other current payables	53.227	83.345	(27.917)	55.428
Total current liabilities	**170.690**	**285.607**	**(106.158)**	**179.448**
Liabilities directly associated with the assets held for sale	118.474	-	113.944	113.944
Total Liabilities and Shareholders' equity	**740.721**	**719.209**	**-**	**719.209**

	Net financial position	31/12/24	31/12/23	ifrs5	31/12/2023 Reclassified
A	Cash and cash equivalents	147.470	131.041	18.510	112.531
B	Cash equivalents				
C	Other current financial assets	11.020	4.844	-	4.844
D	**Liquidity (A + B + C)**	**158.490**	**135.885**	**18.510**	**117.375**
E	Current financial debt	(19.858)	(28.442)	(7.816)	(20.626)
F	Current portion of non-current financial debt	(3.389)	(16.245)	(13.355)	(2.890)
G	**Current financial indebtedness (E + F)**	**(23.246)**	**(44.687)**	**(21.170)**	**(23.517)**
H	**Net current financial position (D + G)**	**135.244**	**91.198**	**(2.661)**	**93.858**
I	Non-current financial debt	(13.500)	(18.654)	(1.275)	(17.379)
J	Debt instruments	(9.998)	(10.325)	(505)	(9.820)
K	Non-current trade and other payables	(1.186)	(7.633)	(850)	(6.783)
L	**Non-current financial indebtedness (I + J + K)**	**(24.684)**	**(36.612)**	**(2.630)**	**(33.982)**
M	**Net Financial Position (H + L)**	**110.559**	**54.586**	**(5.291)**	**59.877**

RECONCILIATION CHART COMPARING THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION WITH THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

	31/12/2024 Capital and reserves	31/12/2024 Income statement	31/12/2023 Capital and reserves	31/12/2023 Income statement
Balance per parent company statement	**208.273**	**33.988**	**186.966**	**28.122**
Elimination of investments in consolidated companies:				
- share of profit (loss) of subsidiary companies	276.217	38.531	237.137	32.927
- share of profit (loss) of associated companies	(549)	23	(575)	64
- elimination of value rectification on equity investments	6.100	235	5.865	1
- elimination of dividends	0	(14.343)	657	(13.318)
- other (charges) income	1.071	(6.597)	830	383
Total contribution of consolidated companies	282.839	17.849	243.914	20.058
Elimination of equity invest. in subsidiaries, goodwill registration	(101.338)	(31)	(80.290)	(31)
Elimination of intercompany profits on inventory	(4.608)	(192)	(4.416)	77
Elimination of intercompany profits from sale of fixed assets	(145)	(1)	(144)	13
Balance as per consolidated statement – Group quota	**385.021**	**51.613**	**346.030**	**48.239**
Balance as per consolidated statement – Third party quota	**25.782**	**892**	**29.427**	**1.827**
Balance as per consolidated statement	**410.802**	**52.505**	**375.458**	**50.067**

RESULTS OF THE PARENT COMPANY EL.EN. S.p.A.

Financial highlights

The parent company El.En. S.p.A. develops, designs, manufactures and sells laser sources and systems for sale and use in two main markets: the medical/aesthetic market and the industrial market; it also provides a range of after-sales services, supplying customers with technical assistance, spare parts and consultancy.
El.En. S.p.A. has pursued an expansion strategy over the years by establishing or acquiring numerous companies that have become its business partners in specific product or geographic markets. The activities of the group companies are coordinated through the definition of supply relationships, the selection and control of management, partnerships in research and development and the financing of both capital and onerous loans or through the extension of supply credit. Co-ordination activities are very important, also due to the fact that the majority of El.En.'s revenue is aimed at serving its subsidiaries. This entails the commitment of important managerial and financial resources, with a significant investment of resources in the group companies to support the development of their activities and that of the parent company itself.
The activities of El.En. S.p.A., as in previous financial years, were carried out at the Calenzano (FI) headquarters and the local unit in Castellammare di Stabia (NA).

The following table shows the sales performance of the company's operating sectors described, presented in comparative form with the previous year.

	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Medical	133.322	90,02%	121.575	88,28%	9,66%
Industrial	14.783	9,98%	16.134	11,72%	-8,37%
Total revenue	**148.105**	**100,00%**	**137.709**	**100,00%**	**7,55%**

The company recorded revenue of euro 148.1 million, a 7.6% increase compared to 2023.

El.En. Spa recorded a recovery in revenue in 2024 compared to 2023, although it failed to return to the record levels set in 2022. While the medical sector performed very well (close to +10%), the weakness of the Italian market for machinery for manufacturing meant that revenues in the sector fell again in 2024.

Forecasts for 2025, net of the expected reduction in revenue of a long-standing customer who for its own internal reasons will reduce the volume of purchases from El.En., are moderately positive to date, confirmed by a good start. There was, however, considerable uncertainty about the prospects of the US market, by far the most significant export market for El.En. This uncertainty stems from fears of an economic recession, albeit temporary, the consequent weakening of the dollar, and the prospect of tariffs being raised, which would certainly not help business development.

Income statement as at 31 December 2024

Income Statement	31/12/2024	Inc %	31/12/2023	Inc %	Var %
Revenue	148.105	100,0%	137.709	100,0%	7,55%
Change in inventory of finished goods and WIP	1.438	1,0%	(1.375)	-1,0%	
Other revenues and income	1.251	0,8%	2.114	1,5%	-40,83%
Value of production	**150.793**	**101,8%**	**138.448**	**100,5%**	**8,92%**
Purchase of raw materials	69.456	46,9%	56.753	41,2%	22,38%
Change in inventory of raw material	(1.515)	-1,0%	3.968	2,9%	
Other direct services	22.787	15,4%	20.508	14,9%	11,12%
Gross margin	**60.065**	**40,6%**	**57.220**	**41,6%**	**4,97%**
Other operating services and charges	9.562	6,5%	10.112	7,3%	-5,44%
Added value	**50.504**	**34,1%**	**47.109**	**34,2%**	**7,21%**
Staff cost	26.875	18,1%	24.368	17,7%	10,29%
EBITDA	**23.628**	**16,0%**	**22.741**	**16,5%**	**3,90%**
Depreciation, amortization and other accruals	3.003	2,0%	2.547	1,8%	17,90%
EBIT	**20.625**	**13,9%**	**20.193**	**14,7%**	**2,14%**
Net financial income (charges)	17.115	11,6%	13.612	9,9%	25,73%
Other net income and charges	(70)	0,0%	0		
Income (loss) before taxes	**37.670**	**25,4%**	**33.805**	**24,5%**	**11,43%**
Income taxes	3.682	2,5%	5.683	4,1%	-35,22%
Net income (loss)	**33.988**	**22,9%**	**28.122**	**20,4%**	**20,86%**

The gross margin was euro 60,065 thousand, up from euro 57,220 thousand last year due to the increase in revenues. Instead, the margin as a percentage on revenue decreased from 41.6% in 2023 to 40.6% in 2024.

Other operating services and charges amounted to euro 9,562 thousand, down from euro 10,112 thousand in the previous year, and with the impact on revenues falling from 7.3% on 31 December 2023 to 6.5% in 2024.
The decrease was mostly due to lower costs for maintenance at the Calenzano plant, for trade shows and for temporary employment.

Staff costs amounted to euro 26,875 thousand up 10.3% from euro 24,368 thousand in the previous year, and with an impact on revenue rising from 17.7% in 2023 to 18.1% in 2024. The increase is also due to the increase in the workforce from 329 as at 31 December 2023 to 353 as at 31 December 2024.

A portion of staff expenses flows into research and development, for which El.En. S.p.A. generally receives contributions and expense reimbursements under specific contracts signed with the relevant bodies. However, this type of income did not arise in the year 2024.

As a result of the foregoing, EBITDA amounted to euro 23,628 thousand, as against euro 22,741 thousand in the previous year, with an impact on revenue dropping from 16.5% as of 31 December 2023 to 16% in the current year.

Depreciation, amortisation and other accruals amounted to euro 3,003 thousand, up from euro 2,547 thousand as of 31 December 2023, mainly due to an increase in the provision for warranty reserve and higher depreciation.

The EBIT increased from euro 20,193 thousand at 31 December 2023 to euro 20,625 thousand in the financial year 2024.

The financial income amounted to euro 17,115 thousand, up from euro 13,612 thousand for the year ended 31 December 2023, mainly due to the higher amount of dividends received from investee companies, but also to a substantial contribution from interest income on bank accounts and a significantly improved result from exchange rate differences compared to the year 2023.

The amount of the item “other net income and charges” refers to the capital loss recorded following the sale of part of the equity investment in associate Elesta SpA and the write-down for value adjustment of associate Immobiliare Del.Co Srl.

The income/loss before taxes was euro 37,670 thousand, compared to euro 33,805 thousand in the previous year. The income tax for the year benefited from the agreement signed with the Italian Revenue Agency for the renewal of the Tax credit on patents (Patent Box) for the 2020/2024 period.

The company closed the year 2024 with a net income of euro 33,988 thousand compared to euro 28,122 thousand in the previous year.

Statement of Financial Position and Net financial position as at 31 December 2024

Statement of financial position	31/12/2024	31/12/2023	Variation
Intangible assets	582	408	174
Tangible assets	19.643	19.945	(302)
Equity investments	24.067	23.060	1.007
Deferred tax assets	2.547	2.274	273
Other non-current assets	49.891	36.082	13.809
Total non current assets	**96.729**	**81.769**	**14.961**
Inventories	49.041	46.337	2.703
Accounts receivable	44.279	46.255	(1.976)
Tax receivables	6.460	5.694	766
Other receivables	4.607	6.357	(1.751)
Financial instruments	5.531	-	5.531
Cash and cash equivalents	43.694	32.970	10.724
Total current assets	**153.611**	**137.614**	**15.998**
Assets held for sale	1.167	-	1.167
Total Assets	**251.507**	**219.382**	**32.125**
Share capital	2.604	2.599	5
Additional paid in capital	47.822	47.329	493
Treasury stock	(79)	(380)	301
Other reserves	124.918	110.232	14.687
Retained earnings / (accumulated deficit)	(981)	(936)	(45)
Net income / (loss)	33.988	28.122	5.866
Total shareholders' equity	**208.273**	**186.966**	**21.307**
Severance indemnity	609	634	(26)
Deferred tax liabilities	508	534	(27)
Reserve for risks and charges	916	851	65
Financial debts and liabilities	326	190	136
Other non current liabilities	339	730	(391)
Total non current liabilities	**2.698**	**2.939**	**(242)**
Financial liabilities	208	146	62
Accounts payable	28.287	15.589	12.698
Income tax payables	-	-	-
Other current payables	12.042	13.742	(1.700)
Total current liabilities	**40.537**	**29.477**	**11.060**
Liabilities directly associated with the assets held for sale	-	-	-
Total Liabilities and Shareholders' equity	**251.507**	**219.382**	**32.125**

Assets held for sale include the net book value of the Torre Annunziata building, which is scheduled to be sold to subsidiary Lasit in 2025.

	Net financial position	31/12/2024	31/12/2023
A	Cash and cash equivalents	43.694	32.970
B	Cash equivalents		
C	Other current financial assets	6.245	270
D	**Liquidity (A + B + C)**	**49.939**	**33.241**
E	Current financial debt	(6)	(3)
F	Current portion of non-current financial debt	(202)	(143)
G	**Current financial indebtedness (E + F)**	**(208)**	**(146)**
H	**Net current financial position (D + G)**	**49.732**	**33.095**
I	Non-current financial debt		
J	Debt instruments	(326)	(190)
K	Non-current trade and other payables	(339)	(730)
L	**Non-current financial indebtedness (I + J + K)**	**(666)**	**(920)**
M	**Net Financial Position (H + L)**	**49.066**	**32.175**

For an analysis of the net financial position, see the Notes to the Financial Statement of El.En. S.p.A.; however, it should be noted that financial receivables from subsidiaries and associated companies in the amount of euro 49.2 million are excluded from the elements considered for the calculation, as they are related to financial support policies of group companies: in continuity with what was done in the past, it was therefore deemed appropriate not to include these loans in the net financial position shown above.

SUBSIDIARY RESULTS

El.En. S.p.A. controls a group of companies operating in the same laser macro sector, each of which has its own application niche and a particular function in the market.

The following table summarises the performance of El.En. S.p.A. subsidiaries. Brief explanatory notes on the activities of the individual companies and a comment on the results for the financial year 2024 are provided below.

	Revenue 31/12/2024	Revenue 31/12/2023	Variation	EBIT 31/12/2024	EBIT 31/12/2023	Income (loss) for the financial period 31/12/2024	Income (loss) for the financial period 31/12/2023
Ot-Las S.r.l.	3.459	5.032	-31,26%	170	(538)	4.274	(802)
Deka Mela S.r.l.	82.548	76.553	7,83%	4.968	6.773	4.249	5.792
Esthelogue S.r.l.	13.756	14.509	-5,19%	(451)	116	(468)	11
Deka Sarl	5.881	5.742	2,42%	390	493	382	493
Lasit S.p.A.	26.856	25.540	5,15%	2.693	2.726	1.844	1.427
Quanta System S.p.A.	158.316	144.228	9,77%	36.279	30.506	26.766	22.161
Asclepion GmbH	73.709	78.101	-5,62%	6.020	8.722	3.887	5.747
ASA S.r.l.	17.015	15.993	6,39%	2.305	2.140	1.608	1.484
BRCT Inc.	0	0	0,00%	(6)	(7)	(21)	(22)
With Us Co., Ltd	10.615	12.732	-16,63%	(2.599)	502	(3.038)	215
Cutlite do Brasil Ltda	9.469	10.793	-12,27%	516	1.562	197	1.336
Pharmonia S.r.l.	0	0	0,00%	(49)	3	(51)	3
Deka Japan Co., Ltd	2.023	1.552	30,35%	307	119	181	80
Penta Laser Zhejiang Co., Ltd(*)	81.806	116.472	-29,76%	(7.075)	(8.617)	(2.652)	(8.363)
Merit Due S.r.l.	83	80	3,75%	39	37	29	28
Cutlite Penta S.r.l	111.775	138.464	-19,28%	6.436	7.661	3.010	4.842
Galli Giovanni & C. S.r.l.	1.045	1.029	1,55%	123	92	77	57
Lasit Laser Polska	2.914	2.849	2,28%	201	156	167	168
Lasit Laser Iberica, S.L.	1.818	1.506	20,72%	74	70	52	62
Lasit Laser Deutschland GmbH	1.820	534	240,82%	(10)	(6)	(15)	(8)
HL S.r.l.	537	125	329,60%	(125)	(50)	(148)	(41)
Lasit Laser Uk Ltd	419	0	0,00%	(211)	(116)	(207)	(117)
Cutlite Penta USA Inc.	0	0	0,00%	(1)	0	(1)	0

(*) data of the Chinese sub-consolidated including the results of the following companies: Penta Laser Zhejiang Co., Ltd, Penta Laser (Wuhan) Co., Ltd, Penta Laser Technology (Shandong) Co., Ltd. and Shenzhen KBF Laser Tech Co., Ltd.

Deka M.E.L.A. S.r.l.

Since the 1990s, Deka has been the natural commercial outlet for the systems developed and produced by El.En. in Calenzano and is now its main distribution channel to Italy and abroad. DEKA is the most prestigious and widespread brand in the Italian market of laser applications for medicine and aesthetics, a leadership that has been reinforced with the launch of the Renaissance brand under which the group has also brought together the distribution in Italy of the medical systems produced in the group by Quanta System and Asclepion. Internationally, the Deka brand is credited with a significant role among the leading market players.

Deka operates in the fields of dermatology, aesthetics and surgery, using a consolidated network of direct distribution agents in Italy and highly qualified distributors selected and renewed over time for international exports.

Deka’s organisation, both in Italy and in the international network, is a visible and recognised presence, synonymous with product innovativeness, supply professional approach and excellent performance of laser systems. A solid competitive position on which the Group is counting to build its further growth, thanks to its ability to convey new products through its well-established and effective distribution network.

The 2024 results showed a good sales performance, achieved however at the expense of sales margins, which fell in the presence of a more competitive market situation, particularly in certain application segments such as hair removal, which is the main application segment of the systems sold by Deka.

With an increased commitment of resources to marketing, the net income decreased in 2024, but remained largely satisfactory and sound. The outlook for 2025 is to confirm the 2024 result, hopefully improving on it.

Ot-Las S.r.l.

Ot-Las specialises in the design and manufacture of CO_2 laser marking systems for the decoration and processing of large surfaces made from a variety of materials. The majority of its systems are supplied by the parent company El.En. with galvanometric scanning systems and medium-power CO_2 laser sources.
Impacted by the weakness of the Italian market, and the crisis phase experienced by the high-end clothing textile manufacturing industry, revenues in 2024 decreased compared to the previous year. The EBIT remained positive thanks to insurance and government reimbursements relating to the damage of the flood in Campi Bisenzio in November 2023, the costs of which had adversely affected the 2023 financial year.
Ot-las is also the controlling holding company of the group's sheet metal laser cutting companies. It holds 78.46 per cent of Penta Laser Zhejiang, which in turn controls 100 per cent of China's Penta Laser Wuhan, Penta Laser Shandong and 60 per cent, Shenzhen-based KBF. During the summer, Ot-las proceeded to buy back 100 per cent of Cutlite Penta Srl, which was later converted into an SPA. These major equity investments and the related stakes characterise the financial structure of Ot-las. The latter partly financed the acquisitions with medium-term debt, which was significantly increased in 2024 due to the repurchase of Cutlite for euro 24.7 million financed by a medium-term debt towards El.En. Spa. The Company's net income for the financial period was therefore affected by the high financial charges on the aforementioned loans, but also benefited from the cancellation of the financial debt due to the forfeiture of the 'earn-out' clause that committed Otlas to pay approximately euro 5 million to the previous Chinese JV partner in the event of the IPO of Penta Laser Zhejiang by the end of 2024. The latter benefit was not accounted for in the financial statements filed in accordance with OIC accounting standards, which therefore showed a loss.
In 2025, a recovery in revenues is expected for the operating business, while the desirable closing of negotiations for the sale of the majority, or part of the shares, of the companies dedicated to laser cutting should allow a rebalancing, at least partial, of the debt situation with El.En., and the related decrease in financial charges.

Cutlite Penta S.r.l.

Cutlite Penta is dedicated to the laser cutting systems segment, with a structure that carries out the activities of development, design, production and sales. Established to act as an integrator of power laser sources produced by parent company El.En. S.p.A. on systems for plastic and die-cutting applications, today Cutlite has shifted the centre of gravity of its business to the manufacture of laser cutting systems for sheet metal, for which it uses laser sources of so-called fibre technology, made available on the market by high quality manufacturers who have in fact made the fibre laser source product a commodity.
Cutlite was quick to integrate the advantages of the new technology into its systems, and subsequently to adapt the performance of its systems to the evolving technologies available and the needs of the market. It has achieved great success thanks to its range of systems with an excellent price/performance ratio, benefiting from a positioning advantage as an innovator. The rapid growth was supported by major investments to increase production capacity and by a consolidation of the workforce, particularly for the essential operational functions of testing, installation and after-sales service called upon to manage an increasing number of installed systems.
The operational activity, based on entirely Italian infrastructure, staff and technology, is today mainly carried out in the factory located in Prato, where it was relocated in 2019.

The performance of sales in 2024 was strongly influenced by the slow-down of the Italian market, despite the excellent performance of export sales. The sales mix, with the increasing weight of high-margin foreign sales, allowed the overall sales margin to improve significantly, and to maintain a positive economic result despite the drop in revenues. Within the scope of the potential sale of the laser cutting division to China's YOFC, which is discussed at length in another section of this report, it was considered to maintain Italian control over Cutlite Penta, in order to safeguard its purely Italian distinctiveness, which is now a factor in its identification and competitive differentiation.

Penta Laser Zhejiang Co., Ltd Penta Laser (Wuhan) Co., Ltd, Penta Laser Technology (Shandong) Co., Ltd and Shenzhen KBF Laser Tech Co. Ltd

The group has been present in China since 2007 with the first joint venture set up in Wuhan with the aim of serving the Chinese sheet metal laser cutting market with a local production, strongly characterised by European technology. Subsequently, new production sites were set up in Wenzhou and in Lin Yi, and the activities developed fast thanks to an effective organisation of production, a widespread presence in the territory for technical service and an equally widespread direct sales network in China. The company also offers its products on international markets, particularly those in the Far East bordering China.

The positive performance of the Chinese companies had prompted the group to embark on the path to listing Penta Laser Zhejiang on a Chinese market. The crisis that hit the sector in which our companies operate in China starting in 2022 forced us to stop the IPO project and repay the capital to the investment funds that had invested with the aim of pursuing the IPO.
In 2024, the Chinese market became even weaker and the positive trend of order intake and sales abroad was not able to prevent a further 29,8% decrease in revenues. At the end of the financial year, the adverse outcome of the first instance ruling in the dispute over an important supply led to the recognition of a further two million euros or so in provisions for risks. Penta Zhejiang and its subsidiaries are the subject of ongoing negotiations for their divestment. Therefore, they have been presented in the consolidated group financial statements as intended for disposal, Details of the negotiations made known through press releases are commented on in the relevant section of this report.

Quanta System Spa
Founded as a scientific research centre for photonics applications and part of the group since the early 1990s (controlled since 2004), it has exploited its extraordinary technical-scientific skills in the creation of sophisticated laser systems for aesthetic medicine and surgery, thus becoming one of the most dynamic and prominent companies in the industry. In particular, in the urology segment, it holds important market shares worldwide.
Today, Quanta System offers a top-notch range of laser systems for aesthetic applications, based on ultra-short pulse, nano and pico-second laser technologies, and for surgical applications thanks to its holmium laser technology, for which it has become a central reference in the world of manufacturers of systems for stone removal (lithotripsy) and benign prostate hyperplasia (BPH).

Quanta System achieved record results in 2024, exceeding 158 million revenue and 27 million net income.
The outlook for 2025 is good, the plans indicate a potential further growth in revenue, while the prospects for increased competitiveness in the markets point to a slight contraction in margins and profitability, which should nevertheless remain very solid and good.

Lasit S.p.A.
Specialising in the design, manufacture and sale of marking systems for identification and marking, it carries out the production and development of its products at its Torre Annunziata (NA) headquarters.
The systems designed and manufactured by Lasit are used in manufacturing companies for the identification of products, parts and assemblies, an increasingly common need in today's manufacturing world grappling with ever more stringent product and component traceability requirements. Laser marking systems, with their operational flexibility and low environmental impact, are able to meet this need with maximum effectiveness.
Lasit's machine shop, which includes numerous state-of-the-art numerical control systems as well as laser cutting systems for sheet metal, is also a qualified in-house supplier for the rest of the group.
The technological and application development activities enabled Lasit to expand its product range with ultra-short pulse systems and specific wavelengths that make specific processing operations on various materials possible.
Lasit's activities are going through a phase of rapid growth, assisted by the increase in production capacity in the new large premises, where production and research activities have been reorganised, adjacent to the historic Torre Annunziata site, and benefiting from the internationalisation of the structure pursued through foreign sales branches that have accelerated growth in international markets thanks to greater proximity and thus better customer service. Distribution and service subsidiaries have been established in Poland, Spain, Germany and the United Kingdom. These subsidiaries are outgrowing their start-up phase and are beginning to contribute not only to sales volume but also to profitability. In 2025, a subsidiary was also established in France and the prospect of a further increase in revenues is tangible, in a year in which the company plans to continue investing in staff as well as technological infrastructure and to improve its ability to compete through innovation.

Asclepion Laser Technologies GmbH
Founded as Asclepion-Meditec and later becoming the aesthetic division of Carl Zeiss Meditec, Asclepion has been part of the El.En. group since 2003 when it was taken over by Zeiss. From its forty employees at the time, the company has developed and gradually gained a significant position in the market for laser systems for medical and aesthetic

applications, and is today one of the group's three business units active in the sector. Asclepion employs more than 200 employees and operates in its own modern plant with ample space for customer and staff training.
The headquarters in Jena, the cradle of photonics worldwide and a vibrant cluster of companies and start-ups active in the world of electro-optics, is a major advantage for Asclepion, both in terms of its high-tech image and the actual ease of access to very proactive environments in the basic and complementary technologies required to realise our systems.
Asclepion is today an authoritative market reference, especially for the two laser technologies in which it excels: diode (semiconductor) laser system technology for hair removal and erbium laser technology for dermatology.
More recent involvement in the surgical sector has seen Asclepion develop high quality products for urology applications with Holmium and Tullium technology, achieving excellent results in terms of technical performance of equipment in this branch as well. Laser systems are marketed under the Jenasurgical brand name.
Also suffering from the complex and unfavourable economic situation in Germany, Asclepion recorded a declining result in both revenue and net income in 2024. There has been no shortage of investment geared towards creating the conditions for a recovery that appears achievable in 2025 despite the uncertain situation in international markets.

With Us Co Ltd
With Us Co. is the distributor of El.En. and Deka products in the aesthetics sector in the Japanese market, where it has gained an important foothold particularly in the hair removal segment over time. In recent years, competition in the local market has not left much room for products of European origin, and With Us has concentrated on the sale of services and consumables to its large installed base, and on the distribution of locally manufactured accessories and small equipment for beauty salons. The financial and operating crisis of the most important Withus customer, an important hair removal centre chain, affected the revenues of our company and made it necessary to set aside a sizeable provision, approximately two million euros, for risks on receivables from said customer. This resulted in a substantial operating loss already in the first six months, which continued to increase throughout the year. The absolute necessity to radically revise the company's scope of operations, also in a way that is not in line with the company's functionality to the group's activities, suggested the sale of the majority stake to our local partners in early 2025.

ASA S.r.l.
is active in the field of physiotherapy by developing and manufacturing a line of low- and medium-power semiconductor lasers. Thanks to the range of products offered and the ability to provide customers with training services that enable them to reap the benefits of the technologies in their elective applications, ASA has seen its size grow steadily over the years, always maintaining excellent profitability.
Equipped with its own research and development department dedicated to the creation of semi-conductor systems and with an advanced laboratory for clinical research and experimentation (ASA Campus), ASA also makes use of Nd: YAG produced by parent company El.En. S.p.A. and distributes them worldwide, as well as contributing to the definition of product specifications and new application protocols.
2024 was a year of profound operational reorganisation for the company, which has appointed a General Manager to better meet the challenges and opportunities it faces, and is devoting resources and great attention to creating a structure capable of ensuring the organic development of its activities. 2024 was a year of growth, the same is expected for 2025.

Other companies, medical sector
Deka Sarl distributes Deka and Quanta brand medical systems in France. Its presence ensures direct and valuable brand positioning in the French market and in French-speaking North African countries. The structure, headquartered in Lyon, is consolidating and has achieved balanced financial results in recent years thanks to a growing volume of business and a much improved perception in the market.
The outlook for 2025 remains positive.

Deka Japan operates in the Japanese market as a distributor of Deka-branded medical systems, using local partners. The recent redefinition of the relationships with the structures entrusted with the sale of our systems in Japan, and the authorisation, obtained from the Ministry of Health, to sell certain laser systems for aesthetic medical applications, bode well for the positive development of this subsidiary's activities, both in its own sales and in supporting the sale of products through alternative distribution networks in Japan.

Esthelogue S.r.l. distributes the group’s technologies for the professional aesthetic sector in Italy. In this vibrant market, Esthelogue is a recognised brand that has taken a leading role in laser hair removal and non-invasive body contouring technologies. In hair removal, the Mediostar systems produced by Asclepion, represent the distinctive character of the Esthelogue’s supply, capable of meeting every customer need, with a range featuring, among other things, the extremely powerful Monolith handpieces and Red edition treatments. In non-invasive body contouring applications, Esthelogue offers a complete range that includes the Icoone system in its latest release, the Thermactive system and the B-strong Plus system using innovative technologies and methods. In 2024, Esthelogue suffered from the weakness of the Italian market, recording a marginal drop in revenue and a net loss for the year. The liveliness of supply bodes well for a 2025 recovery in both net income and revenue.

The company **Pharmonia S.r.l.** is re-launching its activity that consists in marketing aesthetic equipment in the pharmacy market.

Galli Giovanni & C. Srl is a workshop specialising in high-precision machining, supplier to Quanta System, which joined the group in June 2019. Thanks to the specifications of the CNC machinery and the high professionalism and specialisation of staff, it contributes to maintaining high quality standards and flexibility in the production of mechanical parts. By joining the group, Galli is enhancing its operations, thanks to new, more suitable operating headquarters and new machinery. The performance in 2024 maintained the financial balance.

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

Other companies, industrial sector

Cutlite do Brasil Ltda with a plant in Blumenau in the state of Santa Catarina, established in 2007 to manufacture laser systems in Brazil, today handles the distribution of laser systems manufactured in Italy by Cutlite Penta, with a logistics structure capable of providing effective technical support to the hundreds of laser systems installed in the territory. In recent years, Cutlite has also benefited from the rapid development of the flat sheet laser cutting market, achieving a significant revenues volume that has allowed it to maintain excellent profitability. Since 2022, Cutlite Penta has taken over the controlling equity investment in Cutlite do Brasil from El.En. spa, which is thus part of the group's laser cutting division. The year 2024 ended with a positive EBIT, although lower than the record results of 2023. Expectations for 2025 are positive.

RESEARCH AND DEVELOPMENT ACTIVITIES

Intense Research and Development activity was carried out also during 2024 according to the strategy of pursuing continual innovation, aimed at opening new laser applications or of other energy sources, both in the medical and industrial sector (also including applications for the preservation of cultural heritage) and to place innovative products on the market from the point of view of applications, performance of the devices and technologies used.
El.En. Group is currently among the few in the world who develop, manufacture and market products based on the widest spectrum of available technologies, including: solid-state laser, semi conductor laser, active fibre laser, dye laser, CO_2 laser, in addition to frequency conversion systems, including OPO and Raman, capable of providing solutions from infrared to ultraviolet with different levels of power and emission duration, to fulfil a wide range of applications. In addition to laser technology, El.En. is active in other technologies, always in the field of electromagnetic energy forms, including, in particular, radiofrequency, microwaves, and high-intensity electromagnetic fields. Therefore, Research and Development is addressed to numerous and different systems, subsystems and accessories.
There has been intense activity in obtaining patents to protect the intellectual property of the inventions made.
In early July 2024, DEKA MELA obtained the MDR (Medical Device Regulation) certification for its products, thanks to the partnership with TÜV SÜD, one of the leading certification bodies at global level. This certification is an important milestone for El., one of the first manufacturers of active medical devices in the world, also with a non-medical intended use, to receive this certification, in accordance with the requirements of Annex XVI to Reg. (EU) 745/2017.
Furthermore, during the year, to crown a complex and lengthy research activity, an important patent application was filed for an innovative family of accessories, micromanipulators, for surgical applications in ORL.

Laser systems and applications for aesthetic medicine and surgery

2024 was characterised by intensive research and development activities aimed to support the production ramp-up of the new systems range released on the market by **DEKA** at the IMCAS (World Congress on Dermatology and Aesthetic and Plastic Surgery) 2024, which was held in Paris from 1 to 3 February 2024.
The new platforms of the PRO line, Motus PRO, Tetra PRO, SmartXide PRO and TORO complement the Again PRO, RedTouch PRO and Onda PRO range launched in the second half of 2023 and represent a significant breakthrough in the field of high-end Energy Based Devices in the segments of hair removal, facial rejuvenation and treatment of benign pigmented lesions and tattoo removal, respectively. The new systems offer many recognisable new elements, both in terms of a renewed aesthetic design of the equipment and graphic interfaces, which are absolutely innovative and user friendly, and in terms of increased performance, which confirm a continuous and constant focus on the needs of doctors and the benefits of operators and patients.

The result of painstaking research into the highest standards of performance and versatility in photo-epilation (even on dark skin), **Motus PRO** overturns the technological foundations of its predecessors in the "Motus" family, offering in particular peak pulse power values of up to 20 kW, which allow a considerable improvement in the treatment of the finest and lightest hairs. Motus PRO, a combination of Nd:YAG laser and Alexandrite, is available in versions with and without the MOVEO handpiece, an accessory that has revolutionised the paradigms of photo-epilation due to its high efficacy and very high comfort for the patient, and now offers, after its great success in the USA, the possibility of performing, in a single session, a complete facial treatment effective on benign pigmented lesions, vascular lesions and photo-ageing.
The new system **Tetra PRO** 40W is the natural evolution of its predecessor SmartXide Tetra 30W in the segment of CO_2 laser systems for dermatological treatments. The new product is improved both in performance, with an increase in average emission power from 30W to 40W, and in design through a renewal of the product's interface and aesthetics, with new shapes and colours that echo the family feeling of the PRO family. Tetra PRO is relaunching the proposal that saw the birth and success of the "coolPeel" minimally invasive photo-rejuvenation treatment in the USA with its predecessor SmartXide Tetra 30W.
Another important innovation is **SmartXide PRO**, which builds on the success of its predecessor Smartxide DOT by introducing all the aesthetic improvements of the PRO series, as well as a new articulated arm and the family of scanners available for Tetra PRO.

The most important research and development activity carried out in 2024 by El.En and Deka concerned the new **TORO** system, a laser platform based on Nd:YAG laser operating in Q-switching mode for a wide range of dermatological treatments including the treatment of benign pigmented lesions, tattoo removal, skin toning and photo-rejuvenation treatment. The system combines traditional nanosecond emissions, in the infrared spectrum at 1064nm and in the visible spectrum at 532nm, with an innovative handpiece capable of frequency conversion with time compression of the pulses to generate picosecond pulses at a wavelength of 785nm. This emission regimen is mainly dedicated to the treatment of benign pigmented lesions of Asian phototypes, which can thus be treated effectively while ensuring maximum treatment safety with respect to possible side effects.

Always during 2024, research and development activity completed the new platform project for face treatments, intended for the US market. The new platform combines IPL (Intense Pulsed Light) technology, with two handpieces dedicated to the treatment of vascular lesions and photo-rejuvenation, respectively, and EMS/RF technology, with one handpiece with interchangeable heads, for treatments aimed at muscle electrostimulation and skin firming and toning. The new **PRISMA** platform obtained FDA clearance in the first half of 2024.

In the area of **Body Shaping** products, research and development activities continue on systems for muscle stimulation and the reduction of localised fat based on electrical excitation combined with laser light emission. The engineering of the new **PhysiQ 360°** system for fat treatment was completed in 2024. The new system adopts an extremely innovative laser technology never before used in the field of body shaping treatments, introducing a specific fat treatment claim that was not foreseen for the precursor PhysiQ, which was equipped with an LED and not a laser radiation source. Initially intended for the US market only, the PysiQ 360° is expected to undergo CE MDR certification, in order to extend the marketing of the product to europe and other non-EU countries, a process that requires specific research and development to design and implement the temperature sensors required for grease treatment according to the same certification.

Also in the Body Shaping segment, the research and development activity for microwave technology continued. With the goal of prolonging and expanding the success of the **ONDA** family of products and, in particular, that of the latest model ONDA PRO, research and development activity aims to design applicators dedicated to the treatment of localised fat and skin firming in new and specific areas of the body, thus completing the range of ONDA treatments.

Research and development have continued in the field of CO_2 laser technology for **surgical applications**. We are in the process of implementing a new design for the manufacture of a new-generation surgical system with dual arm and fibre functionality, which implements recent improvements obtained on the source in terms of beam quality, as well as the architectural and aesthetic innovations that have already been implemented in the PRO family.
In particular, the intensive development of accessories, **micromanipulators**, for surgical applications in ORL, which led to the filing of a major new patent application in November 2024 This project will provide surgeons with new instruments that will significantly improve the precision and simplicity of laser control in ORL surgery.
The development of the new product for surgical applications based on blue laser at 445nm was continued. The product will be dedicated to both outpatient use for minor surgery and for use in the operating theatre to perform ORL procedures using a fiberscope. The project has completed the prototype development stage and is currently in the production engineering stage. Product certification is underway, according to MDR.

Co-funded research activities
In 2024, the activities related to the TALISMAN and LUX-CER-3D projects, which had started in December 2023, continued; both projects were submitted on the basis of a call for tenders by the It. Ministry of Economic Development (currently Ministry of Industry and Made in Italy) under the Sustainable Growth Fund - Innovation Agreements pursuant to It. Ministerial Decree. 31 December 2021 and It. Management Decree 14 November 2022 (2nd Call for tender).
The first: "TALISMAN - Treatment of breast carcinoma with specific T lymphocytes activated with nanoparticle materials" is being carried out in partnership with 5 participants from companies and universities and continues the activity along the path traced by the SVATT project ("SVATT: Development and preclinical validation of a THERANOSTIC treatment for melanoma cancer based on the use of immune system cells, T Cells, reinforced by loading with magnetic nanoparticles that enable the delivery of specific drugs, the application of localised hyperthermia, and advanced MRI diagnostics" whose activity was completed in November 2023) and sees El.En. engaged in the study and development of an alternating magnetic field emitter system for the excitation of nanoconstructs based on magnetic nanoparticles and a laser system for the excitation of nanoconstructs based on gold nanoparticles for the treatment of breast cancer.
In the course of 2024, El.En. carried out the study, fine-tuning and laboratory tests for the development of the ANTENNA system (oscillating magnetic field generator and emitter) and the LASER system (LASER radiation source and delivery system).
The second "LUX-CER-3D - LUX-CER-3DPRINTING", carried out in partnership with 5 participants including companies and universities, has as its main objective the study and development of a pilot line for the production of innovative alumina products by means of a 3D printer. El.En. is engaged in the study and development of laser systems for 3D printers, and, during the year, carried out research into laser systems for clay and alumina applications.

Finally, in July 2024, project “AIRCARE AI-augmented Robotics for CAncer point of caRE”, which was approved following a shift of the classification list for European call HORIZON-HLTH-2023-TOOL-05, was kicked off. The project, carried out by a partnership of eleven participants from companies and universities, aims to introduce advanced artificial intelligence and robotic technology into the clinical workflow for the diagnosis and treatment of cancer of the upper aero-digestive tract. El.En.'s task is to develop a robotic system for conveying and releasing the laser beam in the target zone.

In 2024, at **Quanta System**, the research and development activity continued with specific focus on the development of fibre laser technology’s potential for applications in urology.
These developments will be completed during 2025 and will enable the company to further enrich the range of innovative solutions for lithotripsy and benign prostate hyperplasia reduction treatments.
In this market segment, the company, during the last European Urology congress (Paris EAU, March 2024), launched the very important innovation of **Magneto™**, a low peak power holmium laser, which, thanks to a proprietary pulse modulation technique, expands the range of holmium laser use frequencies, reducing the limitations of use at low frequencies inherent in this technology to date, and enabling the lasers of Quanta System to treat all types of stones, regardless of their chemical composition, minimising or completely eliminating retropulsion issues. The introduction of **Magneto™** holmium laser with proprietary technology has enabled a further expansion of the commercial proposition in the lithotripsy and prostate enucleation segments, allowing Quanta to strengthen its position as market leader.
In the surgical field, there is also an important collaboration with a number of companies involved in the development of technological solutions in the field of robotic surgery, a rapidly expanding market.
In the aesthetic segment we would like to mention the launch of the **VarioPulse™** technology, a new configuration that joins the three configurations already present in the Discovery Pico family, offering Quanta Picosecond laser users greater versatility in controlling peak power and, therefore, higher adaptability to the needs of the individual patient. With the introduction of the Discovery Pico **VarioPulse™**, Quanta System renews and expands the technical solutions offered by the Discovery Pico family, for ten years the leading technology in the picosecond laser segment for dermatological applications.
During the first six months, we completed the launch on the USA market of the device **ECHO™**, a revolutionary high-performance diode laser with combined wavelengths at 808 nm, with an innovative laser radiation delivery system, that can approximate the use of diode lasers to that of alexandrite lasers, making them the ideal choice for hair removal, dermatology applications and for vascular treatments.
Parallel to the research and development activities, the regulatory activities aimed at obtaining certifications for all new technologies in the various markets worldwide continue uninterruptedly.

During 2024, subsidiary **ASA** continued the research begun in the previous period, always making sure to guarantee the same, extremely high standards in execution. The company historically focuses its efforts along three main lines of research: technical-engineering, scientific and clinical.
On the technical-scientific side, the Engineering Department worked mainly on two projects. The first, continuing what has already been started in previous exercises on M-Robot, aimed at further developing the device using technologies that exploit Artificial Intelligence to give the therapist more and more information about the best therapy to apply. In this case, the effort was also substantial in the paradigm shift for the entire software part: in fact, we switched from an Android operating system to Linux. This effort, which will also be reproduced on future devices, will allow for better workability of processes related to the construction of the system architecture. The second project concerns the design and prototyping of a device, dedicated to the veterinary segment, which integrates the therapeutic part with a surgical part in order to offer professionals a better solution for use. For ASA, this is a breakthrough innovation, as it is the first time they are working on a device that is not exclusively for physical therapy.
As far as scientific research is concerned, the company's effort to study the mechanisms of action of laser radiation on cells through both in vitro and in vivo experimentation remains unchanged. Specifically, in addition to the continuation of experiments begun on wound healing and fibroblasts, work has begun on methods of developing models of biological constructs by means of 3D bioprinting techniques, which allow the construction of scaffolds on which cells can be sown for the creation of tissue models by means of an additive technique. Research also continued on three strands that have extremely important implications in the design of future equipment. These lines of research concern cellular energy metabolism, the support of laser radiation on the treatment of bronchopulmonary dysplasia and the effect of laser treatment on a microglia cell line, preparatory to research into the treatment of cerebral hypoxia-related diseases.

Asclepion continued the development activity in the context of a strategy aiming to expand the range of systems available for purchase in both the aesthetic sector and in surgery. The year 2024 was characterised by important preparatory work for the market launch of new systems. A new surgical system for urological applications with a new wavelength is in the final stages of certification and will be offered in the US market. The range of laser handpieces accompanying the Monolith hair removal system was completed by adding a new handpiece capable of generating a powerful 760 nm and 1060 nm emission covering a segment of the market that is currently not being served. Additional innovative solutions in the hair removal segment are in development. The Dermatology segment is working on the development of an innovative system for the treatment of vascular lesions.

All the companies of the group active in the medical sector have been subject to complex and burdensome work for adapting their clinical-technical documentation to support the medical laser system quality certifications (“CE Marking”). In fact, in the framework of the regulatory amendments with the new “MDR” directive, the documentary requirements and experimental evidence needed to prove the safety and efficacy of medical devices, already quite extensive, have become even stricter.

Laser systems and applications for industry and restoration

The re-engineering of products in the light of the increasingly demanding applications to which they are addressed continues steadily at **El.En.** Refinement of the “Self-Refilling” range of medium-power CO_2 sealed sources continued, in particular of the 1,5kW source, consolidating its use in the die-cutting sector in cooperation with Cutlite Penta.
We continued research and development on “Sealed-Off” CO_2 laser sources of higher power and different wavelengths to broaden their range of use.
The important development on sealed sources and scanning systems for stripping applications, for e-vehicles, requiring higher power and low cost to reaffirm our integrator partner’s presence in the industry, as opposed to mechanical solutions continues.
In the area of galvanometric scanning systems, work continues on the efficiency of production processes and to improve long-term dynamic performance, also thanks to the development of a new control system for marking.
Work is underway to design new versatile scanning units that are modular according to marking requirements, with flat-field lenses or dynamic focusing systems.
Research and development activities continue on a daily basis to provide customers with complete solutions adapted to the specific needs of the market. These solutions include customisations on both laser sources and marking systems and allow for customised vertical solutions.
In the field of laser devices for the conservation of works of art and more generally for cleaning, the research and development team has finalised the application of new sources that are better performing and more adaptable to site requirements. Particular attention is paid to the potential of pulse length modulations. This is a feature that can be directly related to broadening the fields of use in the industrial sector as well.

Again in 2024, **Cutlite Penta** expanded its supply range and introduced innovations in the metal cutting machine sector, confirming its position as a benchmark company in the industry. In particular, 2024 saw the market introduction of the FAST range of ultra-high-dynamic machines, which lead the way in terms of productivity thanks to the careful balancing of an ultra-high-inertia bedplate and a light but rigid axis unit driven by highly dynamic linear motors to ensure rapid acceleration. On the other hand, the completion of the development of the Fiber HD and Fiber Plus HD lines of machines made it possible to complete the range with large-format machines capable of eroding the traditional market for plasma systems, with systems that have the traditional fixed table and mobile cabin structure of plasma systems and can be scaled in length almost without limitation.
All these new machine families complement the traditional development in the field of ultra-high power systems that have always characterised Cutlite's supply, where 2024 saw the introduction of 50kW fibre lasers and the related development of cutting head technology in both the well-established EVO3 configuration and the new EVO4 version with moving optics, which in addition to being more compact and lighter allows for wider focal length variations. Finally, special mention must be made of the development of innovative active fluid-dynamic systems capable of maintaining a controlled temperature of the cutting nozzles and consistent performance at very high powers.
In the area of automatic loading-unloading systems, 2024 also brought innovations with new lightweight models that enabled Cutlite to offer its customers complete process solutions at particularly favourable conditions.
Work is also continuing on improving the performance of 5-axis systems for 3D machining, combined tube/plane and tube cutting systems.
Finally, on the interface and control software side, 2024 brought important news with the introduction of the new HMI Smart Manager Plus, which combines practical functionality with a modern, attractive look.
All this confirms Cutlite Penta's role as a market mover in the metal cutting industry.

On **Ot-las** marking systems, the installation of high-power laser sources, such as El.En.’s RF1555 CO_2 sources continues, together with new scanning optics specially developed to handle high average and peak power, with increasing demands for dynamic performance. The evolution of specific servo systems, and specific software aimed at increasing the

efficiency of complete systems, continues, expanding the range of system models available, which can be configured according to each power cut and workable area.
The development of systems for working on large dimensions (2×3 metres), on large slabs of various materials, for both surface processing for decorative and functional purposes, such as sound absorption or non-slip effect, continued.

In 2024, **Lasit**'s R&D focused on improving the confinement systems of the laser radiation zone, with a focus on optimising the integration and ergonomics of the opening and closing devices. In parallel, work was done on the simplification, dimensional reduction and standardisation of electrical panels and other components, with the aim of making the systems more compact and easy to integrate.
Advances are underway in the development of vision systems that can access the working field directly through focusing optics, by minimising parallax errors, camera size and vulnerability.
The company also expanded its involvement in laser cleaning technology and plastic welding, strengthening its position in these areas through targeted investments. The company has invested in the adoption of new technologies within its systems, including femtosecond lasers and advanced instruments such as spectrophotometers, to further increase the output and quality of its products.

The following table lists the expenses attributable to Research and Development in the period:

Thousands of euros	**31/12/2024**	**31/12/2023**
Staff costs and general expenses	16.209	15.851
Equipment	326	430
Costs for testing and prototypes	3.443	3.732
Consultancy fees	1.267	516
Other services	64	55
Total	**21.308**	**20.584**

As highlighted in the table, expenses directly attributable to research and development recorded an increase in 2024 as against 2023.
As per consolidated company practice, the expenses listed in the table have for the most part been recorded under operating costs in the absence of a reasonable estimate of investment return times.

The amount of the expenses incurred corresponds to approximately 4% of the consolidated revenue of the group. The expenses incurred by El.En. S.p.A. are also equal to approximately 4% of its revenue.

RISK FACTORS AND PROCEDURES FOR THE MANAGEMENT OF FINANCIAL RISKS

The main risk elements to which the Parent Company and its subsidiaries (the Group) are exposed are described below, identifiable by type: operational and financial.

Risk associated with the improper use of machinery
Fully aware of the potential risk arising from the particular nature of the group's products, it works from the research and design stage in pursuit of the safety and quality of the product placed on the market. Marginal risks remain for losses from misuse of the product by the end user and/or from prejudicial events not covered by the insurance policies taken out by group companies.

Risks related to possible supply difficulties and rising raw material prices
The Group purchases components of its products from third-party suppliers. Product assembly operations may be interrupted or otherwise affected by delays in the supply of such parts and components by suppliers. They may also be interrupted if certain parts or components go out of stock, become unavailable or become available at unreasonable conditions. In such a case, however, the Group could be forced to incur an increase in costs and/or a delay in production. These factors could have a negative impact on the Company's business, prospects, and financial results.
Moreover, production costs are exposed to the risk of fluctuating raw material prices. Should the Group not be able to pass on any increase in sales prices, its economic and financial situation would suffer.

Risks associated with the operation of industrial plants
The Group's industrial plants are subject to operational risks, including, but not limited to, plant breakdowns, failure to comply with applicable regulations, revocation of permits and licences, labour shortages, natural disasters, sabotage, attacks or significant interruptions in the supply of raw materials or components. Any interruption of production activities could have a negative impact on the Group's business and economic, equity and financial position.
Insurable operational risks related to industrial plants are managed through specific policies divided among the various plants according to their relative importance.

Risks related to international operations
As the Group operates internationally, it is exposed to the risks associated with a high degree of internationalisation, such as exposure to local economic and political conditions, compliance with different tax regimes, the creation of customs barriers or, more generally, the introduction of laws or regulations that are more restrictive than the current ones. All these factors can have a negative influence on the Group's economic, financial and equity situation.

Global economy is facing moderate growth. Central banks, such as the Federal Reserve and the European Central Bank, are embracing monetary policies in search of a delicate balance between managing inflation and promoting growth. In this scenario, customs duties play a significant role, as they can influence trade flows.

Risk of loss of key resources and know-how
The risk is related to the significant dependence that the Group may have on certain managerial figures who, to date, are evaluated as strategic resources, as they are considered not easily and promptly replaceable, either internally or externally. The loss of these resources' contribution could result in loss of business opportunities, lower revenues, higher costs or damage to image. The risk of dependence on key resources is also related to the potential loss of "technical know-how", referring to the possibility of reducing and losing, over time, the skills and expertise needed for operational management.

IT security, data management and dissemination risks
Information Technology (IT) is today one of the main enablers for achieving corporate business objectives. The IT risk is therefore related to the significant degree of dependence of Group companies, and their related operational processes, on the IT component. Specifically, this means the risk of suffering economic, reputational and market share loss resulting from the possibility that a given threat, whether accidental or intentional in nature, exploits a vulnerability both implicit in the technology itself and arising from the automation of corporate business processes, causing an event capable of compromising the security of corporate information assets in terms of confidentiality, integrity and availability. The Group has developed operational policies and technical security measures to ensure adequate protection of corporate data and information.

Market and regulatory risk
We expect that any competitive advantage we might enjoy from our current and future innovations may diminish over time as companies successfully respond to our innovations or create their own. Consequently, our success depends on developing new and innovative applications of lasers and other technologies and identifying new markets and applications of existing products to new customers and technologies. This requires us to design, develop, produce, test, market and support new products or product improvements and also requires continuous and substantial investment in research and development. We may not be able to respond effectively to emerging technological changes and industry standards, or to successfully identify, develop or support new technologies or improvements to existing products in a timely and cost-effective manner. During the research and development process, we may encounter obstacles that may delay development and consequently increase our expenses, which may eventually force us to abandon a potential product in which we have already invested considerable time and resources. Technologies under development may turn out to be more complex than initially anticipated or not scientifically or commercially viable. For systems in the medical sector, even if we develop new products and technologies before our competitors, we may not be able to obtain the necessary marketing authorisations for such products, even from public bodies such as the US Food and Drug Administration, other regulatory agencies and foreign notified bodies, in a timely and cost-effective manner or at all. In addition, our competitors may obtain sales authorisations for further indications for the use of their products that our products do not have or that we may not be able to obtain.

Sustainability risks

Highlights on Dual Materiality

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, the Group has detected and identified any risk factors of an environmental nature and monitors the continuous evolution of the regulatory framework, both national and international.

In 2024, the El.En. Group conducted, for the first time, a dual materiality analysis to identify significant impacts, risks and opportunities, assessing both the impact of the Group on the environment and the company (impact materiality) and the influence of ESG factors on the company's performance (financial materiality).

As part of this analysis, the universe of climate risks was identified, which were assessed with the aim of identifying significant and non-significant risks. The analysis of climate risks that emerged from the dual materiality outlined the following universe of transition risks and physical risks (acute and chronic).
Within the scope of transition risks – i.e. the economic, financial and operational risks arising from the transition to a more sustainable, low-carbon economy identified by the Group – the universe of identified risks refers to risks related to the possible introduction of new environmental standards and regulations, market expectations with respect to the use of low-environmental impact energy sources, and the variability of energy prices on the market. In addition, the universe of identified risks also refers to risks related to difficulties in adapting products in terms of innovation, and to the variability in customer demands increasingly aimed at environmentally-friendly products/services. From this point of view, a gradual decarbonisation process is one possible response to these pressures.
In the area of physical risks – i.e., risks arising from progressively changing weather conditions and extreme meteorological events – the universe of identified risks refers to risks related to the Group's exposure to damage to infrastructure, potential disruptions of essential supplies and potential contraction of production capacity. In addition, the universe of identified risks also refers to possible disruptions on electricity grids resulting from extreme weather events – which could be followed by interruptions or decreases in the Group's or third parties' production activities – and to increased energy supply costs related to higher heating or electricity consumption.

Risks related to climate change

Within the universe of identified risks, the risks related to climate change that have emerged as significant for the Group are the physical risks related to the increase in extreme weather events (floods, floods, landslides, storm surges, water bombs, snowstorms), the occurrence of which could lead to a reduction or interruption of business or damage to the Group's infrastructure or those of the operating partners, possibly resulting in business disruption. Such events could lead to an overloading of power grids and blackouts with a decrease in productivity of offices and establishments, as well as possible damage to infrastructure due to the sudden power outage, with consequent possible business interruption. To mitigate these risks, the Parent Company and its Italian subsidiaries have taken out an insurance policy that guarantees coverage for direct damages resulting from extreme weather events such as hurricanes, storms, tempests, wind, hail, floods and earthquakes.

These risks are currently considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates.

In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

At present, the Group has not endorsed a climate transition plan as it requires full understanding of emissions along the entire value chain: in 2024, the Group completed a detailed analysis of its indirect emissions and this will allow it to assess the actions to be implemented and the targets to be set as part of the transition plan. This will make it possible to take targeted and effective measures, promoting convergence between business strategy and decarbonisation goals in a responsible and realistic manner.
The Group will continue to monitor this exposure by specifically assessing the impact on production costs related to the introduction of emission reduction regulations and, if there is a significant impact, the Group will include these assumptions in its estimates.

Other sustainability risks

Within the identified universe of risks, a significant risk was identified related to the failure to monitor/deficient monitoring processes for product anomalies, with possible repercussions on the perception of quality, safety and innovation of our products. The Group assiduously monitors the risks related to the quality and safety of its products and implements numerous actions to minimise this risk by adopting a highly structured quality management system based on rigorous internal and external controls. Our Quality departments carry out constant checks throughout the production chain, through internal audits, supplier inspections and extensive testing of each product before final release. Our quality management system is certified to the highest international standards, and our companies undergo regular audits to renew their certifications, which are indispensable for operating in international markets. To mitigate the risk also from a financial point of view, the Parent company and its Italian and European subsidiaries have taken out a product liability insurance policy, which covers any claims for damages arising from the use of its products by consumers or other people.
Currently, the risk related to the lack of processes for monitoring product anomalies, with potential repercussions on product quality, safety and innovation, is considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates.

In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

For the sake of completeness, a medium-relevance risk is also reported relating to the difficulty of finding raw materials useful for the production of finished products planned by the Group can be caused either by the scarcity of resources (supply lower than demand) or by political or economic unrest, such as international conflicts, which create disruptions or changes throughout the supply chain. This could cause delays or blockages in supplies, a decrease in the quality of supplies and lead to a reduction or loss of revenues and an increase in procurement costs.

At present, the risk related to the shortage of strategic raw materials is considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates. In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

Procedures for the management of financial risk

The Group's main financial instruments include current accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has accounts receivable and accounts payable arising from its operations.
The main financial risks the Group is exposed to concern exchange rate, credit, liquidity and interest rate.

Exchange rate risk

The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.
Since the Parent Company prepares its consolidated financial statements in euros, fluctuations in the exchange rates used to convert the financial statement data of subsidiaries originally expressed in foreign currencies could adversely affect the Group’s results, consolidated financial position and consolidated shareholders’ equity as expressed in euros in the Group's consolidated financial statements.

Credit risk

As far as business transactions are concerned, the Group deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to revenues and do not require to be appropriately hedged and/or covered by insurances. There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents almost 9% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the related note in the Consolidated Financial Statement.

Concerning guarantees given to third parties:

In December 2019, upon completing the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. had provided a guarantee in favour of the selling shareholder for the payment under the earn-out clause of 40 million Renminbi (approximately 5 million euros) in the event of an IPO of Penta Laser Zhejiang within 5 years from the date of purchase.
As already described in the Management Report, since it was not possible to successfully conclude the IPO process by the end of 2024, the guarantee has definitively lapsed.

El.En. SpA issued in July 2021 a surety in favour of Cutlite Penta Srl on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las Srl had issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta S.r.l. for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a possible final judgment sentencing it to pay damages with reference to definitive sentencing in the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-HHD-CV17-6084684-S. In addition, the parent company El.En. spa had also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las was found to be in default. The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the financial statement for the year.

In July 2020, Esthelogue Srl obtained a guarantee from Mediocredito Centrale on the 1,5 million euro loan provided by Intesa San Paolo. The guaranteed amount is 1,35 million euro.

In July 2020, Cutlite Penta Srl obtained a guarantee from Mediocredito Centrale on the 5 million euro loan provided by Intesa San Paolo. The guaranteed amount is 4,5 million euro.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25,1 million, of which RMB 25,1 million was entirely used by 31 December 2024. It also granted guarantees to its subsidiary Penta Laser Technology (Shandong) to obtain a credit line of up to RMB 15 million, of which RMB 7,4 million were used by 31 December 2024.

The Chinese subsidiary Penta Laser (Wuhan) took out mortgages and granted receivables as a guarantee to obtain a credit line of up to RMB 10 million, fully used as of 31 December 2024. It also granted guarantees to parent company Penta Laser Zhejiang for RMB 60 million against bills of exchange issued by the latter for payment of supplies to third parties, used for 30 million as of December 31, 2024.

Chinese subsidiary Penta Laser Technology (Shandong) took out mortgages to obtain credit lines of up to RMB 28,5 million, of which 26,9 million had been drawn as at 31 December 2024.

The Chinese subsidiary Shenzhen KBF Laser obtained a guarantee from the General Manager against a credit line of up to RMB 10 million, fully drawn by 31 December 2024.

The subsidiary ASA S.r.l. signed a loan agreement to finance the construction of the new plant by taking out a mortgage for a total value of 4,8 million euro. In June 2020, the company obtained a guarantee from Mediocredito Centrale on the 3 million euro loan obtained from Intesa San Paolo. The guaranteed amount is 2,7 million euro.

The German subsidiary Asclepion signed a loan agreement during 2018 to finance the construction of the new factory, taking out a mortgage for a total value of 4 million euro.

German subsidiary Lasit Laser Deutschland received bank guarantees totalling euro 80 thousand for the purchase of company vehicles and down payments from customers.

Spanish subsidiary Lasit Iberica signed a bank guarantee for euro 38 thousand in favour of a customer for a down payment received on a sale.

Liquidity and interest rate risk
With regard to the Group’s exposure to liquidity and interest rate risk, it should be noted that the Group’s liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

During 2023, subsidiary Cutlite Penta Srl entered into a forward contract to partially hedge the interest rate risk on a loan.

Operation	Notional value	*Fair value*
Interest rate swap	€2.083.333	-€ 20.915
Total	**€2.083.333**	**-€ 20.915**

Capital management
The objective of the Group's capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

STOCK OPTIONS OFFERED TO ADMINISTRATORS, COLLABORATORS AND EMPLOYEES

The Shareholders' Meeting of the Parent Company El.En. spa held on 12 May 2016 resolved, in the ordinary session, to approve a share incentive plan (so-called stock option) 2016-2025 reserved for Administrators, collaborators and employees of the company and its subsidiaries and in the extraordinary session to delegate to the Board of Directors pursuant to Art. 2443, paragraph II, of the It. c.c., to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to a maximum nominal amount of euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.
The Board of Directors of El.En. spa held on 13 September 2016, upon proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan for the period 2016-2025 (“2016-2025 Stock Option Plan), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows and the subscription price were identified.
The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the It. c.c., by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the It. c.c., the share capital of euro 104,000.00 through the issue of 800,000 ordinary shares (3,200,000 ordinary shares post *stock split*) that can be subscribed by administrators, collaborators and employees of El.En. S.p.A. and companies controlled by it, who are assignees of the options under the aforementioned Plan.
The options are exercisable, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.
The Plan will end on 31 December 2025, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
The Plan provides for the assignees of the option rights to include the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangioli and Barbara Bazzocchi, the general manager, an executive considered, at the time of the assignment, to have strategic responsibilities, the managers of El.En. S.p.A. who serve as executive administrators in subsidiaries, other executives of El.En. S.p.A. who hold significant roles, executive administrators of subsidiaries that are considered of strategic importance for the group's development, certain individuals belonging to the white collar workers and middle managers categories, who due to their professional and personal characteristics and loyalty play an important role even in a future perspective.
It should be noted that Ms Bazzocchi, who died on 4 September 2024, had ceased to hold office on 29 April 2024 due to expiry of her term of office and had been appointed honorary president pursuant to Art. 14 of the Articles of Association on 15 May 2024.
The Plan can be defined as being of particular relevance within the meaning of Articles 114-*bis*, paragraph 3 of T.U.F. and 84-*bis*, paragraph 2, Consob Issuers’ Regulations insofar as some of the persons contemplated therein have been identified as recipients. For the exact identification of names and quantities assigned, please refer to the relevant table contained in the information document prepared pursuant to Art. 84-*bis* of Consob Issuers’ Regulation 11971/1999, filed at the company's headquarters and published on the website www.elengroup.com under “Governance/Corporate Documents/Stock Option Plan 2016-2025” as well as on the authorised storage site www.emarketstorage.com. The price, including share premium to be paid by those exercising options under the 2016-2025 Stock Option Plan, was determined by the Board at the time to be euro 12.72.
The calculation was performed by the Board of Directors on the basis of the arithmetic average of the official prices recorded by the shares on the market in the six months prior to 13 September 2016. The criterion for the determination of the issue price of the shares at the service of the Plan was the subject of a favourable opinion, pursuant to and for the purposes of Article 2441, paragraph VI of the It. c.c., and Article 158, paragraph II of the T.U.F., issued by independent auditor Deloitte & Touche spa. This opinion, already published prior to the Shareholders' Meeting and within the terms of the law, is attached to the notary's minutes, filed with the Florence Companies' Register and available at the company's headquarters, on the website www.elengroup.com under “Governance/Meeting Documents/2016”, as well as on the authorised storage site www.emarketstorage.com.
Following the shareholders' resolution passed on 20 July 2021 to split the company's ordinary shares in the ratio of 1:4 (*stock split*), the Beneficiaries holding options exercising after the commencement of trading of the new shares resulting from the stock split have the right to subscribe for each option allocated to them no. 4 ordinary shares of the company with regular enjoyment by paying the subscription price determined by the Board of Directors at the time of the assignment. It follows that the subscription price of each individual share will be euro 3.18 each.

On 14 September 2019, the exercise period for the first tranche of options under this plan opened, and on 14 September 2020, the exercise period for the second tranche opened. As of December 31, 2024, a total of 733,003 option rights out of the 800,000 exercisable ones were exercised.

The Shareholders' Meeting of the parent company held on 15 December 2022 resolved, in the ordinary session, to approve a share incentive plan (so-called *stock option*) 2026-2031 reserved for Administrators, collaborators and employees of the company and its subsidiaries and in the extraordinary session to delegate to the Board of Directors *pursuant to* Art. 2443, paragraph II of the It. c.c., to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to a maximum nominal amount of euro 65,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023 the Board of directors of El.En. spa, at the proposal of the Remuneration Committee, resolved on the implementation of the stock option plan for the period 2026-2031 ("2026-2031 Stock Option Plan" or "Plan"), following the mandate given to it by the shareholders' meeting of 15 December 2022 mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, and the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the It. c.c., by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the It. c.c., the share capital up to euro 45,955.00 through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. S.p.A. and companies controlled by it, who are assignees of the options under the aforementioned Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
The Plan provides for the assignees of the option rights to include the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangioli and Barbara Bazzocchi, the General Manager of El.En. s.p.a. Paolo Salvadeo, the executives of El.En. s.p.a. that hold the position of administrators in the subsidiaries, other executives of El.En. s.p.a. that hold significant roles, administrators of subsidiaries that are considered of strategic importance for the development of the group, certain individuals belonging to the categories of white collar workers and middle managers and collaborators, who due to their professional and personal characteristics and loyalty cover an important role also in a future perspective.
The Plan can be defined as being of particular relevance within the meaning of Articles 114-*bis*, paragraph 3 of T.U.F. and 84-*bis*, paragraph 2, Consob Issuers' Regulations insofar as some of the persons contemplated therein have been identified as recipients. For the exact identification of names and quantities assigned, please refer to the relevant table contained in the information document prepared pursuant to Art. 84-*bis* of the Consob Issuers' Regulation 11971/1999, filed within the terms of Art. 84-*bis* paragraph 5 Issuers' Regulation cited above. The price, inclusive of surcharge, to be paid by those will exercise the 2026-2031 Stock Option Plan options was determined by the Board at euro 13.91. The calculation was performed by the Board of Directors on the basis of the arithmetic average of the official prices recorded by the shares on the market in the six months preceding the date of the resolution. The criterion for determining the issue price of the shares to service the Plan was the subject of a favourable opinion, pursuant to Articles 2441, paragraph 6 of It. c.c., and 158, paragraph 2 of T.U.F., issued by Independent Auditor EY s.p.a. This opinion, already published prior to the Shareholders' Meeting and within the terms of the law, is attached to the notary's report, filed with the Companies' Register of Florence and available for consultation at the Company's headquarters, on the website www.elengroup.com under Investor Relations / Governance / Shareholders' Meeting Documents / 2022, as well as on the authorised storage site www.emarketstorage.com.
The Board also amended art. 6 of the Articles of Association concerning the share capital in accordance with the above-mentioned resolutions.

As at 31 December 2024, the underwritten and deposited share capital amounted to euro 2,603,961.75 and was divided into 80,121,900 ordinary shares (post *stock* split) with no expressed par value.

Finally, it should be noted that the market capitalisation of the Company is currently higher than the values implied in the consolidated shareholders' equity as of 31 December 2024.

TREASURY STOCK

By virtue of the resolutions passed by the Shareholders' Meetings of El.En. spa on 27 April 2021 and 27 April 2023, which are fully described in their respective annual financial reports, as of 31 December 2023, the treasury stock held by the company amounted to 35.970 shares.

On 29 April 2024, the Shareholders' Meeting of El.En. S.p.A. resolved, after revoking the unused portion of the authorisation granted by the same meeting on 27 April 2023, to allow the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already described in the significant events that occurred during the year.
On 31 July 2024, the company announced that it had assigned the General manager 28,500 of the shares held in the portfolio, as an in-kind portion of the 2023 annual remuneration. Therefore, as of 31 December 2024, the treasury stock held by the company consisted of 7.470 shares.

STAFF

As mentioned above, the group's workforce headcount went from 2,084 as at 31 December 2023 to 2,080 as at 31 December 2024. The breakdown by Group Company is as follows:

Company	2024 average	31-dec-24	31-dec-23	Var.	Var. %
El.En. S.p.A.	341,00	353	329	24	7,29%
Ot-las Srl	13,00	14	12	2	16,67%
Cutlite Penta Srl	167,50	171	164	7	4,27%
Deka M.E.L.A. Srl	37,00	37	37	0	0,00%
Esthelogue Srl	25,00	25	25	0	0,00%
Deka Sarl	9,50	10	9	1	11,11%
Lasit SpA	116,00	120	112	8	7,14%
Quanta System SpA	276,50	287	266	21	7,89%
Galli Giovanni & C. Srl	7,50	8	7	1	14,29%
Asclepion Laser T. GmbH	214,00	216	212	4	1,89%
Asa Srl	70,50	72	69	3	4,35%
BRCT Inc.	0,00	0	0	0	0,00%
With Us Co Ltd	41,50	37	46	-9	-19,57%
Penta-Laser (Wuhan) Co., Ltd	151,00	148	154	-6	-3,90%
Cutlite do Brasil Ltda	23,00	23	23	0	0,00%
Pharmonia S.r.l.	0,00	0	0	0	0,00%
Deka Japan Ltd	0,00	0	0	0	0,00%
Penta Laser Zhejiang Co., Ltd	357,50	336	379	-43	-11,35%
Penta Laser Technology (Shandong) Co., Ltd.	127,50	125	130	-5	-3,85%
Merit Due S.r.l.	0,00	0	0	0	0,00%
Lasit Laser Polska	5,50	4	7	-3	-42,86%
Lasit laser Iberica	4,00	5	3	2	66,67%
Lasit laser Deutschland GmbH	4,00	4	4	0	0,00%
Lasit laser UK	3,50	4	3	1	33,33%
Shenzhen KBF Laser Tech Co., Ltd	87,00	81	93	-12	-12,90%
Cutlite Penta Usa Inc.	0,00	0	0	0	0,00%
Total	**1.987,50**	**2.080,00**	**2.084,00**	**-4,00**	**-0,19%**

CORPORATE GOVERNANCE AND OWNERSHIP IN APPLICATION OF IT. LEG. D. 231/2001

In fulfilment of legal and regulatory obligations, El.En. S.p.A. drew up the "*Report on corporate governance and ownership structure*", which is filed and published as a separate report within the terms of the law.
This report is also available on the website www.elengroup.com - "Governance/corporate documents" section.
El.En. S.p.A. adopted, as of 31 March 2008, an organisation, management and control model, pursuant to Italian Legislative Decree no. 231/2001.

REMUNERATION REPORT pursuant to Articles 123-*ter* TUF and 84-*quater* CONSOB Reg. 11971/1999

In fulfilment of legal and regulatory obligations, El.En. S.p.A. drew up the "*Report on remuneration and remuneration paid*", which is filed and published as a separate report within the terms of the law.
This report is also available on the website www.elengroup.com - "Governance/corporate documents" section.

SUSTAINABILITY STATEMENT

In fulfilment of legal and regulatory obligations, El.En. S.p.A. prepared the "Sustainability Statement" referring to the year 2024, in compliance with the Decree, the ESRS reporting criteria as well as Article 8 of the Taxonomy Regulation, which is filed and published together with this Management Report.
The Sustainability Statement referring to the year 2024 is also available at www.elengroup.com - section "sustainability/documents-sustainability statement"

INFORMATION RELATED TO THE EU REGULATIONS 679/2016 ON THE PROTECTION OF PERSONAL DATA

The Company had already had its own internal system for the processing and protection of personal data since the entry into force of the Italian Privacy Code (It. Leg. D. 196/2003) has adhered to the guidelines of EU Regulation 679/2016 by appointing an external party as Data Protection Officer pursuant to Articles 37-39 of Reg. EU 679/" 2016 cited above, and making the further adjustments required by that legislation.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

On the basis of the provisions of Consob Regulation of 12 March 2010, no. 17221 and subsequent amendments, the parent company El.En. spa approved the "Regulation for the regulation of transactions with related parties" ("El.En. RPT Regulation"), which is available, in its updated version, on the company's website www.elengroup.com in the "Governance/Corporate Documents" section. This regulation, following the amendments that followed and are described below, constitutes an update of the one approved in 2007 by the company in implementation of Art. 2391-*bis* of the Italian Civil Code and of the recommendations of the then in force Art. 9 (and in particular Application Criterion 9.C.1) of the Corporate Governance Code for Listed Companies (edition of March 2006), in light of the above-mentioned "Regulation on Transactions with Related Parties" no. 17221 as amended and Consob Communication DEM/110078683 of 24 September 2010 and that approved on 14 March 2019.
The RPT Regulation of El.En. spa were first updated and amended by the Board of Directors at the meeting of 30 June 2021, effective 1 July 2021, following Consob's adoption on 10 December 2020 of Resolution no. 21624 issued in implementation of the regulatory delegation contained in Art. 2391-*bis* of the It. c.c., as extended by It. Leg. D. 49/2019 issued for the purpose of the transposition of Directive (EU) 2017/828 – so-called *Shareholder Rights Directive 2* ("SHRD 2") – amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement. The Board proceeded to approve certain additions to El.En.'s RPT Regulations in order to bring them in line with the new regulatory framework, taking into account that the Italian regulatory framework was already ripe with reference to the transposition of the European regulations and that it was therefore a fine-tuning intervention on internal procedures that El.En. had already adopted at the end of 2010. The changes were explained in the annual financial report for the year ending December 2021.

Subsequently, at the end of an evaluation process, El.En. spa's RPT Regulations were updated and amended by the Board of Directors at the meeting held on 20 July 2023 in consideration of the fact that the “smaller companies” parameters set forth in Art. 3, paragraph 1, letter f) of Consob Regulation 17221/2010.
The changes made were related to:
a) provision that in the case of transactions of greater significance, the Committee for Transactions with Related Parties shall be constituted and deliberate with the presence of three Independent and unrelated Board members;
b) provision of reinforced equivalent safeguards in the case of transactions of greater significance, with conferment of the power to the entire board of statutory auditors instead of only to the chairman of the supervisory body when it comes to issuing the definitive opinion;
c) reorganisation of the content with the separation into two separate articles of the procedure for the issue and value of the prior opinion of the RPT Committee and its effects.
Even though during the year, Art. 2 of It. Law of 5 March 2024 no. 21 changed the capitalisation threshold for qualifying SMEs from euro 500 million to euro 1 billion and the company was included *ex officio* by Consob in the list of SMEs, the 20 July 2023 updates to the RPT Regulation remained unchanged.

During the financial year 2019, in connection with the acquisition transaction, already described in the annual financial report as at 31 December 2019, by the subsidiary Ot-las s.r.l. of the minority interest in the Chinese companies Penta-Laser Equipment Wenzhou Co, Ltd - now Penta Laser (Zhejiang) Co., Ltd - and Penta-Chutian Laser Wuhan Co., Ltd - now Penta Laser (Wuhan) Co., Ltd - a disclosure document was published on a voluntary basis pursuant to Article 5 of Consob Related Parties Regulation 17221/2010 and Art. 1.2. of the regulation on related parties adopted by the Company. The document is available on the Company’s website www.elengroup.com under Governance/Corporate documents.
Other transactions with related parties, including intercompany transactions, are neither atypical nor unusual. These transactions are settled at ordinary market conditions.
Concerning transactions with related parties, see the relevant explanatory notes included in the consolidated financial statement of the El.En. Group.

OPT-OUT REGIME

Please note that on October 3, 2012 the El.En. spa Board of Directors decided to join to the opt-out regime envisaged respectively by Articles 70, paragraph 8 and 71, paragraph 1-*bis* Consob Issuers’ Regulation 11971/99, availing itself of the right to derogate from the obligations to publish the required information documents in the event of significant extraordinary transactions involving mergers, demergers, capital increases through contributions in kind, acquisitions and divestments.

OTHER INFORMATION

Atypical and unusual transactions

Pursuant to Consob Communication of 28 July 2006 no. DEM/6064293, it should be noted that the El.En. Group did not engage in any atypical and/or unusual transactions, as defined in the Communication itself, during the year and in the previous year.

Management and coordinating activities

El.En. spa is the parent company and is therefore not subject to any management and coordination activities pursuant to Art. 2497 et seq. of the It. c.c..

Fulfilments pursuant to Art. 15 et seq. of the Consob Market Regulations
(adopted by resolution no. 20249 of 28 December 2017 as amended)

Pursuant to Art. 15 Market Regulations adopted by resolution no. 20249 of 28 December 2017 as amended (referred to in Art. 36 Market Regulations adopted by resolution no. 16191 of 2007), in relation to the regulatory requirements concerning the conditions for the listing of parent companies of companies incorporated or regulated under the laws of non-EU countries and of significant relevance for the purposes of the consolidated financial statement, it is noted that:
- as at 31 December 2024 among the subsidiaries of El.En. spa the following fall under the regulatory provision: With Us Co. Ltd, Penta Laser (Wuhan) Co. Ltd. (ora Penta Laser (Zhejiang) Co., Ltd) Penta Laser Technology (Shangdong) Co. Ltd. and Shenzhen KBF Laser Tech Co. Ltd.
- adequate procedures have been adopted to ensure full compliance with regulations.

Fiscal consolidation

Please be reminded that El.En. spa and its subsidiaries Esthelogue srl (since 2011), Ot-las srl (since 2012), and DEKA M.E.L.A. srl (since 2019) have adhered to the IRES taxation regime of the Italian National Tax Consolidation Convention, pursuant to Articles 117 et seq. of the Income Tax Consolidation Act (TUIR) and the implementing It. Ministerial Decree of 1 March 2018.
Relations between the parties, within the provisions of the law, are regulated by an appropriate "consolidation agreement".

SUBSEQUENT EVENTS

At the end of February 2025, the group sold a 46% stake in its Japanese subsidiary Withus, thereby transferring control to the minority shareholders who had founded the company with El.En. in 2007. The direct distribution in Japan of professional beauty systems produced in Italy had been discontinued for several years, and the company now mainly services the installed base and sells locally sourced beauty products. Within this scope, the commercial relationship with the parent company became of secondary importance. Following the financial crisis of Withus' main customers, the accumulated losses and the less than encouraging outlook of the business conducted so far suggested to leave the burden and the opportunity to relaunch Withus' activities on a new basis to the local management. By virtue of the group's 33% residual share, starting from February 2025 the equity investment will be integrated in the consolidated financial statements using the Shareholders' equity method.

CURRENT OUTLOOK

The activity of drawing up the Group's annual budget resulted in a fair amount of optimism for improved 2025 results compared to 2024, both in terms of revenue and EBIT. The results of the first two months of 2025 would seem to confirm this confidence.
However, the outlook for the remainder of the year is more complex due to continuing conflict and instability in international political relations, which has led to increased caution by central banks in cutting interest rates, the weakening of the US dollar, and forecasts of a slowdown in the US economy.
In this very uncertain economic environment, the Group expects revenue growth, particularly in the industrial sector, and an EBIT in line with that of 2024.
These forecasts do not consider the impact of possible duties imposed by the US administration on Group products destined for the medical and industrial markets, which, if significant, could penalise both sales and profitability in the relevant US market.

DESTINATION OF THE NET INCOME

Dear Shareholders,
In submitting the financial statement of El.En. spa as of 31 December 2024 for your approval, we propose to allocate the net income for the year of euro 33,988,152.00 as follows:
- to distribute to the shares outstanding on the ex-dividend of coupon no. 4 on 19 May 2025 - in compliance with the provisions set forth by Art. 2357-*ter*, second paragraph of the Italian Civil Code, a dividend equal to euro 0.22 (zero point twenty) gross per outstanding share, for a total amount as of today's date of euro 17,616,814.60, it being understood that this amount, if necessary, may be increased by any additional amounts that may be necessary to distribute the dividend to the shares outstanding as of the ex-dividend date resulting from the exercise of stock options in the period between today's date and the record date (20 May 2025);
- to allocate the remaining amount, as of today equal to euro 16,371,337.40 to the extraordinary reserve.

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

CONSOLIDATED SUSTAINABILITY STATEMENT AS AT 31 DECEMBER 2024

1. GENERAL INFORMATION

1. Criteria for drafting

BP 1 - General basis for preparation of sustainability statements

This document constitutes the consolidated sustainability reporting (referred to hereafter also as “Report” or “Sustainability Report”) of the companies belonging to the industrial group consisting of El.En. S.p.A. (also the “Parent Company”) and its subsidiaries (also the “El.En. Group” or the “Group”). This Consolidated Sustainability Report of the El.En. Group was drawn up in accordance with the ESRS standards.

The reporting informs, to the extent necessary to ensure proper understanding of the business activity, about its progress, its results and the generated impacts, as well as the risks and opportunities related to the relevant sustainability issues, as envisaged by Articles 3 and 4 of It. Leg. D. 254/16 in light of the amendments brought forth by Directive (EU) 2022/2464 of 14 December 2022 (“Corporate Sustainability Reporting Directive” or “CSRD”), with reference to the 2024 fiscal year (from 1 January to 31 December), and by transposing It. Leg. D. no. 125 of 6 September 2024 (hereinafter also the “Decree”). This sustainability disclosure was drawn up by the Group in accordance with the provisions of the relevant It. Decree and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereinafter also referred to as the "Taxonomy Regulation").
The reporting and drafting of this document involved all the functions in the areas in which the Group is active, which were coordinated centrally by the work team dedicated to this project.
The scope of the data and information is the same as in the consolidated financial report. The scope of the social and environmental data and information submitted refers to El.En. S.p.A. and the companies consolidated on a line-by-line basis in the consolidated financial report. For an overview of the Group, please refer to the diagram in the 2024 Management Report.
During the year, the El.En. Group announced it intended to sell its controlling interest in the Laser Cutting business unit. Subsequently, it was reported that only Chinese company Penta Laser Zhejiang and its subsidiaries would be divested when the ongoing negotiations for the transaction were concluded. With this stated intention, the group's consolidated financial statements as at 31 December 2024 were drawn up in accordance with IFRS 5, which combines the items of the income statement and statement of financial position of the assets for sale into a single line.
Within this document, only the table concerning the Turnover of Schemes Art. 8 of the Taxonomy Regulation does show the Chinese net consolidated revenues, while the Capex and Opex tables, as well as all tables within the sustainability reporting, report the Group results including the Chinese companies. It should be noted that no operational control was identified for any of the consolidated companies under the Shareholders' equity method.
It is noted that on 29 August 2024, subsidiary Ot-las S.r.l. repurchased 100% of the shares of Cutlite Penta S.r.l., previously held by Penta Laser Zhejiang.
During the fourth quarter of 2024, Cutlite Penta USA Inc. was incorporated as a wholly-owned subsidiary of BRCT Inc. The company falls within the scope of consolidation but was only established as an entity, it not being accounted for in Taxonomy data, human resources and environmental data in the sustainability reporting, as it has no employees and does not generate any consumption. For further details on corporate transactions in 2024, please refer to the Consolidated Financial Report as at 31 December 2024.
The information and data shown refer to the year 2024 (1 January 2024 to 31 December 2024). In order to allow for data to be compared over time, a comparison has been reported with data for the year 2023 and in some cases the year 2022 (which is the baseline for emission reduction targets). Any restatements of previously published comparative data are clearly indicated as such.
The frequency of non-financial information reporting and the publication of the consolidated sustainability reporting was set on an annual basis: this 2024 version was approved by the Board of Directors of El.En S.p.A. on 13 March 2025.

During the year, the El.En. Group conducted a double materiality analysis in accordance with ESRS standards, thoroughly assessing the impacts, risks and opportunities associated with its value chain, both upstream and downstream. This analysis identified and updated the areas of greatest relevance as well as providing better insights into the interconnections between the Group's business and the stakeholders involved along the entire value chain.

Based on the assessments made, the Group confirmed its plan to reinforce the targets set in previous years, while implementing new monitoring tools to ensure greater control and more effective management of emerging risks and opportunities. In particular, in light of the new analyses, the Group is taking measures to improve the transparency and traceability of its supplies, strengthen collaborations with strategic partners and mitigate environmental and social impacts along the supply chain. The actions to be taken include, at an upstream level, strengthening ESG criteria in the selection and evaluation of suppliers by more stringently monitoring the environmental and social practices of our main business partners, which can also lead to a reduction in sourcing-related indirect emissions, whereas, on a downstream basis, we aim to develop new strategies to promote the circularity and reduction of impacts arising from the use and end-of-life of our products, in line with our corporate sustainability goals. Increasingly embedding the value chain into the reporting system will enable the Group to respond more effectively to new regulatory requirements and strengthen its resilience in the face of future challenges.

The Group has not availed itself of the option to omit classified, sensitive information or any data related to intellectual property, know-how or innovation results. Please also note that there is no information falling under the categories of “information about upcoming developments” or “matters under negotiation”, pursuant to Articles 19-bis and 29-bis (3) of Directive 2013/34/EU.

BP 2 - Disclosure in relation to specific circumstances

Time horizons - In drawing up its sustainability statement, El.En. Group selected time horizons consistent with the requirements of ESRS 1 section 6.4, namely, as a short-term time horizon, the period taken by the company as the reference time span for its financial statements, i.e. one year; as a medium-term time horizon, the time from the end of the short-term reference period up to the next five years; and as a long-term time horizon, the period beyond five years.

In order to provide a fair representation of the Group's performance, the use of estimates was limited as much as possible; where they do appear, they are based on the best available methods and appropriately reported. There were no quantitative metrics that are subject to a high degree of uncertainty. The metrics referred to in the Sustainability Report were not audited by an external body other than the party issuing the audit report, and where the metrics required currency as the unit of measure, the reference currency of the consolidated financial statements was used. To define the metrics, ESRS-based designations were used.
In line with international guidelines for measuring greenhouse gas emissions, the Group estimated its Scope 3 emissions related to the value chain. This was done in accordance with the provisions of the Greenhouse Gas Protocol (GHG Protocol), one of the most acknowledged standards for measuring and reporting greenhouse gas emissions, the guidelines set out in ESRS 1, which require the inclusion of relevant value chain information when necessary to understand the framework the company is active in, and ESRS E1, which sets forth the reporting requirements of climate change-related disclosures. These estimates are a key step towards aligning with global sustainability goals and ensuring effective emissions management, with a view to cutting down on the overall carbon footprint. For details about the metrics, the groundwork to prepare them, the level of accuracy and planned improvement actions, please refer to Chapter E 1-6 in the “Environmental Information” section of this document.

In the current reporting period, the El.En. Group switched from GRI standards to ESRS accounting standards, as required by the new European CSRD regulation, and, hence, some metrics and disclosure requests have changed with respect to last fiscal year, reflecting the new accounting standards and regulatory updates on sustainability. The El.En. Group has made no changes to how information was prepared and submitted other than to comply with ESRS requirements. In the event of discrepancies or missing data between different reporting standards, the Group, where possible, recalculated and updated comparative data to ensure consistency between reporting periods. However, for some information that was not required by the GRI standards, no comparative data could be provided.

Please note that voluntary disclosures were not reported, nor were those for which the *phase-in* option is available for the first year(s) of reporting.

GOV 1 - The role of the administrative, management and supervisory bodies

Listed on the MTA stock market of Borsa Italiana, the El.En. Group has been part, since its inception in 2004, of the Star segment, where the securities of companies meeting specific requirements of excellence in terms of transparency and liquidity are traded.
The Model chosen by El.En. is a traditional administration and control system, based on a board of directors (hereinafter also "Board"), in charge of management, strategic planning, implementation of the corporate purpose, and guiding the Company and the Group by pursuing its sustainable success, and a board of statutory auditors ("Board of Statutory Auditors"), responsible for monitoring compliance not only with the law and the company's articles of association ("Articles of association"), but also with the principles of proper administration and the adequacy of the organisational set-up and internal control system. The other Italian-registered Group companies follow the traditional model and are therefore administered by a Board of Directors or a Sole Director and, where necessary, have a controlling body and are subject to auditing.

The Board of directors is vested with the broadest powers of ordinary and extraordinary administration for the performance of activities aimed at the pursuit of the corporate purpose, with a view to the creation of long-term value for the benefit of the shareholders and taking into account the interests of other stakeholders relevant to the Issuer. The Board pursues these goals by means of responsible management in line with the economic, social and environmental balances of the business context in which the Group is active. This is achieved by embedding targets geared towards sustainable, lasting success, which take into account the in-house and external settings in which all Group companies work, into the Issuer’s and the Group’s strategies as well as remuneration policy. The Board plays a primary role in corporate governance. This involves taking up responsibility for the strategic supervision and control of the company's business activities. Its core functions include overseeing those processes aimed at identifying, assessing and managing risks, impacts and opportunities that are relevant to the business and stakeholders. Through careful, ceaseless monitoring, the Board ensures that the Group works in a responsible and sustainable manner, based on preventing potential critical issues and seizing opportunities for growth, in an ever-changing environment. This supervision encompasses the approval of targeted policies and strategies as well as of the Sustainability Plan; the review of in-house control systems; the endorsement of the double materiality analysis in addition to checking the measures taken to mitigate risks and maximise long-term value for effectiveness. The Board ensures that business decisions are consistent with the goals of sustainability, ethics and transparency, thus contributing to the creation of value for the company and all stakeholders.

The Control and Risk, Related Party Transactions and Sustainability Committee has been entrusted with the task of supporting the Board in analysing relevant issues. Therefore, it plays a key role alongside the Board in investigating and managing strategic sustainability-related issues, with a specific focus on medium to long-term value creation and the Group’s sustainable success. Within the scope of its responsibilities, the Committee ensures careful oversight of the processes intended to identify, assess and manage relevant ESG risks, impacts and opportunities, thereby contributing to embedding sustainability principles into corporate strategy.

In 2024, the new Board of Directors was elected; at that time, upon proposal of the Appointments Committee, it was decided to maintain the number of board members at seven, and to make some additions to the Composition and Diversity Policy. Along these lines, major emphasis was focused, from a qualitative standpoint, towards the need for specific skills in sustainability, ESG issues and social responsibility, and for attitudes and qualities that, in addition to independence of thought and moral integrity as well as combined with common sense and judgement, joint efforts and balance, can indeed embed sustainability issues into the *vision*. Such specific expertise in the field of sustainability, ESG issues and social responsibility can have been acquired through positions held within listed or large companies by carrying out professional and institutional activities or through university teaching.

The following players are expected to contribute to the chosen El.En. Governance system:

Shareholders' Meeting: It is the corporate body where the shareholders can take part in the Company decisions with respect to matters that the law and the Articles of Association have designated as their responsibility; the Shareholders' Meeting appoints the members of the Board of Directors and the Board of Statutory Auditors and approves the Financial Statements for the fiscal year.

Board of Directors: It is the central body of the Corporate Governance system and performs analysis and sharing tasks in addition to approving the Group's annual budgets and strategic, industrial and financial plans and monitoring their implementation. Appointed by the Shareholders' Meeting, it plays a strategic guiding role and evaluates the adequacy of the implemented Control System. There are no members representing employees and other workers in the Board.

It currently consists of seven members, five of whom are non-executive administrators and three of the latter qualify as independent (42.8%), under both Art. 148 (3), TUF (referred to in Art. 147-*ter* (4), TUF) and Art. 2 of the Code.

Board of Statutory Auditors: Appointed by the Shareholders' meeting, it monitors compliance not only with the law and the articles of association, but also with the principles adopted by El.En. S.p.A. in terms of proper administration and soundness of the organisational set-up of the latter expertise wise, of the in-house control and administrative-accounting systems and their actual functioning. It also acts as the Internal Control and Audit Committee, with the duties and responsibilities set out in Art. 19 of It. Leg. D. 39/2010. The Board of Statutory Auditors currently in office consists of three statutory auditors and two alternate auditors who meet the requirements of integrity, professionalism and independence.

Independent Auditor: It is an external body that is entrusted with the statutory audit of accounts and the sustainability reporting is chosen by the Shareholders' Meeting. The independent auditor currently in charge is *EY* S.p.A.

The Board of Directors is responsible, in its mandate and among other things, for the internal system in charge of managing impacts, risks and opportunities, in relation to which it defines its guidelines, while periodically checking fulfilment and actual functioning as well as ensuring that the main Group-related risks are properly identified, measured, monitored and handled. To strengthen sustainability governance, as early as in 2020 the Board of Directors entrusted the Executive Director in charge of the internal control system with devising strategic sustainability guidelines and the Sustainability Plan, besides reviewing the Sustainability Reporting.
The board members are all endowed with professionalism and skills appropriate to the tasks entrusted to them. As many as three of the five non-executive administrators are independent; the number and skills of the non-executive board members are such as to ensure that they have a significant weight in carrying out board resolutions and ensuring effective management monitoring. One of the non-executive and independent administrators was elected from a minority list. The Chairman of the Board of Directors (hereinafter also the "Chairman") plays a liaison role among the executive and non-executive administrators and ensures the effective functioning of the board proceedings. The Chairman is Managing director together with the current executive members of the Board and is one of the two founding partners who have been involved in the operational management of El.En. and the Group since 1981. The delegated powers attributed for the Board to properly function do not entail the exclusive concentration of offices and powers to manage the company in the hands of the Chairman, but, since pursuant to Art. 3 Recommendation no. 13 of the Corporate Governance Code, the Chairman of the Board of Directors holds significant management powers, on 14 May 2021 an independent director was appointed Lead Independent Director with a reference and coordination role in the proceedings and contributions of non-executive administrators and, in particular, of independent ones, as well as the task of coordinating the meetings of the latter only.
The Lead Independent Director works with the Chairman of the Board of Directors to ensure that information flows to the administrators in a comprehensive and timely manner, as recommended by the Corporate Governance Code. The Chairman takes care and ensures that pre-meeting information flows reach the administrators in a comprehensive and timely manner, as recommended by the Corporate Governance Code.
The members of the Board have extensive experience in the company's core sectors, its main products and the geographical areas in which the Group is active. All members have solid experience in the manufacturing and industrial sectors and, since 2017, have participated in various training sessions on sustainability issues and new regulations. Furthermore, one of the board members holds a role with a specific focus on sustainability. Some members also bring in expertise from previous experience in business consulting, thus enriching the decision-making capacity of the governing body. All of the members of the Board of Directors ensure in-depth knowledge of laser systems and their components, thereby guaranteeing a strategic vision aligned to market needs. Board members have gained significant experience in companies of different sizes, including multinationals, which has allowed them to develop deep insights into the dynamics of international markets. This experience enables them to understand the ins and outs as well as the opportunities of working in diverse geographical contexts. Their expertise is crucial to support company expansion, the management of global challenges and strategic adaptation to the hallmarks of different markets. The diverse and complementary experience of Board members contributes to the creation of value for the company and its stakeholders, supporting sustainable development and long-term competitiveness.

The five non-executive board members, three of whom are independent, are organised into three committees to perform advisory and recommendation functions in support of the Board: Committee for control and risk, related party transactions and sustainability; Remuneration Committee and Appointments Committee.

The Committee for control and risk, related party transactions and sustainability, which acquired its current name in 2021, is composed of five non-executive members, three of whom are independent, whereas the remaining two committees are made up of three all independent, non-executive members. The work of each committee is coordinated by a Chairman. Their composition, duties and powers are governed by specific regulations approved by the Board at the time of their establishment and subsequently amended based on the changes required by the Corporate Governance Code.

With reference to sustainability issues and the disclosure of such information in the sustainability reporting, as per It. Leg. D. 125/2024, the “Control and Risk, Related Party Transactions and Sustainability Committee”, which is an internal committee set up by the Board, was assigned, in its Regulation, the task of assisting the aforesaid Board of Directors with investigative, propositional and advisory functions, in assessments and decisions relating to sustainability issues in connection with the Company's business operations and its dynamics of interaction with all stakeholders, corporate social responsibility, the investigation of scenarios for the preparation of the strategic plan, and the Corporate Governance of the Company and the Group, as well as the identification and management of impacts, risks and opportunities related to sustainability issues. At the Board of Directors meeting held on 31 January 2025, the Control and Risk, Related Party Transactions and Sustainability Committee was also entrusted with investigating and assessing human rights impacts and risks of business activities, so as to meet the minimum guarantees provided for in Article 18 of European Taxonomy, where it is recommended that these responsibilities be assigned to a specific body or office[1].

How to manage sustainability impacts, risks and opportunities is scrutinised by the Sustainability manager at least annually. This occurs through in-house checks and procedures, which are increasingly embedded into the company's risk management and compliance processes. The internal control system includes periodic checks both to monitor the effectiveness of sustainability policies and actions, in line with the requirements of the Plan, and to check the data in the sustainability report for accuracy.

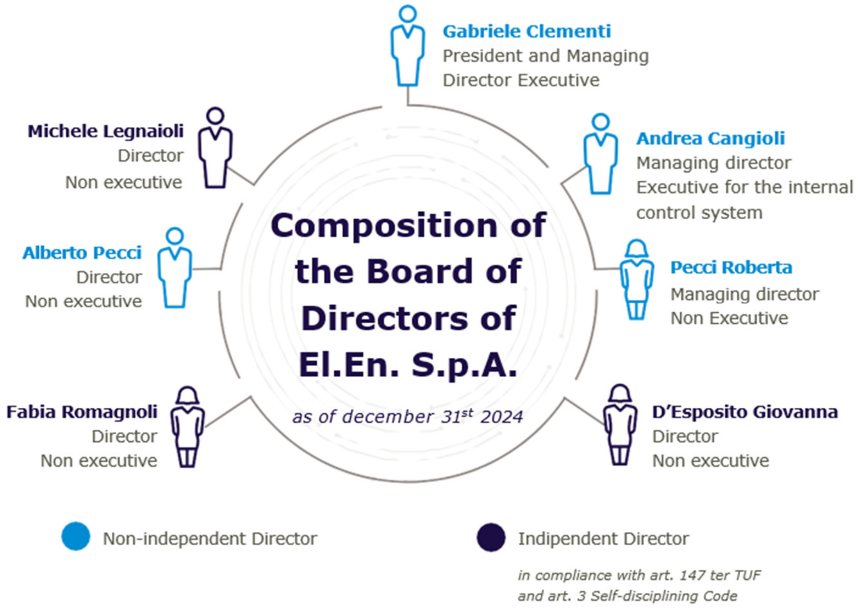
On 31 January 2025, the Board of Directors of El.En. resolved to appoint the Executive in Charge of Sustainability Reporting, in accordance with the provisions of It. Legislative Decree of 6 September 2024 no. 125, transposing European Directive 2022/2464/EU (Corporate Sustainability Reporting Directive - CSRD), which came into force on 25 September 2024. The Board of Directors has considered it strategic to designate a figure separate from the Financial Reporting Executive, with a view to strengthening oversight of ESG issues and thus recognising sustainability as a centrepiece of corporate governance. This choice reflects the desire to give greater relevance, autonomy and specialisation to the management of sustainability reporting through the establishment of a targeted department with specific skills and adequate resources. This decision is part of a broader measure aimed at ensuring greater transparency, quality and reliability of non-financial information, in line with market best practices and stakeholder expectations. The creation of a targeted entity will enhance collaboration with the supply chain, improve ESG data collection and analysis, and ensure continuous alignment with regulatory developments and new European reporting standards. In terms of the necessary integration of Art. 20 G of the Articles of Association to be proposed to the 2025 Meeting, Art. 18 of (It.) Leg. D. no 125/2024 concerning transitional rules, expressly provides, in paragraph 10, that by way of derogation from Article 154-*bis*, paragraph *5-ter* of TUF, the sustainability reporting may be certified, with reference to fiscal year 2024, by an executive other than that in charge of drawing up the corporate accounting documents, designated with a specific resolution of the administrative body even in the absence of a specific provision in the Articles, prior to the mandatory opinion of the control body.

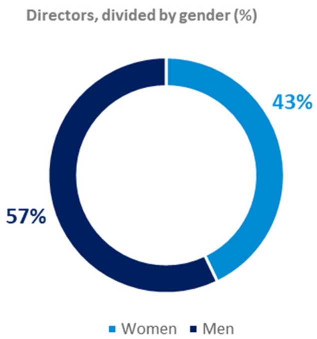
At least once every six months, the Control and Risk, Related Party Transactions and Sustainability Committee holds meetings with the *manager* in charge of sustainability (from 31 January 2025, Executive in charge of sustainability reporting, pursuant to Art. 154-*bis*, comma 5-*ter*, TUF) to discuss and be updated on the progress of the Sustainability Plan; on the activities carried out by the Group and on the management of *gap analysis* projects related to the alignment with the CSRD Regulation and the new ESRS accounting standards (European Sustainability Reporting Standards); on

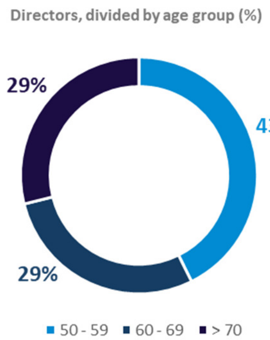
[1] These tasks were introduced in Art. 9 (paragraph 9.4) of the Control and Risk Committee Regulation.

the analyses for the identification of eligible activities, subsequently aligned to the six environmental objectives of the EU Taxonomy Regulation 852/2020; on the analysis and definition of double materiality, and then subsequently report to the Board on the issues discussed. The Board is therefore involved in and informed about all activities and sustainability analyses.

The Board actively participated in the double materiality analysis carried out during 2024 and was involved in the process of identifying and assessing impacts, risks and opportunities before formalising its approval. the meetings held during this fiscal year, the Sustainability Manager provided specific training on sustainability issues for both the Committee members and the Board of Directors, which mainly covered the activities to be carried out to respond to the requirements of the new European CSRD (Corporate Sustainability Reporting Directive) regulation, the new accounting standards ESRS (European Sustainability Reporting Standards) and EU Taxonomy Regulation 852/2020. During the training sessions, company projects for alignment and transposition of the new regulations were also outlined.







The Board of Directors, jointly with the Control and Risk, Related Party Transactions and Sustainability Committee and the Sustainability Executive, outlines the strategic sustainability goals and monitors their implementation and progress. At least once a year, progress in achieving the targets related to relevant impacts, risks and opportunities is monitored against the Sustainability Plan; targets are monitored, amended and, if necessary, new ones are added. The results are submitted to the Board for it to assess correction and/or improvement actions and develop the company's sustainability strategy.

The Board of Directors and, more generally, the administration, management and control bodies have, as a whole, expertise in sustainability matters; this stems both from the presence of figures with previous experience in sustainability and circular economy issues, gained in relevant professional and academic contexts. In addition, since sustainability reporting was introduced by the El.En. Group in 2017, a training programme has been implemented in parallel for members of the Board of Directors and its committees, with a view to ensuring that they are constantly updated on regulatory developments, market trends and best practices in the ESG sphere. The Company's Sustainability Manager carried out this process, providing regular updates to the Board of Directors and paving the way for targeted in-depth discussions. Over the years, this figure has also been supported by external experts and consultants, in order to deepen certain sustainability issues and achieve the required regulatory compliance and thus develop targeted projects ensuring the El.En. Group's constant alignment with regulatory and market requirements.

The Board of Directors has sustainability expertise that enables it to steer corporate strategy in managing impacts, risks and opportunities related to key issues such as emissions reduction, climate change, human resources management, workplace health and safety as well as product security. These skills result from the experience gained by the Board members in strategic, regulatory and operational areas, as well as from access to internal documentation, reporting and discussions with the relevant corporate offices. As for emissions reduction and climate change, the Board can assess the impact of business activities by identifying solutions to improve energy efficiency, promoting the use of renewable energy sources and cutting down on the carbon footprint. With regard to human resources management, it proposes policies that foster employee well-being, inclusion and professional development, thereby contributing to a fair and motivating work environment. As concerns health and safety of products, processes and of workplaces, the Board ensures that high standards of quality and safety are provided, thus preventing any risks to workers and consumers. In addition, being able to understand the critical issues related to raw material supply and the efficient use of resources, it is committed to gearing corporate strategy towards sustainable and resilient production models. As a result of this approach, the El.En. Group ensures sound and effective governance of sustainability issues, ensuring that sustainability is fully embedded into its medium- and long-term strategy.

GOV 2 - Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

For periodic information received by the El.En. Group's administration, management and control bodies on sustainability impacts, risks and opportunities through a structured reporting and updating process, please refer to the previous paragraphs.

The El.En. Group has embraced a structured approach to due diligence in sustainability, in accordance with the provisions of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The integration of ESG principles into the governance system makes it possible to identify, prevent and mitigate the negative impacts of corporate activities, as well as to continuously monitor the achievement of sustainability goals. The Board of Directors, jointly with the Control and Risk, Related Party Transactions and Sustainability Committee, performs a strategic oversight task on ESG issues, ensuring the integration of sustainability issues into decision-making processes.

The scope of the risk management system includes all relevant business areas, covering strategic, financial, operational and compliance risks. The risk prioritisation process used is based on an assessment of the inherent risk (calculated as a product of probability and impact to which a 1 to 5 score is assigned) and the effectiveness of the mitigation measures taken. The approach used by the Group ensures that sustainability issues are fully embedded into the corporate risk assessment so that the risks and opportunities identified, and especially those that have emerged as material, are assessed and addressed strategically. This approach helps to make sustainability a core item of corporate risk management, operational mitigation measures and information flow, by proactively involving the relevant in-house offices and governance bodies.

During 2024, the process of consolidating and verifying quantitative sustainability data, although required annually, was carried out on a quarterly basis in order to ensure more accurate and timely monitoring and to improve the quality and reliability of the data. To this end, targeted resources were allocated to improving sustainability reporting and related in-house control processes. Their task is performing data aggregation and control, through quarterly audits and in some cases ad-hoc compliance visits at the headquarters of certain subsidiaries, in order to ensure adequate supervision and compliance with corporate sustainability objectives.

At the same time, data collection improvement projects were carried out at Group companies by expanding in-house procedures (especially with regard to the reporting of data required for the calculation of Scope 3 emissions) and through the use of software tools or their improvement, in particular as concerns human resources data management.

During 2024, the sustainability department also worked on updating the El.En. Group's Code of Ethics and Environmental, Human Rights, Anti-Corruption and Diversity Policies, as well as on drafting internal procedures for sustainability reporting, ensuring compliance with regulatory requirements and the recommendations of the Taxonomy Regulation. The effectiveness of the actions taken is rated through key performance indicators (KPIs) and ESG metrics, which are monitored periodically.

To ensure better control and management of ESG risks, the company implemented an alignment of sustainability policies with the company's strategic targets, ensuring consistency with European Taxonomy criteria and industry regulations. In addition, for parent company El.En. and some subsidiaries, sustainability performance targets linked to the remuneration of certain executives and middle managers as of 2025 were defined with a view to providing tangible commitment to sustainability. The main results achieved during this fiscal year are reported in the following chapters, within the “Actions and Targets” sections for each ESRS reported; in addition, detailed information is provided on the initiatives taken, the objectives set, the results achieved and the related key performance indicators (KPIs).

For a detailed analysis of the significant impacts, risks and opportunities examined by the administrative, management and control bodies, as well as by the relevant committees during the reporting period, please refer to the double materiality matrix set out in section “IRO 1 Description of the process to identify and assess material impacts, risks and opportunities” of this document.

This matrix represents the main tool for identifying the most significant sustainability issues that the management, administration and control bodies and their committees have assessed during the reporting period, considering both the size of the impact of the company's activities on the environment and society, and the potential financial effects that these aspects may generate on the business. Indeed, it is only through the constant monitoring of relevant impacts, risks and opportunities that the El.En. Group can ensure an informed decision-making process aligned with its medium- to long-term targets, promoting a transparent and accountable governance model in line with stakeholder expectations and current regulatory provisions.

GOV 3 - Integration of sustainability-related performance in incentive schemes

The Board of Directors, in order to ensure the most comprehensive information and broad transparency on the remuneration due to administrators, has appointed an internal Remuneration Committee since El.En.'s listing.

The aforementioned Committee ensures that the remuneration of Administrators and the General manager is defined in such a way as to align their interests with the pursuit of the priority goal of creating value for shareholders in the medium-long term, and that a significant portion of the total remuneration of Board members is linked to the achievement of specific goals, including non-financial, preset and measurable ones.

On the occasion of each approval of the annual draft financial statements, the achievement of the assigned pre-set goals is assessed, and the variable portion of the compensation actually accrued is attributed to the recipients of the incentive remuneration plan, based on the degree of achievement of the assigned goals. The Remuneration Policy for executive administrators and top management defines: a) a balance between the fixed and the variable portions that is appropriate and consistent with the strategic goals and risk management policy, providing in any case that the variable component represents a significant portion of the total remuneration b) maximum limits on the payment of variable portions for executive administrators c) performance goals - to which the payment of variable portions is linked - that are (i) predetermined, measurable and linked in a significant part to a long-term horizon; (ii) consistent with the Issuer's strategic goals and aimed at promoting its sustainable success, including, where relevant, non-financial parameters.

Variable remuneration paid to both Administrators, including the Chairman, and the General Manager is subject to a claw-back clause.

The evaluation for the achievement of performance goals is carried out: as for the economic-financial goals, based on the annual financial statements data as for sustainability goals by comparing the assigned goal with what has actually been achieved.
The verification is carried out by the Remuneration Committee and then by the entire Board based on the information flows received from the corporate positions in charge of the sector being evaluated. With regard to sustainability, criteria for the measurability of goals in the following areas were developed by the Committee and then approved by the Board: environment, human rights and corruption, and staff and human resources. The achievement of the assigned quantitative goals is reflected in the evidence published in the annual sustainability report, which is subject to revision. In the Administrators' Remuneration Plan the weight of financial and sustainability objectives is tantamount to 70% and 30%, respectively, always in a perspective of assigning targets that are aimed at pursuing the sustainable success of the Company and the Group. As of 2021, the Remuneration Committee decided to propose to the Board of Directors, which then approved it, a four-year incentive remuneration plan for the General Manager consisting also of sustainability goals, which weigh 30% on total remuneration. Also starting in 2021, the incentive remuneration plan for Administrators and the General Manager provides that 30% of the portion of variable remuneration accrued annually will be paid on a deferred basis at the end of the term of office, possibly re-evaluated based on the performance of the company and the Group.

GOV 4 - Statement on due diligence

The *due diligence* process of the El.En. Group is integrated into the strategic framework and business model. This integrated approach ensures that due diligence is an integral part of the Group's business activities, particularly the identification and management of negative impacts. During the reporting year, the El.En. Group worked out a *due diligence process* to be applied to suppliers and agents starting from 2025. Entering into a business relationship with any third party, be it a supplier or an agent, may potentially expose Group companies to the risk of a breach of regulations and the commission of one or more offences, leading to the initiation of criminal proceedings against the Group. In order to mitigate these inherent risks, the El.En. Group developed the *due diligence* to be conducted before engaging the potential supplier or agent. Third parties must guarantee the highest standards of ethics and integrity as well as full acceptance of the principles contained in the Group Code of Ethics.

The third-party due diligence process is based on gathering information, analysing the information gathered and processing the results, including the identification of risk situations. This process is structured in three stages:

1. Preliminary *risk assessment*;

2. *Due diligence* activities;

3. Ex-post monitoring.

1. In the Risk Assessment stage, the classification of the third party is carried out and an assessment activity is conducted in order to identify any critical aspects of the counterparty (number of relationships with the counterparty; geographical context of the counterparty; level of dependence on relationships with the counterparty). In order to ensure the Group's perfect compliance with the regulations in force and the ethical principles defined in the Code of Ethics, the Group Companies undertake to carry out in-depth analyses in cases of business relations with third parties considered to have high exposure and not to engage in any form of business relations with parties belonging to the highest risk bracket.

2. The due diligence phase is the verification and investigation activity that follows the analyses carried out during risk assessment: following the results of these activities, the third-party screening process is activated. The third party screening process includes two types of due diligence whose degree of analytical detail increases in relation to the risk profile identified during the Risk Assessment: 1. Standard Due Diligence: Standard Due Diligence is the first level of due diligence and is triggered by default if the counterparty is found to be a supplier with a “Low” level of exposure. Standard Due Diligence is provided through acceptance and declaration of compliance with applicable regulations and through acceptance of and adherence to the El.En. Group's Code of Ethics and, when required, through completion of the basic ESG questionnaire of the platform identified for monitoring. Should the results of the questionnaire reveal risk profiles and/or residual concerns with regard to the risk profile of the third party, the enhanced due diligence level is activated. 2. Enhanced Due Diligence: is triggered for a supplier with a “Medium-High” exposure level and for Agents. Enhanced

Due Diligence provides for specific checks with regard to third parties with documentary requests. More in-depth investigations may also be envisaged if there are suspicions that the counterparty may be at fault. If the findings of enhanced Due Diligence are confirmed and/or critical profiles emerge with respect to the counterparty under analysis, these must be immediately reported to the bodies in charge of receiving the reports and to senior management, and relations with the counterparty must be terminated.

3. The last stage of the process involves the implementation of monitoring activities following the beginning of the relationship and the relations with third parties. The activities carried out in this stage concern: confirming the accuracy and adequacy of the information provided by the third party, updating the risk assessment related to the third parties involved and the adequacy of any improvement plans implemented.

The risks identified in customer and supplier due diligence must be analysed, classified and managed in a manner that ensures regulatory compliance and mitigates any potential negative impacts that may arise. This procedure is therefore structured to analyse, document and address the results of the risk assessment, ensuring proactive risk management in the context of due diligence. After having identified and categorised the possible risks that have emerged, one must proceed to the analysis and evaluation of each of them, identifying for each the risk areas and possible sub-categories, and to the prioritisation of risks. For those risks whose residual values are found to be high, an assessment will be made as to which risks should be acted upon, assigning a level of priority: the necessary corrective actions, the persons to be involved and the necessary timeframe will then have to be identified and, ultimately, the termination of the relationship. On the other hand, for all other risks considered to be of medium or low level, a periodic audit plan will be put in place to verify the effectiveness of the procedures in place and the controls put in place.

The due diligence activities carried out by the El.En. Group and their location in the Sustainability Statement:

- Integrating due diligence into governance, strategy and business model: refer to the above (paragraph GOV-4 - Due diligence statement);
- Involve stakeholders at all key stages of due diligence: see SBM 2 - Interests and views of Stakeholders;
- Identifying and assessing negative impacts: see IRO-1 Description of the process to identify and assess material impacts, risks and opportunities;
- Taking action to address negative impacts: see all thematic chapters;
- Monitoring the effectiveness of the actions taken and communicating: see all thematic chapters.

GOV 5 - Risk management and internal controls over sustainability reporting

The El.En. Group has set up an internal control system in relation to sustainability reporting with the aim of ensuring the integrity, completeness, reliability and accuracy of sustainability data and information.

As early as the end of 2023, the Group started a path to reinforce, in light of the regulatory obligations introduced by the European Sustainability Reporting Directive (CSRD), its commitment by launching a work plan that would enable it to structure a robust Internal Control System based on the most widely used and globally disseminated reference framework: the CoSO Framework, which the Group already uses for internal control over financial processes (Savings Law 262/2005). The Committee of Sponsoring Organisations of the Treadway Commission developed a framework for internal control to be applied to sustainability reporting, based on the same five components as the traditional framework. On 30 March 2023, CoSO published a study providing additional guidance for organisations to achieve effective in-house control over sustainability reporting (ICSR), using *CoSO's* worldwide acknowledged Internal Control - Integrated Framework (ICIF) to strengthen confidence in ESG/sustainability reporting, public disclosure and corporate decision-making.

In the first work stage, the Group:

- Drew up the *Entity Level Controls* (ELC) Catalogue for sustainability reporting, supplementing it with the ELCs already defined for financial reporting and identifying the current level of supervision by the Group and the corporate office responsible;
- Defined the methods and criteria for identifying relevant areas and entities within the scope of the Internal Control System underlying sustainability reporting;
- *Scoping* was prepared to identify the main processes (quantitative indicators) and entities to be evaluated. The definition of *Scoping* envisaged: (i) the identification of the companies to which the Internal Control System should be applied, based on an assessment process that considers both quantitative and qualitative aspects; (ii) the identification of relevant sustainability information and its association with sustainability processes/indicators;
- High-level reconnaissance (Flow Maps) was carried out for Parent company El.En.: main flows of collection, transmission, consolidation and reporting of sustainability data as well as identification, for the main processes/indicators of the various macro-areas, of the activities carried out, offices involved, control macro-checks in progress per type, information systems used, in addition to any in-house procedures/documents and aspects for improvement in terms of process flows and/or checks.

In the second work stage, the Group began the analysis and design of the internal control system, which included the following activities:

- Development of *Risk and Control Matrix* (RCM) for the four main quantitative indicators for the parent company El.En., namely: direct and indirect emissions (Scope 1, Scope 2 and Scope 3), workforce and training;
- Development of the matrix containing the IT *General Controls* (ITGC) for the application used by the human resources office, which is still being finalised.

The El.En. Group's sustainability reporting includes a structured quarterly reporting process on data received from all subsidiaries. All data are subject to audits through the examination of the relevant supporting documentation to ensure accuracy and conformity. Audits are performed on both individual company data and consolidated data, which are subject to spot reconciliations to ensure the reliability and accuracy of the reported information. These procedures reflect the Group's commitment to maintaining high standards of transparency, accuracy and control over the data included in sustainability reporting. During the fiscal year, the main risks related to the sustainability reporting process were identified. These risks were associated with: (i) regulatory compliance, (ii) completeness and integrity of data, (iii) accuracy of results, and (iv) the timing with which information is made available. These risks were identified, analysed with the relevant supporting documentation, assessed for each Group company and then prioritised based on severity and probability of occurrence, in order to understand and define the most effective mitigation actions proportionate to the level of risk identified. For each risk that emerged as significant, mitigation actions were put in place: with regard to regulatory compliance risks during 2024, we organised several meetings with the contact persons of all departments involved in the collection of data and documentation, for all subsidiaries, on how to report, also involving consultants to ensure the correct application of the requirements. For the risks of completeness and integrity of data and accuracy of results, we implemented worksheets and *checklists* to ensure coverage of all reporting requirements, implemented data input within management systems to improve the reliability of reporting, defined standardised procedures for data collection and archiving, performed numerous spot checks to verify the accuracy and completeness of data, and re-checked the calculations and indices used. Finally, in order to avoid the risk of delays in data collection and thus processing, we have planned a quarterly reporting process and identified persons within each group company who are responsible for sending the data.

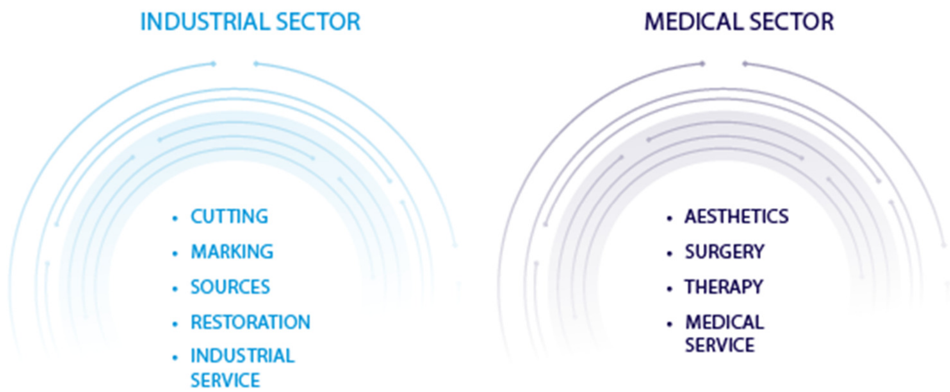
The El.En. Group has therefore implemented a structured approach to integrate risk assessment and internal controls within the sustainability reporting process, ensuring reliability, timeliness and compliance of the information provided. We are aware that we have only just started our journey in sustainability reporting and we want to work to improve further in order to ensure an increasingly robust, reliable and transparent process. In the coming years, we will introduce targeted activities such as the mapping of further processes, the implementation of systematic testing and audits, and the establishment of an ongoing internal audit process dedicated to sustainability information. The goal is to build a *reporting* system that is increasingly integrated with our operational activities, which not only meets regulatory requirements, but is also a true tool for managing and improving our ESG performance. We are determined to continue on this path with a continuous improvement approach, aware that transparency and reliability of sustainability data are key elements in strengthening the trust of our *stakeholders* and actively contributing to a more sustainable future.

The risk assessments and controls carried out for the sustainability reporting process were reported to the Board of Directors, management and control bodies on several occasions; in particular, the sustainability reporting executive coordinates the process of identifying and curbing the risks associated with the sustainability reporting by apprising the Control and Risk, Related Party Transactions and Sustainability Committee, and then the Board of Directors.

SBM 1 - Strategy, business model and value chain

El.En. S.p.A. leads a diverse group of companies active in the production, research and development, distribution and sales of laser systems. The activities of all the companies are coordinated with the aim of serving the target markets in the best possible way, exploiting the dynamism and flexibility of the individual business units without losing the advantages of coordinated management of certain technical, managerial, commercial and financial resources.
Today, the El.En. Group can count on an extensive national and international presence created over time through the establishment of new companies and the acquisition of control of others. Each is entrusted with a specific business, sometimes targeting a single geographical market, sometimes a particular market sector, sometimes more extensive activities across technologies, applications and geographical markets. The activity of all of the companies is coordinated by the Parent company so that the available resources make it possible to better serve the target markets, taking advantage of the dynamism and flexibility of the individual business units without losing the advantages of coordinated management of certain resources. The development of the El.En. Group has contributed in the past and contributes today to bringing "Made in Italy" to the world with technologically advanced and highly innovative solutions and products.

Two main sectors can be distinguished:



The medical sector of laser systems for medicine and aesthetics:
The medical division of the El.En. Group designs and manufactures lasers and light systems for all applications in the medical field, mainly in the fields of aesthetics, surgery and therapy. The competence and reliability of our systems have enabled us to be among the leading companies globally in this field. In over forty years of activity and research, we have achieved the excellence of our products.

The laser systems industry for manufacturing: The El.En. Group creates laser systems for cutting and marking for the industrial sector; these systems are suitable for many different processes and can be used on many different materials. Laser sources are also produced with increased performance in terms of speed and process quality, reliability, and safety.
The Group is also active in the cultural heritage preservation sector: for years, it has been contributing to the preservation of the world's historical and artistic heritage by proposing cutting-edge, minimally invasive solutions, developed together with leading national research centres and used on major restoration sites.
Associated with the sale of systems are also the after-sales service activities, indispensable support for the installation and maintenance of laser systems, for the management of spare parts, consumables and for technical support.
The Group's business presents a considerable variety of products and types of customers served, such as doctors, distributors, beauty centres, hospitals, clinics, or manufacturing companies in the industrial sector; even more so if one considers the fact that the Group sells all over the world and therefore its global presence means that it also has to deal with the peculiarities that each region of the world has in adopting technologies. Although both sectors use laser technology and share many strategic components and certain activities at the production and R&D level, they address profoundly different markets and the activities within them are organised in such a way as to meet radically different needs of the different types of customers they serve.
Furthermore, each market features specific dynamics of the demand and growth expectation linked to different key factors. The number of employees of the El.En. Group, equal to 2,080, is broken down as follows: Italy 1,087, China 690, Germany 220, Japan 37, Brazil 23, France 10, Spain 5, Poland 4, UK 4.
The El.En. Group is not active in any of the sectors listed in ESRS2 SBM-1 Strategy, Business Model and Value Chain, paragraph 40(d) (fossil fuels, chemical production, controversial weapons, tobacco cultivation and production) and consequently has no revenues associated with these activities.

The El.En. Group has drawn up a five-year Sustainability Plan that represents the Group's strategic vision on sustainability issues and is an indispensable tool for setting its goals and the actions and projects to be implemented to achieve them.

As a matter of fact, the principles of sustainability are embedded into the Group's strategy, which is committed to implementing the Plan in line with the expectations of its *stakeholders*.

- We offer innovative products thanks to cutting-edge technologies and skills - We strive every day through intensive R&D activity to pursue continuous innovation that leads to the discovery of new applications of lasers or other laser sources, in the medical, industrial and restoration sectors. El.En. Group can thus boast the constant ability to innovate in order to forestall market needs and face new challenges. The cross-fertilisation of knowledge between the three sectors of El.En. Group and teamwork gives rise to projects that have never before been realised, with the use of high-tech tools.

- We improve people's well-being and quality of life - Every day, El.En. Group is committed to providing medical professionals with solutions to improve people’s well-being and quality of life with non-invasive methods that are increasingly selective, effective, safe, and with minimal post-treatment recovery time. Our industrial lasers contribute significantly to reducing environmental impact in various production processes, reducing waste and harmful emissions, as they do not use chemical additives, inks, solvents, or glues.

- We select, develop and grow the best talents - We firmly believe that human resources are the company’s most valuable asset: El.En. Group is committed on a daily basis to ensuring a healthy and safe working environment and to offering its employees a stimulus for professional growth, through information sharing and teamwork. Only through the development of individual skills and a stimulating environment is collective growth and the creation of shared value achieved.

Our corporate strategy fully integrates the principles of sustainability, recognising that environmental, social and governance (ESG) dimensions are key factors for long-term success. Our commitment translates into clear objectives and concrete actions that aim to reduce our environmental impact, promote the well-being of our employees and the communities in which we are active, and ensure transparent and ethical governance. The Sustainability Plan was approved in 2023 by El.En. Board of Directors and subsequently disclosed to all subsidiaries: the Plan includes objectives regarding the fight against climate change, circular economy, the promotion of a responsible supply chain, the enhancement of people and the contribution to the community and, through the setting of tangible and measurable goals, confirms the Group's commitment to promoting sustainable development by embedding environmental and social responsibility into its business model.

The strategic elements related to sustainability:

- Environment: We are committed to reducing our ecological footprint through the efficient use of resources, the production or purchase of renewable energy, and improving the circularity of materials.
- People and Communities: We enhance human capital with training, inclusion and job security programmes, strengthening our positive impact on local communities.
- Innovation and Governance: We enhance transparency, ethics and ESG risk management to ensure a responsible and resilient business model.

The main challenges for the future:

- Decarbonisation: Achieve a significant reduction in CO_2 emissions and improve energy efficiency.
- Resource and waste management: Increase the content of recycled materials in our products and reduce waste.
- Regulatory developments: Aligning with increasing regulatory requirements and stakeholder expectations.
- Talent attraction and retention: Responding to the needs of a workforce increasingly oriented towards sustainability and wellbeing at work.
- Strengthening the sustainable supply chain: Working with suppliers aligned to our ESG standards.

Critical solutions and key projects:

- Energy transition: Investments in photovoltaic systems and partnerships for the purchase of green energy.
- Sustainable packaging: Monitoring and increasing the percentage of recycled materials in our packaging.
- Circular economy model: Reuse and recycling projects to reduce the consumption of virgin raw materials.
- Well-being and safety at work: New training programmes and corporate welfare initiatives.
- Digitalisation for sustainability: Implementation of ESG monitoring tools.

Through these initiatives, we strengthen our competitiveness and create shared value for all stakeholders, consolidating our role as a responsible and innovative company.

The Group is aware that it must be able to detect changes in the external environment, including the evolution of various stakeholders, in order to find internal responses to meet expectations, generate value and make the organisation more resilient. We take into account the constantly evolving market environment in which we are active (including major macroeconomic, industry and regulatory trends) and the changing needs of our stakeholders. We use our knowledge of the external environment to manage risks and seize opportunities effectively, maximising the value we create through the effective execution of our strategy. Listening to stakeholders is of utmost importance: intercepting their needs and expectations can guide us in making the right decisions regarding our product offering.

Upstream value chain - raw material suppliers: The company purchases metals (steel, aluminium, copper, etc.), plastics, biocompatible materials, electronic materials (motors, sensors, circuit boards), optical fibres, cables, fans, diodes, optical materials (lenses, mirrors, etc.). Component suppliers: Some specific components can be purchased from specialised suppliers who design and produce them. Subcontractors: suppliers offering manufacturing or processing services for components or products. These services may include machining, assembly, welding, painting, heat treatment or other specialised activities. Energy suppliers: The electricity required for the production process comes from external suppliers.

Own operation: Design and research: Research and development for product design, choice of materials, technological features (energy efficiency, intelligent functions, etc.) and innovative solutions. Assembly and production - Quality control - After-sales service - Recycling and disposal: at the end of the laser's life cycle, group companies, if requested, take back the old device, classified as WEEE waste, contributing to recycling and disposal.

Downstream Value Chain - Distribution and Logistics: Finished products are distributed via logistics channels to customers or distributors. Sale of its finished products (through a network of agents, directly to distributors or direct sale to the user). After-sales service: Sale of finished products and warranty, maintenance, repair and customer support services, including spare parts and technical assistance. Devices are recycled or disposed of by the end user.

The integrated and sustainable business model of the El.En. Group includes:

- Consolidation of competitive positions in national and international markets - Dialogue with all stakeholders and the provision of highly professional after-sales services are key to constantly improving the quality of our partners' work. This enables us to face technological challenges with competence, professionalism, and passion. Thanks to this practice, we consolidate and strengthen our competitive position in the markets on a daily basis. We face challenges with determination, achieving leading or top positions, while building strong and lasting relationships with our supply chain. We participate in the success of our customers by striving to develop products that meet their needs, improve people's quality of life and pay attention to environmental protection and energy efficiency;
- Promoting investment in research and development to bring technologically advanced products to the market - Research and development are at the core of our strategy and constitute the very essence of the El.En. Group. The ability to anticipate technological developments in the medical and industrial sectors and in the preservation of the artistic heritage is the result of a stimulating environment within a territorial and historical context that has made science and artistic beauty a natural breeding ground for talent. We continuously support Research and Development to ensure constant technological innovation in our products, improving existing ones, expanding their applications, and providing technologically advanced solutions in all areas of use;
- Creating value for people - Innovation and technological/scientific updating are the main sources of inspiration for El.En. Group. Our state-of-the-art solutions, designed to integrate seamlessly into the medical, industrial, and restoration sectors, are based on strong partnerships with the professionals who choose El.En. Group technologies. Our progress originates from constant dialogue, an active exchange of ideas, and the sharing of experiences, because it is from this interaction that ideas for mutual growth are born and nurtured;
- The push towards an increasingly sustainable future - For El.En. Group, being sustainable means creating value over time and being ready to accept and successfully face the challenges of tomorrow. During this last year, we have increased our initiatives to raise awareness of the impact and importance of sustainability issues, both through the dissemination to key stakeholders of the documents drawn up and through the disclosure of the new objectives set out in the Plan as well as the actions to be taken for all Group companies to achieve them, that can also be found on the Website.

SBM 2 - Interests and views of stakeholders

For the El.En. Group, the process of listening to one's stakeholders is a priority in order to understand the extent to which their interests and expectations are being met and to identify issues on which to increase one's efforts, with a view to continually improving the impact of the company's activities on the environment and society. For many years, the Group has implemented a process of mapping and identifying its reference stakeholders, which has enabled the identification of the Group's stakeholders, both internal and external:

Also in 2024, in order to analyse stakeholders' expectations and ask them for their assessment of the main impacts generated by the Group, we carried out specific stakeholder engagement activities by submitting questionnaires to a selected sample of internal stakeholders, employees of some Group companies who assessed impacts, risks and opportunities and indirect involvement of external stakeholders (as a matter of fact, in carrying out their activities, corporate functions manage the relationship with external stakeholders and therefore know the potential impacts, risks and opportunities by which they could be influenced or could influence the organisation).
As early as last year, we started an initial ESG monitoring of the supply chain: the project, carried out by parent company El.En. and some of its main subsidiaries, involved new suppliers and suppliers of critical components and included the administration of a questionnaire with questions for the areas of environment, social, governance and respect for human rights.
Specific training on supply chain monitoring was carried out throughout 2024 and a supply chain due diligence procedure covering environmental, social and governance aspects was drafted at the end of the year. In order to structure the monitoring process in a uniform manner, the Group decided to adopt a platform for monitoring its supplier chain, which will come into effect in early 2025 for parent company El.En. S.p.A. and during the year for some of its main subsidiaries. For further details, please refer to section "G1-2 - Supplier Relationship Management" of this document.

The process of listening to customers and distributors took place mainly through Customer Satisfaction surveys by monitoring appropriate company indicators, administering questionnaires on the surveys carried out as well as through the analysis of deficiencies. Customer experience is measured through feedback obtained during dialogues with customers in which opinions, comments, expressions of interest in a product or service, or in interactions with both internal and external sales representatives are collected. For several years, the Parent Company and some subsidiaries have included questions on sustainability issues in the Customer Satisfaction process.
In order to intensify the process of listening to employees and to gather suggestions, opinions and assessments on the corporate climate, some Group subsidiaries in previous years carried out *Surveys* on part or all of the corporate population; *top managers* were instead listened to for the assessment of impacts, risks and opportunities as part of the double materiality analysis process carried out in 2024. During the year, the numerous initiatives aimed at supporting the process of listening to communities and local bodies, both through participation in events on the main sustainability innovations or initiatives and by responding positively to requests for discussion and collaboration, in order to develop tangible sustainability activities together with the authorities within the territory. The dialogue with local communities is also expressed through the promotion of numerous work-related learning projects by taking part in *career day* events.
Also in 2024, we received major national sustainability awards and, at the request of shareholders and investors, obtained sustainability ratings from leading independent agencies. The policy of dialogue with shareholders is ensured through the publication on the company website of regulated information, with the publication of press releases and documents, through the Shareholders' Meeting, in direct contact between the Company and investors through the organisation of events, roadshows, meetings (one-to-one or collective) and conference calls with institutional investors, shareholders and financial analysts rather than through presentations of the main performance drivers and the main messages conveyed to the market and the financial community.
Establishing and maintaining partnerships with universities and research centres is crucial to keeping a constant dialogue with these bodies, both nationally and internationally. All Group companies consider these exchanges to be

crucial both in research and development and for their own success in the talent search and selection process. Maintaining these channels is essential to increase opportunities to get to know people and to promote the development of technical and scientific skills in the areas where companies are active, including through curricular and extracurricular university internships.
The El.En. Group believes that close relationships with key stakeholders create long-term value and support individual and collective growth. Listening to all *stakeholders* is fundamental to the work of the Group, which continuously seeks their *feedback* to strengthen relations and improve the way it meets their needs. We encourage our stakeholders to share their opinions and concerns as collecting and analysing stakeholder feedback not only provides us with valuable insights into their needs, but also helps us manage the risks and opportunities we face and support our efforts to achieve long-term sustainability.
This process helps to identify and address the most important stakeholder issues, including emerging risks assessed by internal stakeholders. Recognising stakeholder expectations and efficiently managing the associated risks and opportunities is essential when it comes to developing strategies and defining objectives to increase positive impact and minimise negative impact, which are crucial for long-term value creation. The Group's objective is to understand stakeholders' opinions and interests and align them with its strategic approach.
The Group does not predict any further changes to its business strategy resulting from demands, interests and views of stakeholders. For the conduct of the double materiality analysis, a list of impacts, risks and opportunities related to ESG issues relevant to the Group was defined. This list was subjected to evaluation by the Executive Board and management in order to determine the material impacts, risks and opportunities followed by the corresponding relevant issues. This year, it was deemed sufficient that the assessment of the company's management, which through the conduct of its activities manages the relationship with external stakeholders and thus knows the potential impacts, risks and opportunities by which they might be affected or could affect the organisation, was also suitable to include the views of external stakeholders and thus could incorporate their input in the identification and assessment of material IROs. At a later stage, the list of IROs was presented, evaluated and subsequently approved by the Board of Directors.
Once fully in place, the due diligence process defined by the Group will help in understanding the interests and opinions of key stakeholders. In addition, the double materiality analysis and due diligence process may reveal elements useful for the Group to make some changes to its strategy and business model, especially with regard to the monitoring of the Group's supply chain.

Please refer to Section "IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities" below for a description of the significant impacts arising from the company's strategy and business model on its workforce and value chain, affected communities and end users.

SBM 3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For a statement of the relevant impacts, risks and opportunities arising from the double materiality analysis performed by the El.En. Group during 2024, including a description of where, in its business model, operations and upstream and downstream value chain, these impacts, risks and opportunities are concentrated and with reference to how the company's negative and positive material impacts affect (or, in the case of potential impacts, may affect) people or the environment, whether and how the impacts originate from or are related to the company's strategy and business model, the reasonably expected time horizons of the impacts, and whether the company is involved in the relevant impacts through its activities or because of its business relationships, please refer to the information contained in the following Section "IRO 1 - Description of the process to identify and assess material impacts, risks and opportunities".

All targets within the Sustainability Plan, which represents the Group's strategic vision on ESG issues and is an indispensable tool for setting its own objectives as well as the actions and projects to be implemented to achieve them, were re-evaluated to see whether they were suitable for responding to the need to mitigate the negative impacts and risks identified or to improve the opportunities present; some targets (reduction of Scope 2 emissions, monitoring of packaging composition) were also added in the light of the analysis carried out to strengthen some aspects with targeted actions. The Group plans to include further objectives in the coming years to improve its strategy and better address material impacts or risks, or to pursue particular relevant opportunities. By combining the Sustainability Plan with the company's mission, the El.En. Group is able to manage the response to the challenges posed by the market, proposing sustainable and long-lasting development. Please refer to the following sections of the thematic ESRS for further details.

There are currently no implications on the business model and value chain as a result of the identification of IROs in the double materiality analysis. Considering the actions already taken, no changes are expected. The El.En. Group, it being its first sustainability reporting year according to the European CSRD regulation, did not carry out an assessment of the expected financial effects related to risks identified as significant, and focused on identification and qualitative information. It is specified that the risks identified as relevant are considered to be significant from a financial point of view in the medium-long term; therefore, no meaningful assessments on the financial statements estimates were recorded for this fiscal year. For this reason, to date the Group has not identified any possible current financial effects resulting from them and has therefore not assumed any changes to its corporate strategy and business model. Also with regard to impacts, no possible current financial effects have been identified, but the Group has defined a Sustainability Plan with the intention of reducing some of the main impacts generated in the medium to long term (2023-2027).

On the other hand, the current financial effects of the company's relevant risks and opportunities on its financial position, results of operations and cash flows were taken into account during the financial materiality analysis performed. To date, the El.En. Group has not conducted any resilience analysis of its strategy and business model with regard to its ability to cope with relevant impacts and risks and exploit relevant opportunities.

It is specified that there were no significant changes in the assessment of impacts compared to the previous reporting period: some considerations, especially related to indirect impacts on the value chain, biodiversity and local communities, were addressed in more detail. The dimension of financial materiality was analysed for the first time in 2024. The El.En. Group did not make use of entity-specific disclosures, but those required by ESRS were used.

Climate change

With reference to climate change, the main transition risks were assessed, i.e. the economic, financial and operational risks arising from the transition to a more sustainable and low-carbon economy identified by the El.En. Group, connected to the possible introduction of new environmental rules and regulations, to expectations regarding the use of low-impact energy sources and to the uncertainty of market signals with potential unexpected variations in energy prices; further risk factors identified may concern the failure to adapt product innovation in line with the technological developments necessary to curb the phenomena linked to climate change and the change in demand for products/services, increasingly attentive to environmental issues and which could require an adjustment of the supply and the increase in reputational risks: not undertaking a gradual decarbonisation process could indeed adversely impact the reputation of the Company and consequently the economic and financial results.

The main physical risks identified are those arising from progressively changing climatic conditions and extreme weather events that expose the Group to damage to infrastructure rather than potential disruptions to essential supplies and potential contraction of production capacity. Further risks identified concern the progressive increase in temperature with consequent overloading of power grids or blackouts, which could be followed by interruptions or decreases in activities, or increased energy supply costs related to higher thermal or electrical consumption.

The analysis focused on the Group's core business activities, considering the geographical areas and sectors in which it is active. With regard to transition risks, the El.En. Group has adopted two scenarios, IEA 450 and IEA B2DS, which were found to be the most suitable for the Group's business and the most consistent in the path undertaken to keep the temperature increase within 1.5° C; the selection of these scenarios was based on an integrated assessment that considered alignment with climate objectives, technological feasibility, economic impact and regulatory compliance. This analysis highlighted the consistency of the scenarios with the company's sustainability strategy. The IEA 450 scenario predicts that by 2030 there will be a significant penetration of renewables in the energy sector, an improvement in vehicle and process efficiency, and a major substitution of coal by natural gas. This scenario therefore describes an energy path consistent with maintaining global warming at 1.5° C. The IEA B2DS scenario, which envisages the achievement of emission neutrality by 2060, to limit temperature increases to 1.75° C by 2100, was considered to set greenhouse gas emission reduction targets, assuming the development of climate policies and the development of technologies to reduce these emissions. This path implies the activation of all available political initiatives, in all sectors and in all countries. Scenario analyses enabled the Group to identify risks and opportunities related to business development.
The main transition risks identified are: (a) risks related to legislative/regulatory changes associated with the fight against climate change: among the main risk factors to which the Group may be subject are the increasing reporting obligations on emissions produced, the possible introduction of new environmental standards and regulations, new reporting obligations on emissions produced, or limitations on climate-altering emissions. (b) Risks related to

technological evolution where there is a failure to adapt in the innovation and digitisation of products, services and processes in line with the technological evolutions required to contain climate change phenomena. (c) Risks linked to the evolution of the market where the demand for products/services will be increasingly attentive to environmental issues and an adaptation of the offer will be required. (d) Reputational risks linked to climate change, since not undertaking a gradual process of decarbonisation or even becoming aware that the activities carried out by the Group and by counterparties could have negative climate impacts would affect the Group's reputation and consequently its economic and financial results. After analysing each transition risk according to probability of occurrence and magnitude, none of them were considered relevant.

With regard to the identification of physical risks, the Group selected two different scenarios: RCP 2.6 and RCP 8.5. In line with the Paris Agreement, the RCP 2.6 scenario represents, from a medium-term perspective, an ambitious mitigation pathway in which global greenhouse gas emissions peak around 2020 and then decline rapidly through stringent climate policies. By 2030, climate variations under this scenario remain relatively contained, with an average global temperature increase of less than 1°C compared to pre-industrial levels; under this scenario, physical impacts remain moderate, but the Group still needs to adopt adaptation strategies to ensure operational resilience. The same scenario envisages zero greenhouse gas emissions by 2100 through massive regulation and policy intervention: this scenario predicts an increase in temperatures and a decrease in precipitation in the first half of the century with a decreasing trend in the second half.

RCP scenario 8.5, on the other hand, represents a high-emission pathway, in which fossil-fuel dependent economic growth leads to a steady increase in greenhouse gas emissions. By 2030, the average global temperature could increase by about 1-1.5°C compared to pre-industrial levels, with climate impacts more pronounced than under mitigation scenarios. In the medium term, acute and chronic physical risks include increased frequency and intensity of extreme weather events, such as heat waves, storms and violent rainfall, increased risk of local droughts or floods, with possible impacts on water availability and infrastructure, increased average temperatures, with effects on industrial operations and energy costs for cooling. Under RCP 8.5, the physical impacts assessed by the Group are already more significant in the medium term, necessitating proactive planning for adaptation and management of operational risks. The same scenario also predicts a gradual increase in emissions by 2100 resulting from a lack of effort to reduce emissions and thus a failure to curb global warming: in this second scenario in the second half of the century there will be an increasing trend of rising temperatures and decreasing precipitation.

For both scenarios, the Group has identified the main physical risks: as a chronic physical risk, the gradual increase in temperature has been assessed, which could lead to an overloading of the electricity grids, resulting in *blackouts* and thus a decrease in productivity of both offices and plants, as well as possible damage to the infrastructure due to a sudden power outage, which could result in a possible interruption of operations. Severe physical risks, on the other hand, include changing weather conditions, which could lead to a reduction or interruption of activity due to the occurrence of extreme events such as floods, floods, landslides, storm surges, water bombs, snowstorms, etc., or damage to the Group's infrastructure or damage to the infrastructure of its operating partners, which could lead to a reduction or interruption of activity.

Based on these findings, we have identified strategic actions to mitigate our impact, including: investments in low-emission and energy-efficient technologies, as well as investments in renewable energy to reduce$_{CO2}$ emissions into the atmosphere, integration of ESG criteria in supplier selection. The analysis will be repeated periodically to update the company's strategy and ensure an effective response to ongoing climate change.

In order to identify significant impacts, risks and opportunities related to climate change, the El.En. Group has integrated these considerations into its double materiality analysis, adopting a structured approach that starts with analysis of the context, monitoring current regulations and accounting standards, and using the climate scenarios identified above.

The only risks related to climate change that have emerged as significant for the Group are the physical risks related to the increase in extreme weather events (floods, floods, landslides, storm surges, water bombs, snowstorms), the occurrence of which could lead to a reduction or interruption of business or damage to the infrastructure of the Group or its operating partners, possibly resulting in business interruption. Such events could cause overloading of electrical networks and blackouts resulting in curbing offices and factories productivity as well as any damage to infrastructure due to sudden power outage, with consequent potential business interruption. To mitigate these risks, the Parent

Company and its Italian subsidiaries have taken out an insurance policy that guarantees coverage for direct damages resulting from extreme weather events such as hurricanes, storms, tempests, wind, hail, floods and earthquakes.

These risks are currently considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually in light of the *phase-in* deadline on the expected financial effects and additional detailed considerations arising from them that may affect the assumptions underlying the financial statements estimates. In view of this assessment, to date the Group has not planned any significant changes in its business model and strategy. For more information, please refer to section E - 1 Climate Change.

Biodiversity and ecosystems

The proximity of the organisation to a sensitive area could theoretically lead to impacts on biodiversity: however, considering the nature of the activities carried out, no possible impacts related to direct business activities have emerged. An indirect negative impact was noted concerning procurement practices, particularly with regard to the purchase of raw materials, as the extraction of these materials could have a negative impact on biodiversity in the countries where it takes place. We constantly monitor our activities to ensure that the Group's activities do not cause the deterioration of natural habitats and habitats of species or disturb species for which a protected area has been designated. The El.En. Group found that there is no need to implement biodiversity mitigation measures. For more information, see section E - 4 Biodiversity and Ecosystems.

Pollution and resource use and circular economy

Within the double materiality analysis, a pollution-related impact was found in the lack of eco-design of products, which could lead the organisation to not improve circularity, energy performance other aspects of environmental sustainability of products (e.g. increase in the use of recycled materials, decrease in the use of substances of concern, etc.), resulting in an environmental impact related to the raw materials and production processes in place. With regard to resources and the circular economy, the possible negative impacts relevant to the El.En. are related to environmental safety related to the quality and safety of the products and services offered, the failure to develop circular economy policies, the lack of eco-design, the generation of waste that could contribute to water, air and soil pollution, and the failure to monitor technological innovation that can offer more competitive and sustainable solutions; positive impacts were also noted in contributing to the scientific development of the community through the research and development of innovative and efficient products, the reduction of the environmental impact for the processing carried out with laser systems in the industrial (and restoration) sector, which allow them to minimise waste, not generate fumes containing chemical additives and eliminate the use of glues, inks or solvents within the production processes, and the possibility of contributing to social and economic development by promoting the principles of sustainable development within their supply chain. For the sake of completeness, a medium-relevance risk is also reported relating to the difficulty of finding raw materials useful for the production of finished products planned by the Group can be caused either by the scarcity of resources (supply lower than demand) or by political or economic unrest, such as international conflicts, which create disruptions or changes throughout the supply chain. This could cause delays or blockages in supplies, a decrease in the quality of supplies and lead to a reduction or loss of revenues and an increase in procurement costs.

At present, the risk related to the shortage of strategic raw materials is considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which makes it possible to rule out this information in the first sustainability reporting year - and any additional detailed remarks arising therefrom that can affect the assumptions underlying the assessments of financial statements estimates.

Own workforce

The company's workforce consists mainly of employees (and non-employees in a very residual manner). Employees include production workers, white collar workers, managers and executives. The non-employee workforce includes temporary workers, trainees, interns and self-employed workers in various company departments. All of the company’s own workers on whom the company could have significant impacts are included in the scope of the disclosure. Workforce-related impacts, risks and opportunities arise from listening to employees' needs and from the company's choices on the mitigation actions to be implemented. The workforce is key to the Group; therefore, the definition of IROs and their mitigation strategies is a priority in business management.

It is specified that the significant negative impacts are generalised and not related to individual incidents. Please refer to section "IRO-1 below for a description of the positive impacts, risks and opportunities relevant to the company in terms of its own workforce. To date, the El.En. Group has not identified any possible significant impacts on its own workforce that may result from transition plans to reduce negative environmental impacts.

The Group has noted that the risk of forced, compulsory or child labour may occur in certain types of activities and in specific geographical areas, depending on economic, social and regulatory factors. Generally, the highest risk activities are manufacturing, extraction and processing of raw materials, while geographically, the areas with the highest risk are often characterised by socio-economic vulnerabilities, less stringent worker protection legislation and a high impact of the informal economy. The Group has not identified any specific types of workers among its workers who are or could be adversely affected or more exposed to risks due to the fact that they have particular characteristics, or work in particular contexts or perform certain activities. For more information on our workforce, please refer to section 'S1-Our workforce'.

Workers within the value chain

Within the corporate strategy, there is currently no process of direct involvement of workers in the value chain or analysis of workers most exposed to risks with regard to the identification and management of impacts, risks and opportunities. However, the El.En. Group recognises the importance of promoting responsible practices throughout the supply chain and, to this end, incorporates these principles both within its Code of Ethics and, more specifically, within its Human Rights Policy. This policy is therefore an indirect but effective mechanism to promote greater responsibility along the supply chain. In this way, the Group contributes to disseminating and consolidating ethical and sustainable practices, strengthening the protection of workers even outside the company perimeter. This approach makes it possible to exert a positive influence on the operating environment, promoting an ecosystem characterised by respect for human rights and social sustainability. For more information on workers within the value chain, please refer to section “S.2 Workers within the value chain”.

The value chain workers included in the disclosure are, in the upstream value chain, those involved in the raw materials that the Group procures, whereas those in the downstream value chain are temporary and non-temporary workers. No particularly vulnerable groups or specific geographical areas have been identified, and so far no correlation has been found with specific commodities for which there is a significant risk of child, forced or compulsory labour. Categories of workers in the value chain most exposed to risks were not analysed.

It is specified that two negative impacts, both of an indirect nature, have been noted; the first relates to the fact that the Group's activities involve a large number of suppliers and operations globally, and these suppliers may not work in full respect of workers' rights: the Group's activities may, therefore, contribute to unsafe working conditions for people employed by external suppliers due to business relations. The second impact relates to the possible increase in negative social impacts due to the implementation by companies along the Group's supply chain of practices that do not guarantee adequate working conditions, practices against equality, fair treatment, equal opportunities and respect for human rights; negative social impacts may also arise from the failure to implement sustainable practices as a result of the lack of supervision of their supply chain in terms of governance policies, health and safety, human rights and working conditions. The impacts noted are generalised and do not relate to individual incidents or specific business relationships. For more information on workers within the value chain, see section "S2 Workers within the value chain".

Communities concerned

All affected communities that may be significantly impacted by the company are included in the scope of the disclosure. The main communities are both those affected by the company's activities, living near operational sites or otherwise within the territory (universities, research centres, local communities, etc.) and communities along the value chain (e.g. those affected by the activities of the Group's suppliers).

The only significant negative impact is indirect and concerns procurement practices, particularly with regard to the purchase of raw materials, which could adversely affect local communities in the countries in which such materials are extracted. The impact is therefore not related to a single accident.

The significant positive impact is related to managing and maintaining relations with scientific and university research centres and schools and institutes in the local area, as well as sponsoring social and cultural events and donating equipment and know-how contribute to the development of scientific knowledge and the economic and social development of the community. As the Group's activities are numerous, so are the types of communities that are subject to positive impacts. For more information on workers within the value chain, please refer to section "S3 Affected Communities".

Consumers and end-users

The Group is aware that the complexity of its business requires high quality standards, and therefore the commitment we promote and maintain to the Quality and Safety of our products is essential to its continued growth and success. A decrease in the quality and safety of products and services provided to the market may generate negative impacts on people and the environment, as well as the failure to monitor technological innovation, and the failure to digitise processes may have negative impacts on the attractiveness, traceability, quality and safety of products.
The double materiality analysis carried out by the El.En. Group to identify impacts, risks and opportunities revealed a significant risk related to the failure to monitor/deficient monitoring processes for product anomalies, with possible repercussions on the perception of quality, safety and innovation of our products. The Group assiduously monitors the risks related to the quality and safety of its products and implements numerous actions to minimise this risk by adopting a highly structured quality management system based on rigorous internal and external controls. Our Quality departments carry out constant checks throughout the production chain, through internal audits, supplier inspections and extensive testing of each product before final release. Our quality management system is certified according to the highest international standards and our companies are regularly audited to renew their certifications, which are indispensable for operating in international markets. To mitigate the risk also from a financial point of view, the Parent company and its Italian and European subsidiaries have taken out a product liability insurance policy, which covers any claims for damages arising from the use of its products by consumers or other people.

Currently, the risk related to the lack of processes for monitoring product anomalies, with potential repercussions on product quality, safety and innovation, is considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually in light of the *phase-in* deadline on the expected financial effects and additional detailed considerations arising from them that may affect the assumptions underlying the financial statements estimates. In view of this assessment, to date the Group has not planned any significant changes in its business model and strategy.

At the core of the strategy is Research and Development - the very essence of the El.En. Group and a pivotal asset to mitigate impacts and risks and maximise opportunities. The Group promotes continuous investment in Research and Development to bring technologically advanced products to the market; the ability to anticipate technological evolution in the medical, industrial and artistic heritage conservation sectors is the result of a stimulating environment within a territorial and historical context that has made science and artistic beauty a natural breeding ground for talent. The Group is continuously committed to supporting Research and Development to ensure constant technological innovation in its own products, improving existing ones, expanding their applications, and providing technologically advanced solutions in all areas of use. Dialogue with all stakeholders and the provision of highly professional after-sales services are key to constantly improving the quality of our partners' work and consolidating competitive positions in national and international markets on a daily basis. The Group strives every day to provide valuable products to its own customers in order to establish a loyalty process based on quality, reliability and safety, thus ensuring that product requirements are recognised and valued and that every measure is taken to ensure regulatory compliance. The utmost attention is always paid to the design and development stages of own systems; value also lies in the study and application of increasingly selective, effective and safe methods. The El.En. Group's innovative capacity is based on continuous experimentation that, thanks to the development of cutting-edge systems and technologies, allows it to provide customers a wide range of outstanding products that stand at the top end of the market in terms of innovation and excellent performance. The Group also stands out for its attentive and scrupulous after-sales service, which uses increasingly advanced monitoring and response tools. All this enables to maintain a focus on customer care through a stable, reliable but also flexible organisation with fast response times. Within the Sustainability Plan, which provides the Group's strategic vision on these issues, the existing certifications and investments in research and development are monitored. For more information, please refer to section “S.4 Consumers and End-Users”.

In the industrial sector, customers and end-users are the companies that use laser technology in their production processes, while in the medical sector, they are all the patients who receive treatment or care through the use of laser systems, but also healthcare professionals, such as doctors and technicians, who use them within the scope of patient treatment and monitoring. Some end users may need exact and accessible information in the user manuals to avoid potentially device harmful use. Please refer to section IRO-1 below for a description of the relevant risks and opportunities arising from impacts on end-users; there are no risks and opportunities related to specific groups of end-users. End-users who may be most exposed to impacts were identified through an in-depth analysis of the value chain, taking into account the production, distribution and use stages of devices. The main selection criteria include the type of device, where it is used as well as regulations, standards, and user feedback.

IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities

IMPACT MATERIALITY

ESRS	SUB-TOPIC	IMPACT MATERIALITY - Description of impacts	Stakeholders of reference	Actual/potential impact	Positive (+)/negative (-) impact	Direct/indirect	Time horizon	Scope	Materiality
ESRS E1	mitigation of climate change	In order to be carried out, the activities of El.En. Group require consumption of energy and therefore contribute to the emissions of Scope 1, 2 and 3 greenhouse gases (GHG) in the atmosphere, as a result of direct and indirect commercial activities. If energy-saving and emission reduction initiatives are not developed, the Group's activities could increasingly contribute to the effects of climate change on our planet.	Environment	actual	negative	Direct	Medium-long	Group	✔
ESRS E2	Pollution of water	The Group's companies, in their corporate activities, may unwittingly cause pollution of the water, compromising the quality of water resources and causing potential harm to the aquatic ecosystem.	Environment Suppliers	potential	negative	Indirect	Medium-long	Group Business Relations	✕
ESRS E4 ESRS S3	Factors of direct impact on the loss of biodiversity Economic, social and cultural rights of communities	The procurement practices, in particular with regard to the purchase of raw materials, may entail a negative impact on the local communities in the countries in which such materials are extracted, as well as on the biodiversity of such areas.	Suppliers	actual	negative	Indirect	Medium-long	Group Business Relations	✔
ESRS E5	Resource use and circular economy	The Group's activities and the end-of-life of products produce waste that, if not adequately disposed of, may generate negative effects on the environment due to the improper management of the products' end-of-life, the disposal of waste and any rejects in natural areas.	Environment	actual	negative	Direct/indirect	Medium-long	Production companies	✔
ESRS E5	Resource use and circular economy	Social and economic development thanks to the creation of an organisational process that involves the supply chain, promoting the principles of sustainable development, such as reuse, recycling, and reduction of materials.	Suppliers	potential	positive	Direct	Medium-long	Group	✔
ESRS E5	Resource use and circular economy	In the industrial sector, work performed with the Group's laser systems is highly significant in terms of reducing environmental impact due to a series of features that allow minimising waste, not generating fumes containing chemical additives and eliminating the use of glues, inks or solvents within the production processes. Machining performed with the Group's cutting systems instantly vaporise the material on which they act, making clean cuts in the material without producing swarf or other processing waste, while the marking systems allow for perforations or selective removal of thickness, reducing waste. In the field of conservation for the restoration of works of art, the Group's lasers make it possible to restore the global artistic heritage, enable effective conservation processes that respect artistic artefacts, reduce the use of chemicals and make for higher operator safety.	Environment Local communities Customers and consumers Employees	actual	positive	Direct	Short	Industrial sector	✔
ESRS E5	Resource use and circular economy	Contribution to the scientific development of the community through constant research and development to place innovative, efficient and circular economy-friendly products on the market.	Universities and research centres Local communities	potential	positive	Direct	Medium-long	Companies with R&D	✔

ESRS E5	Resource inflows, Outflows of connected resources and Waste	Should the Group fail to develop circular economy policies could entail the non-use of certain products, resulting in an increase in the quantity of production waste that are not properly reused in the production activities and increased dependency on virgin raw materials, that may even be hard to procure on the market.	Environment Suppliers	potential	negative	Direct	Medium-long	Group	✔
ESRS E5 ESRS E2	Resource inflows, Outflows of connected resources and Waste substances of concern	Failure to design eco-compatible products could result in the organisation not complying with the European regulatory framework regarding the design of eco-sustainable products structured to improve the circularity of products, energy performance and other environmental sustainability aspects (e.g., increased use of recycled materials, reduced use of substances of concern, etc.), with a consequent environmental impact related to the raw materials and the actual production processes (BaU).	Institutions and regulatory bodies Customers and consumers Shareholders and investors	potential	negative	Direct	Medium-long	Companies with R&D	✔
ESRS S1	Work conditions	The corporate activities may entail an impact on the health and safety of the companies' employees because they expose them to various risk related to the performance of their tasks (e.g., physical risks, risk related to ergonomics, etc.).	Employees	actual	negative	Direct	Short	Group	✔
ESRS S1	Work conditions	El.En. Group guarantees its employees personal and professional growth on all levels thanks to continuous training, so as to boost and improve staff skills, respond efficiently to the market's demands and allow the organisation to grow, generating value for all stakeholders.	Employees	actual	positive	Direct	Short	Group	✔
ESRS S1	Work conditions	In order to remain competitive on the market compared to other organisations in developing countries, the Group may seek to reduce staff costs, increase working hours and not look after the working environment, resulting in non-compliance with its work standards.	Employees Institutions and regulatory bodies	potential	negative	Direct	Medium-long	Group, Chinese companies (turnover), Foreign companies (adequate wage analysis)	✔
ESRS S1	Work conditions	The inefficient management of compensation and benefits (e.g., non-competitive wage policies, unclear or inconsistent performance evaluation systems, benefit offers not aligned with the employees' needs) may have negative consequences on employee satisfaction, with a possible effect on talent retention.	Employees	potential	negative	Direct	Medium-long	Group	✔
ESRS S1	Equal treatment and opportunities for all	The Group may participate in the creation of specialisation pathways and professional profiles in line with the needs of the area in which its companies are established. The organisation of specific training pathways for the creation of the skills required by the sector could lead the Group to contribute to the development of the local area and to be able to use professional profiles that are in line with the requirements of its supply chain.	Employees Local communities	actual	positive	Direct	Short	Group	✔
ESRS S1	Equal treatment and opportunities for all	The skills required to perform certain types of work mean that the organisation strives to create an inclusive environment that can make the best use of employee diversity. The staff recruitment and management procedures adopted by the Group rather than the geographical location of certain subsidiaries may disadvantage certain categories of people, generating a negative impact in terms of inclusion and equal opportunities for employees.	Employees	actual	negative	Direct	Medium-long	Group	✔
ESRS S1	Working conditions and Other labour-related rights	The Group's business activities involve the creation of jobs along the entire value chain, generating a positive impact for the communities in which it operates and contributing to their economic and social development.	Employees Local communities	actual	positive	Direct	Short	Group	✔
ESRS S1	Other labour-related rights	Failure to protect the rights of workers (in relation to topics such as forced labour, child labour and the respect of human rights) could lead to employee dissatisfaction with the risk of protest, such as strikes or rallies.	Employees Shareholders and investors	potential	negative	Direct	Medium-long	Group	✔

			Institutions and regulatory bodies						
ESRS S1 ESRS S4	Equal treatment and opportunities for all Safety	The nature of El.En. Group's business requires the presence in the company of highly specialised professionals who are up-to-date on the latest regulations. A deficiency in the ability to train adequate professional profiles and to keep them in the organisation could have negative consequences also on the quality and safety of the Group's products.	Employees customers and consumers	potential	negative	Direct	Medium-long	Group	✔
ESRS S2	Working conditions and Other labour-related rights	The Group's activities involve a high number of suppliers and operations throughout the world, that may not operate in full compliance with workers' rights. The Group's activities may, therefore, even unintentionally, contribute to unsafe working conditions for individuals employed by foreign suppliers.	Suppliers Shareholders and investors Institutions and regulatory bodies	potential	negative	Indirect	medium-long	Group Business Relations	✔
ESRS S2	Working conditions and Other labour-related rights	Increased negative social impacts due by the implementation by the companies, along the Group's supply chain, of practices that do not guarantee adequate working conditions, practices against inequality, equal treatment and equal opportunities and lack of respect for human rights and sustainable practices due to a failure to monitor their supply chain in terms of governance, health and safety, human rights and working condition policies.	Suppliers	potential	negative	Indirect	Medium-long	Group	✔
ESRS S3	Economic and cultural rights of communities	Managing and maintaining relations with scientific and university research centres and schools and institutes in the local area, as well as sponsoring social and cultural events and donating equipment and know-how contribute to the development of scientific knowledge and the economic and social development of the community.	Universities and research centres Local communities	actual	positive	Direct	Short	Group	✔
ESRS S4	Safety	In the medical sector, the daily commitment that the Group dedicates to research and development of new or improved medical and aesthetic laser applications translates into the availability of tools and solutions that improve people's state of well-being and patients' quality of life, reducing both physical and aesthetic health problems and the associated psychological issues. In the surgery sector, the Group's minimally invasive laser systems minimise pain, side-effects, surgical procedure risks and hospitalisation days. In the aesthetics sector, the Group's laser systems meet the growing desire of people to improve their appearance, while also reducing pathological or painful imperfections.	Local communities Customers and consumers	actual	positive	Direct	Short	Medical sector	✔
ESRS S4	Personal safety of consumers or end users	Unclear and non-transparent communication about product information provided to customers, including information on sustainability, such as incomplete information about the products sold, could lead customers to buy products because of their characteristics and negatively affect customer satisfaction. Furthermore, non-compliance with legislative requirements imposed on product labelling and traceability could negatively affect the quality of the final service provided.	Customers and consumers Agents and distributors	potential	negative	Direct	Medium-long	Group	✔
ESRS S4 ESRS E5	Personal safety of consumers or end users Resource use and circular economy	Decreased quality and safety of the products and services supplied to the market may generate negative impacts on people and on the environment.	Customers and consumers Environment	potential	negative	Direct	Short-medium-long	Production companies	✔
ESRS S4 ESRS E5	Personal safety of consumers or end users Resource use and circular economy	The Group may fail to monitor or exploit technological innovation that can improve the quality of products and processes from the point of view of environmental impact and offer more competitive and sustainable solutions. Failure to digitalise processes could have negative impacts on the attractiveness, traceability, quality, and safety of the products.	Customers and consumers Shareholders and investors	potential	negative	Direct	Medium-long	Companies with R&D activities	✔

ESRS G1	Corporate culture	Failure to protect projects related to the development of innovative solutions not yet tied to a patent requires particularly strict protection: the dissemination and/or use of confidential projects would lead to the theft of intellectual property, with negative impacts on the patent owners.	Shareholders and investors Employees	potential	negative	Direct	Medium-long	Companies with R&D	✔
ESRS G1	Corruption and bribery Protection of whistleblowers	The sub-optimal handling of disputes, lack of whistleblower protection systems, anti-competitive behaviour and potential corruption events can generate a negative impact on the community in which the Group operates (e.g., limiting the effects of competition and more expensive products of lower quality).	Everyone except the environment and local communities	potential	negative	Direct/indirect	Short-medium-long	Group	✔

FINANCIAL MATERIALITY

ESRS	SUB-TOPIC	FINANCIAL MATERIALITY - description of risks/opportunities	Time horizon short-medium-long	risk/opportunity	Direct/indirect	MATERIALITY
ESRS E1	Adaptation to climate change	An increase in extreme weather events could lead to a reduction or interruption of business due to the occurrence of extreme events (floods, landslides, coastal storms, torrential rain, snowstorms) or damage to the infrastructure of the Group or its operating partners, which could result in business interruption. Such events could lead to an overloading of power grids and blackouts with a decrease in productivity of offices and establishments, as well as possible damage to infrastructure due to the sudden power outage, with consequent possible business interruption. The effects would be a decrease in revenues, an increase in infrastructure repair costs, and a potential increase in insurance premiums.	medium-long	risk	direct	✔
ESRS E1	Adaptation to climate change	The organisation may fail to establish, test or update a business continuity plan and business recovery strategies, impacting its ability to continue production and/or provide essential services in the event of a catastrophic event resulting in its incurring unnecessary operating costs, but more importantly, having to suffer total or partial production downtimes (due to damage to its own facilities or to those of strategic business partners) that would result in a decrease in revenues. This situation could be exacerbated by the potential costs of damage to assets due to extreme weather events.	medium-long	risk	direct	✔
ESRS E1	Adaptation to climate change	The effects of global warming could result in permanent changes, such as rising temperatures, which could also lead to a reduction in productivity and possibly the resistance of certain materials and/or systems. The effects would be a decrease in revenues, an increase in infrastructure repair costs, an increase in energy supply costs related to higher thermal or electrical consumption, and a potential increase in insurance premiums.	medium-long	risk	direct	✕
ESRS E1	Adaptation to climate change	Rising temperatures could lead to a significant increase in demand for aesthetic and dermatological treatments. People may be more inclined to seek solutions for skin problems related to sun exposure, such as spots, wrinkles, etc. or other dermatological conditions. This increased demand could translate into increased revenues, improving our market position, and strengthening our ability to invest in new technologies to meet customer needs.	medium-long	opportunity	direct	✕

ESRS E1	Energy	Failure to implement energy-saving and emission reduction initiatives could lead to loss of trust and damage to the Group's reputation, resulting in reduced revenues, possible exclusion from sustainability ratings or worsening of ESG rating rankings, and increased consultancy costs to implement emission reduction actions and produce supporting documentation.	short medium-long	risk	direct	×
ESRS E1	Adaptation to climate change	Failure to meet the targets for reducing GHG emissions into the atmosphere within the Sustainability Plan could contribute to worsening the Group's reputational image among all stakeholder categories, especially where shareholders/investors are concerned.	medium-long	risk	direct	×
ESRS E1	Energy	The use of low-emission sources through the installation of renewable energy systems (photovoltaics) or the purchase of energy from renewable sources could have a positive impact in terms of reputation and, consequently, increase the demand for products and thus the Group's revenues in line with the expectations of consumers, who are increasingly sensitive to climate change issues.	medium-long	opportunity	direct	×
ESRS E1	Climate change mitigation	New regulatory obligations with regard to the environment (introduction of air emission limits, introduction of new environmental standards and regulations, and introduction of new reporting requirements) could lead to a failure of the Group to comply with regulatory requirements or an untimely response to what is required, with the following consequences: - increased operational and consultancy costs to ensure compliance with regulations and to produce mandatory reporting; - Increased staff costs to comply with new regulations and implement new internal procedures; - increased costs for possible adaptation of non-compliant or more efficient installations (heating, water, lighting, air conditioning); - introduction of taxes or charges linked to the emissions produced. Failure to comply with new regulatory requirements could also result in possible reputational damage due to non-compliance with rules and/or regulations with consequent loss of revenues.	short	risk	direct	×
ESRS E2	Pollution of water	Economic and reputational risk linked to water contamination incidents and possible fines, with possible negative effects on the local area and on the company's ability to attract stakeholders, particularly investors.	medium/long	risk	indirect	×
ESRS E5	Waste, Resource outflow	Risk of causing environmental impacts that adversely affect the local area or taking inadequate measures to mitigate such environmental impacts: failure to comply with environmental standards could lead to reputational damage and financial penalties, reducing the attractiveness to stakeholders, particularly investors.	medium/long	risk	direct	×
ESRS E5 ESRS G1	Resource inflows Management of relations with suppliers	The lack of a structured approach regarding the evaluation and selection of suppliers from an environmental point of view may lead to the selection of unsuitable business partners whose shortcomings could create increased costs for the organisation through lawsuits, fines, penalties or reputational damage. A supply chain that has not been adequately assessed on environmental aspects could cause delays or blockages in supplies, leading to reduced or lost revenues and increased procurement costs, while supplies or services related to the energy transition, due to highly unstable markets and/or limited supplier capacity could cause delays, cancellation of orders or increased costs of supplies.	short medium-long	risk	direct	×

ESRS E5	Resource inflows	The difficulty in obtaining raw materials useful for the production of finished products planned by the Group can be caused either by the scarcity of resources (supply lower than demand) or by political or economic unrest, such as international conflicts, which create disruptions or changes throughout the supply chain. This could cause delays or blockages in supplies, a decrease in the quality of supplies and lead to a reduction or loss of revenues and an increase in procurement costs.	medium-long	risk	indirect	✔
ESRS E5	Resource inflows, Waste	The development of a sustainable and sustainability-aware value chain offers numerous advantages. First of all, the implementation of sustainable practices leads to greater operational efficiency, reducing costs by optimising resources and minimising waste. From a reputational point of view, companies that adopt sustainable practices gain customer trust, attracting investments and partnership opportunities. This commitment to sustainability also stimulates innovation, leading to the development of new eco-friendly products, thus increasing competitiveness in the market.	medium-long	opportunity	direct	✕
ESRS E5 ESRS E1	Resource inflows, Outflows of connected resources and Waste Energy	The development and expansion of options to increase the use of recycled or recyclable materials and reduce energy use and waste generation could lead to increased revenues due to a growing demand for more sustainable products from customers, investors, and other stakeholders.	medium-long	opportunity	direct	✕
ESRS E5 ESRS E1 ESRS E4	Resource inflows, Outflows of connected resources and Waste Energy Factors of direct impact on the loss of biodiversity	Failure to implement or inadequate implementation of circular economy policies by the Group could result in the inability to transition to a new economic model that envisages: elimination of wastefulness and waste, circulation of products and materials, and regeneration of nature. This could lead to environmental performance stalling or declining (because no approaches are followed to reduce CO2 emissions or to reduce wastefulness and waste) and a worsening in the use of available energy and resources (and, therefore, higher costs). Failure to contribute to the protection of the environment and the lack of a drive for innovation would lead to a deterioration of the company's image and reputation with consumers and institutions, which are increasingly attentive to the issue of sustainability, with a consequent decrease in revenues and gross margin.	medium-long	risk	direct	✕
ESRS E5 ESRS E1	Resource inflows, Outflows of connected resources and Waste Energy	Failure to design eco-compatible products could result in the organisation not complying with the European regulatory framework regarding the design of eco-sustainable products structured to improve the circularity of products, energy performance and other environmental sustainability aspects. This could lead to both an increase in operating costs to comply with new or more stringent regulations, increased consultancy costs to produce the mandatory reporting, increased staff costs to comply with new regulations, and a decline of the company's image and reputation with consumers and institutions, who are increasingly aware of the issue of sustainability, resulting in a decrease in revenues and gross margin.	medium-long	risk	direct	✕
ESRS E5 ESRS G1	Resource inflows Management of relations with suppliers	Dependence on a limited number of suppliers subjects the Group to the risk of being vulnerable to external damage and/or operational interruptions (including downtimes due to supply chain disruptions) due to special events (e.g., strikes or fines), geopolitical incidents, environmental and/or social non-compliance, compromising the continuity and efficiency of business operations. Such risks would result in delays or blockages in supplies, which could lead to increased procurement costs or reduced revenues.	short medium-long	risk	indirect	✕
ESRS S1	Work conditions	Potential accidents and an increase in work-related injuries and illnesses could be due to the failure to implement a proper corporate risk analysis, resulting in the non-implementation of all essential accident prevention measures. The increase in accidents and work-related injuries could also result from a lack of dissemination of a health and safety culture. All this can lead to work inefficiencies, increased legal costs, penalties, increased training costs, and reputational damage with loss of revenues.	short	risk	direct	✕

ESRS S1	Work conditions	Strengthening and improving staff skills, and developing talent and promoting welfare policies to improve the well-being of the Group's people could lead to numerous benefits, such as increased productivity, the reduction of costs related to recruitment programmes, the ability to attract key staff and talent and the reduction of employee turnover.	short	opportunity	direct	×
ESRS S1	Equal treatment and opportunities for all	The lack of adequate training for the job profiles that are in demand within the organisation can affect employee satisfaction, which could lead to numerous disadvantages, such as decreased productivity, increased costs related to recruitment programmes, failure to attract qualified staff and an increased employee turnover rate. This could of course affect the Group's ability to innovate and competitiveness and result in the non-implementation of corporate objectives, reducing the organisation's ability to compete in the market and its financial results.	short	risk	direct	×
ESRS S1	Work conditions	Failure to adhere to appropriate working standards, such as increased working hours or lack of care for the working environment and people's well-being, could affect employee satisfaction and lead to decreased productivity and increased costs for recruitment programmes. Such issues could not only increase costs for lawsuits and penalties, but also greatly affect the organisation's reputation, resulting in a deterioration of the company's image and a consequent decrease in revenues and gross margin.	medium-long	risk	direct	×
ESRS S1	Work conditions	Non-competitive salary policies, unclear or inconsistent performance appraisal systems, benefit offers not aligned with employee needs could have an impact on employee satisfaction with consequent disadvantages such as decreased productivity, increased costs related to recruitment programmes, failure to attract qualified staff and an increased employee turnover rate. This could of course affect the Group's ability to innovate and competitiveness and result in the non-implementation of corporate objectives, reducing the organisation's ability to compete in the market and its financial results.	medium-long	risk	direct	×
ESRS S1	Equal treatment and opportunities for all	The lack of social sustainability practices within the organisational structure and business model, such as valuing diversity, respecting equal opportunities and non-discrimination principles, can lead to a potential increase in legal costs, increased employee turnover rates and decreased ability to retain key personnel.	medium-long	risk	direct	×
ESRS S1	Other labour-related rights	The lack of social sustainability practices within the organisational structure and business model, including respect for human rights, can lead to a potential increase in legal costs, employee turnover, and reduced ability to retain key personnel.	medium-long	risk	direct	×
ESRS S1 ESRS S4	Equal treatment and opportunities for all Safety	Lack of ability to attract or recruit suitable professional profiles or deficiencies in the management and retention of qualified staff can have repercussions on employee satisfaction: inability to ensure adequate levels of training that enable employees to have profiles in line with the tasks they have to perform, decreased productivity, increased costs related to recruitment programmes, failure to attract qualified staff and an increased employee turnover rate. The lack of adequate professional skills could also lead to both a decrease in innovative capacity and a decrease in product quality, reducing the Group's competitiveness and the achievement of corporate goals. The above considerations would lead to a reduced ability to compete in the market and a decrease in financial performance.	medium-long	risk	direct	×

ESRS S2	Working conditions and Other labour-related rights	Lack of social sustainability practices within the value chain (suppliers, agents, etc.) may cause dissatisfaction and lack of commitment to co-operation on the part of the organisation's own employees or the white-collar workers of external suppliers, affecting the organisation's reputation as a sustainable partner, increasing costs for lawsuits, fines and reputational damage.	short medium-long	risk	Indirect	✕
ESRS S2	Working conditions and Other labour-related rights	Lack of respect for human rights and sustainable practices along the value chain could lead to delays or blockages in supplies due to legal sanctions, protests, disruptions in supplier operations, difficulties in finding alternatives, and additional checks and audits. These factors compromise the stability and reliability of the supply chain, adversely affecting the timing of deliveries, leading to reduced or lost revenues.	medium-long	risk	indirect	✕
ESRS S3	Economic and cultural rights of communities	The creation of specialisation paths for the transmission of know-how to new generations, contributing to the creation of professional profiles in line with their needs and organising specific training paths for the transmission of the skills required by the sector could lead to numerous advantages, such as the reduction of costs related to recruitment programmes, the ability to attract key staff and talent, reduced employee turnover, and, consequently, increased productivity.	short	opportunity	Direct	✕
ESRS S3	Economic and cultural rights of communities	Supporting cultural, social and educational initiatives in favour of the community contributes to strengthening the relationship with the local area and the positive perception of the Group by the community. This leads to a greater economic development of the areas in which the Group operates, a greater ability to attract new talent with a reduction in costs related to recruitment programmes and a greater attraction of key personnel.	short	opportunity	Indirect	✕
ESRS S3	Economic and cultural rights of communities	Supporting community-based educational initiatives contributes to the creation of professionalism and thus jobs along the entire value chain, generating a positive impact for the communities in which the Group operates and contributing to their economic and social development.	short	opportunity	Indirect	✕
ESRS S3	Economic, social and cultural rights of communities	Constant research and development in the medical sector lets El.En. Group bring innovative or improved technological solutions to the market that increase people's state of well-being and patients' quality of life, as well as contributing to the development of scientific knowledge worldwide. Thanks to this, the Group maintains and increases a high level of reputation, which increases the demand for its products and thus the Group's revenues. The ability to generate positive social impacts on people and the community through day-to-day research and development work also leads to an increased ability to attract new talent with reduced costs related to recruitment programmes and increased attraction of key personnel.	Medium - long	opportunity	direct	✓
ESRS S3	Economic, social and cultural rights of communities	Constant research and development in the industrial sector (also including the restoration niche) allows El.En. Group to market innovative or improved technological solutions that make it possible to further reduce the environmental impact of production processes, minimising waste, fumes, the use of chemical additives and eliminating the use of inks, glues, solvents, guaranteeing ever greater safety for the operator. Thanks to this, the Group maintains and increases a high level of reputation, which increases the demand for its products and thus the Group's revenues. The ability to generate positive social impacts on people and the environment through day-to-day research and development work also leads to an increased ability to attract new talent with reduced costs for recruitment programmes and increased attraction of key personnel.	Medium - long	opportunity	direct	✓

ESRS S3 ESRS E5	Economic and cultural rights of communities Resource inflows	The organisation may fail to establish, test, or update a business continuity plan and business recovery strategies, impacting its ability to continue production and/or provide essential services during extraordinary geopolitical events and/or particular economic conditions, resulting in its incurring unnecessary operating costs, total or partial production stoppages that would result in a decrease in revenues and possible financing.	short medium-long	risk	indirect	✕
ESRS S3 ESRS E5	Economic and cultural rights of communities Resource inflows	Failure to update business continuity plans and business recovery strategies could impact the organisation's ability to continue production and/or provide essential services in the event of extraordinary socio-cultural events (e.g., global financial crises, wars, cyber-attacks, health crises, etc.). Failure to plan the actions to be taken following such events or to monitor them in their entirety could therefore lead to interruptions or delays in the procurement of materials and thus delays in production, resulting in difficulties in keeping to what was planned and impacting on customer activities and patient care.	medium-long	risk	indirect	✕
ESRS S4	Personal safety of consumers or end users	Any missing or incomplete information on the products sold and/or non-compliance with the legislative requirements imposed on product labelling and traceability could affect consumer behaviour with a reduction in demand for the products/services offered and also have repercussions in terms of harm to the organisation's reputation due to a lack of information requested by stakeholders, a reduction in the Group's market share due to the entry of products that are more circular and that better meet stakeholder requirements, with a consequent reduction in revenues and margin.	short medium-long	risk	indirect	✕
ESRS S4	Personal safety of consumers or end users	Inadequate or inefficient monitoring processes may not detect product anomalies in a timely or correct manner, leading to a decrease in the perception of quality, safety and innovation of our products, and thus to a loss of image and reputation with a consequent decrease in financial performance; increased health and safety risks may lead to increased costs for litigation, compensation and/or penalties. Failure to meet customer needs can lead to a reduction in market share with loss of revenues.	medium-long	risk	indirect	✓
ESRS S4	Personal safety of consumers or end users	The emergence of new technologies, the failure to adapt or the delayed adaptation of innovation and digitalisation of the Group's products, services and processes, or the failure to react/delayed reaction to changes required by the market could lead the organisation to fail to proactively identify, understand and respond to changes in strategy, business model, operations and activities of competitors, including barriers to entry, new competitors and business disruptions. Competitors might anticipate sudden and challenging changes in the market and regulatory scenarios by developing more technologically innovative products, establishing a sustainable competitive advantage, and El.En. might not be able to offer the same solutions, resulting in reduced revenues. This would lead to a decrease in revenues and margin.	medium-long	risk	direct	✕
ESRS G1	Corporate culture	Failure to implement cyber protection of sensitive data may expose the organisation to possible risks/opportunities related to intellectual property theft. The risk of circulating confidential designs would have a negative impact on future revenues related to the market launch of innovative products before competitors.	short medium-long	risk	direct	✕
ESRS G1	Corporate culture	The circulation of erroneous or not entirely truthful information could have possible consequences in terms of non-compliance (e.g., EU Directive 2024/825, so-called greenwashing) and, in the event a non-compliance is found, considerable operational and reputational damage.	short	risk	direct	✕

ESRS G1	Corruption and bribery	El.En. Group is subject to national and European competition and anti-corruption regulations (e.g., the European Union's Antitrust Regulation, which prohibits anti-competitive practices such as abuse of a dominant position, the Anti-Corruption Directive, which aims to prevent corruption and ensure transparency in business practices). Failure to comply with these regulations could result in the Group running the risk of sanctions, fines or reputational damage.	short	risk	direct	×
ESRS G1	Corporate culture	If the specific targets that El.En. Group has identified in the Sustainability Plan were not achieved, this could have negative repercussions, both on a reputational level, by reducing the attractiveness of the Group for stakeholders, especially investors, and on the level of declining sustainability ratings. This could lead to an increase in operating costs and consultancy costs to implement projects to align stakeholder expectations and improve related reporting, increased staff costs to follow up on these projects, and a deterioration in the company's image and reputation with other stakeholder groups, which are increasingly concerned about sustainability, resulting in a decrease in revenues and gross margin.	medium-long	risk	direct	×
ESRS G1	Corporate culture	If the independent sustainability ratings for which El.En. Group is assessed were to deteriorate, this could have negative reputational repercussions, reducing the Group's attractiveness for stakeholders, particularly investors. This could lead to an increase in operating costs and consultancy costs to implement projects to align stakeholder expectations and improve related reporting, increased staff costs to follow up on these projects, and a deterioration in the company's image and reputation with other stakeholder groups, which are increasingly concerned about sustainability, resulting in a decrease in revenues and gross margin.	short medium-long	risk	direct	×

The El.En. Group identifies climate-related impacts, risks and opportunities not only by taking into account the main standards, context analysis and focusing on its specific activities, established business relations and the geographical context where the Group is active, but also by listening to internal stakeholders and indirectly involving external ones. Internal stakeholders' activities include managing the relationship with external stakeholders, thereby being aware of the potential impacts, risks and opportunities by which they might be affected or which might affect the organisation. As a result of their involvement, therefore, they are considered to be able to understand external stakeholders' views, and thus their input is key to identify and assess material IROs.

In identifying impacts, the El.En. Group takes into account the external context in which it is active, including its business activities and relationships, while, in defining risks and opportunities, it assesses how these may arise from the impacts generated by the Group, i.e. the existence of dependencies on natural and social resources as sources of potential positive and/or negative financial effects.

The list of impacts, risks and opportunities related to ESG issues was submitted for evaluation by the Company management and executives to determine the so-called impact materiality (material impacts, risks and opportunities) and financial materiality (material risks and opportunities). The El.En. Group's analysis of the sustainability aspects identified through "Impact materiality" was based on the analyses carried out in previous fiscal years to identify all the effects on the economy, environment, people and the direct human ones stemming from the organisation's activities or its business relations. For "financial materiality", on the other hand, the business risk analysis conducted by the Quality Department and the climate risk analysis already carried out for the definition of previous fiscal years' CDP rating, were used as a starting point. Initial phase: documentary analysis of internal and external sources to document the context in which the Group is active (reports and articles on trends at a global context, level, sustainability reports/non-financial statements of peers and competitors and Group stakeholder involvement, ESG ratings, regulatory developments - CSRD, ESRS and Taxonomy).

The next stage involved assessing the identified impacts: ratings were provided by internal stakeholders: Management, top management and Board members. Since stakeholder engagement analyses had been carried out in previous years, the responses of internal stakeholders were considered to also apply to external ones as the former, in managing the relationship with the latter, can get to know the potential impacts, risks and opportunities by which they could be affected or that could have an impact on the organisation. The people involved assigned each impact a value in relation to magnitude (1 to 5 scale) and probability of occurrence (1 to 5 scale). These assessments were provided during the year by means of interviews or by filling in questionnaires. Specifically, the magnitude of impacts considers scale, scope and, with regard to negative impacts only, the character of irreparability. As required by the new European Directive, the El.En. Group has carried out an analysis to identify the risks incurred or the opportunities from which the Group can benefit in financial terms. Indeed, accounting standard ESRS 1 provides that an issue can also be material from a financial perspective if it generates, or could generate, material financial effects on the organisation. In particular, this occurs when a material issue generates or could generate risks or opportunities that have a material impact on the organisation's development in terms of cash flow and operating income. Three time horizons were identified for the evaluation: short (1 year), medium (2-5 years) and long (5 years onwards). The next stage involved the assessment of the risks and opportunities identified by the stakeholders themselves, which took place during the year by means of interviews or questionnaires and the assignment of values in relation to magnitude (1 to 5 scale) and likelihood of occurrence (1 to 5 scale). The risks and opportunities were arranged starting with the highest risk rating level (probability per magnitude) and, for the highest ones, the financial impact was analysed.

The sustainability office first identifies or reviews the ESG (environmental, social and governance) risks relevant to the Group (double materiality analysis); then, the relevance and likelihood of each risk are examined; the impacts analysed; the financial, operational and reputational consequences of the identified risks assessed; and finally the risks prioritised and the measures already implemented or to be implemented for risk management and mitigation reported. The process of identifying, assessing and managing sustainability impacts and risks is integrated into the overall corporate risk management system, as ESG risks are assessed with the same methods used for other corporate risks, in order to ensure consistency in the overall risk profile; they are submitted to the Control and Risk, Related Party Transactions and Sustainability Committee, and then to the Board of Directors: in addition to the sustainability manager, this process involved the internal auditor, ensuring an interdisciplinary approach. As previously reported, the results of ESG risk assessment influence the company's strategic, financial and operational decisions, and actions to mitigate impacts and risks are integrated within the decision-making processes. At least once a year, this analysis is reformulated, and information on ESG risks is included into the sustainability reports to ensure transparency for *stakeholders*.

IRO 2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS 2 – General information

Disclosure requirements and Section		Data point
BP-1	General basis for preparation of sustainability statements	BP-1, 5
BP-2	Disclosures in relation to specific circumstances	BP-2, 9 et at.
GOV-1	The role of the administrative, management and supervisory bodies	GOV-1, 20 et at.
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	GOV-2, 26
GOV-3	Integration of sustainability-related performance in incentive schemes	GOV-3, 29
GOV-4	Statement on due diligence	GOV-4, 32
GOV-5	Risk management and internal controls over sustainability reporting	GOV-5, 36 et at.
SBM-1	Strategy, business model and value chain	SBM-1, 39 et at.
SBM-2	Interests and views of stakeholders	SBM-2, 45 et at.
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SBM-3, 48 et at.
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	IRO-1, 53 et at.
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	IRO-2, 56 et at.

The ESRS 2 indicators MDR-P - Policies adopted to address relevant sustainability matters, MDR-A - Actions and resources related to relevant sustainability issues, MDR-M - in relation to material sustainability matters, and MDR-T - Tracking effectiveness of policies and actions through targets were reported in the different sections of the Thematic ESRS and BP-2 - Disclosure in relation to specific circumstances.

E1 – Climate change

Disclosure requirements and Section		Data point
ESRS 2 GOV 3	Integration of sustainability-related performance in incentive schemes	E1,13
E1-1	Transition plan for climate change mitigation	E1,17
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E1,18
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E1,19
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	E1,20
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	E1,21
E1-2	Policies related to climate change mitigation and adaptation	E1-2-24
E1-2	Policies related to climate change mitigation and adaptation	E1-2-25
E1-3	Actions and resources in relation to climate change policies	E1-3-28

E1-3	Actions and resources in relation to climate change policies	E1-3-29
E1-4	Targets related to climate change mitigation and adaptation	E1-4-30
E1-4	Targets related to climate change mitigation and adaptation	E1-4-31
E1-4	Targets related to climate change mitigation and adaptation	E1-4-32
E1-4	Targets related to climate change mitigation and adaptation	E1-4-33
E1-4	Targets related to climate change mitigation and adaptation	E1-4-34 b
E1-4	Targets related to climate change mitigation and adaptation	E1-4-34 e
E1-4	Targets related to climate change mitigation and adaptation	E1-4-34 d
E1-5	Energy consumption and mix	E1-5-37
E1-5	Energy consumption and mix	E1-5-38
E1-5	Energy consumption and mix	E1-5-39
E1-5	Energy consumption and mix	E1-5-40
E1-5	Energy consumption and mix	E1-5-41
E1-5	Energy consumption and mix	E1-5-42
E1-5	Energy consumption and mix	E1-5-43
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-48
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-49
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-50
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-51
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-52
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-53
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-54
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6-55

E2 – Pollution

Disclosure requirements and Section		Data point
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	E2,11
E 2-1	Policies related to pollution	E2-14
E 2-1	Policies related to pollution	E2-1-15 a
E 2-1	Policies related to pollution	E2-1-15 b
E 2-1	Policies related to pollution	E2-1-15 c
E2-2	Actions and resources related to pollution	E2-2-18
E2-2	Actions and resources related to pollution	E2-2-19
E2-3	Targets related to pollution	E2-3-22
E2-3	Targets related to pollution	E2-3-23
E2-3	Targets related to pollution	E2-3-24
E2-3	Targets related to pollution	E2-3-25

E4 – Biodiversity and ecosystems

Disclosure requirements and Section		Data point
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	E4,16
ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	E4,17
ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	E4,18
ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	E4,19
E 4-2	Policies related to biodiversity and ecosystems	E4-2-20
E 4-2	Policies related to biodiversity and ecosystems	E4-2-21
E 4-2	Policies related to biodiversity and ecosystems	E4-2-22
E 4-2	Policies related to biodiversity and ecosystems	E4-2-23
E 4-2	Policies related to biodiversity and ecosystems	E4-2-24
E 4-3	Actions and resources related to biodiversity and ecosystems	E4-3-25
E 4-3	Actions and resources related to biodiversity and ecosystems	E4-3-26
E 4-3	Actions and resources related to biodiversity and ecosystems	E4-3-27
E 4-3	Actions and resources related to biodiversity and ecosystems	E4-3-28
E 4-4	Targets related to biodiversity and ecosystems	E4-4-29
E 4-4	Targets related to biodiversity and ecosystems	E4-4-30
E 4-4	Targets related to biodiversity and ecosystems	E4-4-31
E 4-4	Targets related to biodiversity and ecosystems	E4-4-32

E5 – Resource use and circular economy

Disclosure requirements and Section		Data point
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	E5,11
E5-1	Policies related to resource use and circular economy	E5-1-14
E5-1	Policies related to resource use and circular economy	E5-1-15
E5-2	Actions and resources related to resource use and circular economy	E5-2-19
E5-2	Actions and resources related to resource use and circular economy	E5-2-20
E5-3	Targets related to resource use and circular economy	E5-3-21
E5-3	Targets related to resource use and circular economy	E5-3-22
E5-3	Targets related to resource use and circular economy	E5-3-23
E5-3	Targets related to resource use and circular economy	E5-3-24
E5-3	Targets related to resource use and circular economy	E5-3-25
E5-3	Targets related to resource use and circular economy	E5-3-27
E5-4	Resource inflows	E5-4-30
E5-4	Resource inflows	E5-4-31 a
E5-4	Resource inflows	E5-4-32
E5-5	Resource outflows	E5-5-35
E5-5	Resource outflows	E5-5-36
E5-5	Resource outflows	E5-5-37
E5-5	Resource outflows	E5-5-38
E5-5	Resource outflows	E5-5-39
E5-5	Resource outflows	E5-5-40

S1 – Own workforce

Disclosure requirements and Section		Data point
ESRS 2, SBM-2	Interests and views of stakeholders	S1,12
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1,13
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1,14
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1,15
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S1,16
S1-1	Policies related to own workforce	S1-19
S1-1	Policies related to own workforce	S1-20
S1-1	Policies related to own workforce	S1-21
S1-1	Policies related to own workforce	S1-22

S1-1	Policies related to own workforce	S1-23
S1-1	Policies related to own workforce	S1-24
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S1-2-27
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S1-2-28
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S1-2-29
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S1-3-32
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S1-3-33
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S1-3-34
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-37
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-38
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-39
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-40
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-41
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-42
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S1-4-43
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S1-5-46
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S1-5-47
S1-6	Characteristics of the undertaking's employees	S1-6-50
S1-6	Characteristics of the undertaking's employees	S1-6-51
S1-6	Characteristics of the undertaking's employees	S1-6-52
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	S1-7- 55
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	S1-7- 56
S1-8	Collective bargaining coverage and social dialogue	S1-8-60
S1-8	Collective bargaining coverage and social dialogue	S1-8-61
S1-8	Collective bargaining coverage and social dialogue	S1-8-62
S1-8	Collective bargaining coverage and social dialogue	S1-8-63
S1-9	Diversity metrics	S1-9-66
S1-10	Adequate wages	S1-10-69
S1-13	Training and skills development metrics	S1-13-83
S1-14	Health and safety metrics	S1-14-88

S1-14	Health and safety metrics	S1-14-89
S1-16	Compensation metrics (pay gap and total compensation)	S1-16-97
S1-17	Incidents, complaints and severe human rights impacts	S1-17-102
S1-17	Incidents, complaints and severe human rights impacts	S1-17-103
S1-17	Incidents, complaints and severe human rights impacts	S1-17-104

S2 – Workers in the value chain

Disclosure requirements and Section		Data point
ESRS 2, SBM-2	Interests and views of stakeholder	S2,9
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S2,10
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S2,11
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S2,12
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S2,13
S2-1	Policies related to value chain workers	S2-1-16
S2-1	Policies related to value chain workers	S2-1-17
S2-1	Policies related to value chain workers	S2-1-18
S2-1	Policies related to value chain workers	S2-1-19
S2-2	Processes for engaging with value chain workers about impacts	S2-2-24
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	S2-3-27
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	S2-3-28
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-32
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-33
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-34
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-35
S2-4	Azioni sugli impatti materiali sui lavoratori nella catena del valore, approcci alla gestione dei rischi materiali e al perseguimento delle opportunità materiali relative ai lavoratori nella catena del valore ed efficacia di tali azioni.	S2-4-36
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-37
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	S2-4-38
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S2-5-41
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S2-5-42

S3 – Affected communities

Disclosure requirements and Section		Data point
ESRS 2, SBM-2	Interests and views of stakeholders	S3,7
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S3,8
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S3,9
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S3,10
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S3,11
S3-1	Policies related to affected communities	S3-1-14
S3-1	Policies related to affected communities	S3-1-16 b, c
S3-1	Policies related to affected communities	S3-1-17
S3-1	Policies related to affected communities	S3-1-18
S3-2	Processes for engaging with affected communities about impacts	S3-2-21
S3-2	Processes for engaging with affected communities about impacts	S3-2-22
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-27
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-28
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-31
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-32
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-33
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-35
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	S3-3-37
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	S3-4-38
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S3-5-41
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S3-5-42

S4 – Consumers and end-users

Disclosure requirements and Section		Data point
ESRS 2, SBM-2	Interests and views of stakeholders	S4,8
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S4,9
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S4,10
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S4,11
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S4,12

S4-1	Policies related to consumers and end-users	S4-1-15
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G1 – Business conduct

Disclosure requirements and Section		Data point
ESRS 2 GOV 1	The role of the administrative, supervisory and management bodies	G1,5
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	G1,6
G1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-9
G1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-10 a
G 1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-10 c
G1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-10 e
G1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-10 g
G1-1	Corporate culture and Business conduct policies and corporate culture	G1-1-10 h
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G1-2	Management of relationships with suppliers	G1-2-14
G1-2	Management of relationships with suppliers	G1-2-15
G1-3	Prevention and detection of corruption and bribery	G1-3-18
G1-3	Prevention and detection of corruption and bribery	G1-3-20
G1-3	Prevention and detection of corruption and bribery	G1-3-21
G1-4	Confirmed incidents of corruption or bribery	G1-4-24
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G1-6	Payment practices	G1-6-33

Appendix B - List of datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816(5), Annex II		GOV 1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		GOV 1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				GOV 4 - Statement on due diligence

ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453(6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		SBM 1 – Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		SBM 1 – Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		SBM 1 – Strategy, business model and value chain
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		SBM 1 – Strategy, business model and value chain

ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	E1-1 – Transition plan for climate change mitigation
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking Book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		E1-1 – Transition plan for climate change mitigation
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				E1-5 – Energy consumption and mix

ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				E1-5 – Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				E1-5 – Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		E 1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		E 1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not relevant
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not detectable (Transitional provision)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not detectable (Transitional provision)
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not detectable (Transitional provision)

ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not detectable (Transitional provision)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not relevant
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not relevant
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not relevant
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not relevant

ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not relevant
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not relevant
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				IRO-1 — Description of the processes to identify and assess material climate-related impacts, risks and opportunities
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				IRO-1 — Description of the processes to identify and assess material climate-related impacts, risks and opportunities
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				IRO-1 — Description of the processes to identify and assess material climate-related impacts, risks and opportunities

ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				E4-2 — Policies related to biodiversity and ecosystems
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				E4-2 — Policies related to biodiversity and ecosystems
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				E4-2 — Policies related to biodiversity and ecosystems
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				E5-5 – Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				E5-5 – Resource outflows

ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				S1-1 – Policies related to own workforce
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		S1-1 – Policies related to own workforce
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				S1-1 – Policies related to own workforce

ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				S1-1 – Policies related to own workforce
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-14 – Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				S1-14 – Health and safety metrics

ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				S1-16 – Compensation metrics (pay gap and total compensation)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				S1-17 – Incidents, complaints and severe human rights impacts
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		S1-17 – Incidents, complaints and severe human rights impacts

ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				S2-1 – Policies related to value chain workers
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				S2-1 – Policies related to value chain workers
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		S2-1 – Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	N/A		Delegated Regulation (EU) 2020/1816, Annex II		S2-1 – Policies related to value chain workers

ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				S3-1 – Policies related to affected communities
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		S3-1 – Policies related to affected communities
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				S4-1 – Policies related to consumers and end-users

ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		S4-1 – Policies related to consumers and end-users
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				G1-1 – Corporate culture and bBusiness conduct policies and corporate culture
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				G1-1 – Corporate culture and bBusiness conduct policies and corporate culture
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		G1-4 – Confirmed incidents of corruption or bribery

ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				G1-4 – Confirmed incidents of corruption or bribery

2. ENVIRONMENTAL INFORMATION

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Presentation of the Taxonomy Regulation and Delegated Acts (including definitions of eligible and aligned activities)

The Taxonomy Regulation 852 of 2020 sets out the criteria for defining an economic activity as environmentally sustainable. The European Taxonomy has identified six environmental objectives to which economic activities can contribute:

- mitigation of climate change;
- adaptation to climate change;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- prevention and reduction of pollution;
- protection and restoration of biodiversity and ecosystems.

As required by the Taxonomy Regulations, the El.En. Group The activities identified by the Group as eligible in order to be recognised as "aligned", i.e. aligned with the requirements defined by the Taxonomy Regulation, must comply with the relevant technical screening criteria, must not cause significant harm to any of the other environmental objectives(Do No Significant Harm - DNSH) to which they do not directly contribute, and must be carried out in compliance with the minimum social safeguards and governance guarantees. In 2021, the taxonomy regulatory framework was supplemented by a series of Delegated Acts: Delegated Regulation (EU) 2021/2139 of 4 June 2021 (Climate Delegate Act) and Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021, which specifies the content and presentation of the information required by the Taxonomy Regulation (Disclosure Delegated Act). The Climate Delegate Act focused on activities that have a greater capacity to contribute to the first two objectives set out in the Taxonomy Regulation: climate change adaptation and mitigation.
In 2023, the European Commission passed the Taxonomy Environmental Delegated Act (EU) 2023/2486, which covers the remaining four environmental objectives of the Taxonomy and defines the technical accounting policies for assessing economic activities that contribute significantly to one or more of the four environmental objectives left uncovered in the previous regulatory phase.
Also in 2023, the El.En. Group conducted an eligibility analysis of the Taxonomy with respect to the four new environmental objectives introduced by the Environmental Delegated Act, with reference to each Group company. In previous years, an activity - that was also revised for this fiscal year - was carried out to determine the denominator items of revenues and Capex, along with an analysis of the Consolidated Chart of Accounts to identify the denominator items of Opex; following these analyses, the items attributable to those provided for by the Regulation were extrapolated.

Summary of the results of the assessment on minimum safeguards and the analysis carried out per activity (substantive contribution criteria and DNSH)

During 2024, the El.En. Group embarked on a journey to close identified gaps in adopted practices, policies and procedures, with the aim of achieving alignment for all activities identified as eligible for the six environmental objectives. Although some activities potentially eligible for the objective of Climate Change Adaptation ("adapted activities") were identified, they were not reported among the Group's eligible activities since an analysis of climate risks and vulnerabilities was not carried out.
During the course of the exercise, a very thorough GAP analysis was conducted to compare the required characteristics with those already in place. Over the past year, the El.En. Group has made a great deal of effort and significant progress in the process of aligning with the requirements of the minimum safeguards and defining the documentation needed

to meet the technical screening and DNSH requirements. For minimum safeguards, we analysed the areas of policy, due diligence and risk assessment, impact management and communication on human rights issues, redress mechanisms, consumer interests, anti-corruption, competition and taxation; although, formally speaking, full alignment has not yet been achieved, we are confident that we will be able to achieve the goal as early as next year and that we will be able to 'align' some activities for which procedures, policies and documentary evidence have been prepared.

List of eligible activities and linkage with business activities (core and non-core), KPI presentation and context information

For the items in the numerator, we proceeded to identify the items associated with the mapped activities as eligible. With reference to revenues[2], these amounts are associated with the following activities of the Circular Economy objective: - 1.2 Manufacture of electrical and electronic equipment; - 5.1 Repair, upgrading and remanufacturing; - 5.2 Sale of spare parts; - 5.4 Sale of second-hand goods. For activities 5.1, 5.2 and 5.4, reference was made only to companies with NACE code C26, as required by the Regulation.
Revenues from sales of products and services amounted to EUR 565,846,000, the eligible portion being 88% (EUR 498,002,000) and including revenues from sales of new and used laser systems, and revenues from service (net of consumables) of Group companies whose NACE codes are deemed eligible within these activities. These revenues come from contracts or orders signed with customers. 82% accounts for sales of new systems, 1% for sales of used systems, 4% for revenues from technical support and repairs and 2% for revenues from spare parts sales. Please note that the revenue presentation does not include the share of the revenue from the four Chinese subsidiaries: as an agreement for the sale of the majority of these companies was in place as at 31 December 2024, according to IFRS 5 they are reclassified in a single income statement line “Assets held for sale” and therefore their revenue is not reported in the 2024 Turnover table, as clarified by the *EU Commission Notice* (C/2023/305), FAQ no. 17.
With regard to significant Capex related to the purchase of goods or services from taxonomy-eligible economic activities or individual measures that contributed to reducing the emission profile of our *assets*, the Group considers the investments as not aligned with the *Climate Delegated Act*: the Group has completed the analysis to identify all the characteristics for the investments to be considered aligned and we expect to be able to align a part of them as early as next year.
In particular, these amounts are associated with the following activities: EC 1.2. Manufacture of electrical and electronic equipment; EC 5.1. Repair, redevelopment and refurbishment; EC 5.2. Sale of spare parts; EC 5.4. Sale of second-hand goods; CCM 3.3 Manufacture of low carbon technologies for transport; CCM 6.5 Transportation by motorbikes, passenger cars and light commercial vehicles; CCA 7.2 /CCM 7.2 /EC 3.2. Renovation of existing buildings; CCA 7.3. - CCM 7.3 Installation, maintenance and repair of energy efficiency devices; CCA 7.4. - CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and building-related parking spaces); CCA 7.6. - CCM 7.6 Installation, maintenance and repair of renewable energy technologies; CCA 7.7 - CCM 7.7 Purchase and ownership of buildings.

Additions to tangible fixed assets and intangible assets in 2024 amounted to 15,544 thousand Euros: the allowable share of these increases is 56% (8,782 thousand Euros). These increases do not result from acquisitions or business combinations, nor do they relate to expenses incurred for activities aligned with the Taxonomy or to enable the alignment of economic activities to the Taxonomy. Eligible business-related investments consisted of 34% of increases for long-term car leases and the purchase of cars, 57% of increases for the purchase or renovation of buildings, 3% of increases for production-related equipment, and 6% of increases for energy-efficient equipment and renewable energy equipment (assets under construction and down payments relating to all the above categories are already included within the percentages reported).
In line with the Disclosure Delegated Act, for the calculation of the OpEx share, the Group considered the following values: - denominator: for the calculation of the denominator, a detailed analysis of the Group's chart of accounts was performed, identifying the items that can be associated with the cost categories expressly mentioned by the Disclosure Delegated Act. Specifically: Short-term leases, for which the items in the chart of accounts relating to leases recognised in the Income statement were considered, as they relate to contracts with a duration of less than 12 months and are therefore exempt from recognition under IFRS 16; • Costs relating to maintenance and repairs, incurred during the year, on owned and third-party buildings, systems and measuring instruments. For this category, the following costs were taken into account: costs related to employees involved in maintenance and repair work as well as maintenance

[2] It should be noted that income from the sale of self-generated energy fed into the grid was not considered in the Turnover analysis because, since it is an activity not material to the *business*it is negligible (it amounts to about €24,000, which represents 0.004% of the total value of production).

commissioned to third-party companies; costs related to maintenance and repairs, incurred during the fiscal year and associated with energy-efficient plants, electric vehicle charging stations, energy performance measurement and control devices, renewable energy plants, and manufacturing plants; costs arising from "day-to-day servicing of assets", i.e., costs related to the reorganisation of plants and buildings. Non-capitalised research and development costs related to activities aimed at studying new and improved products. The OpEx identified for the denominator amount to 25,065 thousand Euros, the allowable share of these increases being 6% (1,491 thousand Euros). Eligible activity-related operating expenses consist of 42% of maintenance and repairs on owned and leased property, 22% of short-term leases related to cars, 33% of the cost of in-house staff for maintenance and cleaning of premises, and 3% related to maintenance of energy-efficient, renewable energy and production facilities.
The Group considers OpEx as not aligned with the Climate Delegated Act. In particular, these amounts are associated with the following activities of the Circular Economy objective: - 1.2 Manufacture of electrical and electronic equipment. Activities of the Climate Change Adaptation and Mitigation objectives: - 7.3 Installation, maintenance and repair of energy efficiency devices; 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings; - 7.6 Installation, maintenance and repair of renewable energy technologies; - 7.7 Purchase and ownership of buildings. Activities of the Climate Change Mitigation Objective: - 6.5 Transport by motorcycles, passenger cars and light commercial vehicles.

The following table summarises the revenues:

Fiscal Year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significant Harm')									
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
CE 5.4. Sale of second-hand goods	CE 5.4	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
CE 5.2. Sale of spare parts	CE 5.2	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	**0%**	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
Of which enabling activities		-	**0%**															E	
Of which transitional activities		-	**0%**																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	464.395	82%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								86%		
CE 5.4. Sale of second-hand goods	CE 5.4	4.044	1%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								1%		
CE 5.1. Repair, refurbishment and remanufacturing	CE 5.1	20.674	4%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								5%		
CE 5.2. Sale of spare parts	CE 5.2	8.890	2%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								2%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**498.002**	**88%**	**0%**	**0%**	**0%**	**0%**	**88%**	**0%**										
Total (A.1 + A.2)		**498.002**	**88%**	**0%**	**0%**	**0%**	**0%**	**88%**	**0%**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		67.843	**12%**																
Total (A+B)		565.846	**100%**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned for objective	*Taxonomy-eligible for objective*
CCM	*0%*	*0%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*88%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

Below is a table summarising the Group's investments in 2024:

Fiscal Year 2024	2024			Substantial contribution criteria						Criteri DNSH ('Does Not Significantly Harm')									
Economic activities	Code(s)	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
CCM 3.3 Manufacture of low carbon technologies for transport	CCM 3.3	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N			
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N			
CCA 7.2 /CCM 7.2 /CE 3.2. Renovation of existing buildings	CCA 7.2 - CCM 7.2 - CE 3.2	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N			
CCA 7.3. - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N			
CCA 7.6. - CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N			
CCA 7.7 - CCM 7.7 Acquisition and ownership of buildings	CCA 7.7 - CCM 7.6	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
Of which enabling activities			0%															E	
Of which transitional activities			0%																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	287	2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								3%		
CCM 3.3 Manufacture of low carbon technologies for transport	CCM 3.3	646	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.299	15%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
CCA 7.2 /CCM 7.2 /CE 3.2. Renovation of existing buildings	CCA 7.2 - CCM 7.2 - CE 3.2	2.752	18%	EL	N/EL	N/EL	N/EL	EL	N/EL								4%		
CCA 7.3. - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	106	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
CCA 7.6. - CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	478	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CCA 7.7 - CCM 7.7 Acquisition and ownership of buildings	CCA 7.7 - CCM 7.6	2.213	14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8.782	56%	55%	0%	0%	0%	2%	0%										
Total (A.1 + A.2)		8.782	56%	55%	0%	0%	0%	2%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		6.762	44%																
Total (A+B)		15.544	100%																

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned for objective	*Taxonomy-eligible for objective*
CCM	*0%*	*55%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*20%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

Below is a summary table for the Group's Opex for 2024:

Fiscal Year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significant Harm')									
Economic activities	Code(s)	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N/EL		
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	N	N/EL	N	N	N	N	N	N	N	N/EL		
CCA 7.7 - CCM 7.7 Acquisition and ownership of buildings	CCA 7.7 - CCM 7.7	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N/EL		
CCA 7.3. - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N/EL		
CCA 7.4. - CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N/EL		
CCA 7.6. - CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	-	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	N/EL		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
Of which enabling activities			0%															E	
Of which transitional activities			0%																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	328	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
CE 1.2. Manufacture of electrical and electronic equipment	CE 1.2	505	2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								8%		
CCA 7.7 - CCM 7.7 Acquisition and ownership of buildings	CCA 7.7 - CCM 7.7	622	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								4%		
CCA 7.3. - CCM 7.3 Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	17	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CCA 7.4. - CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	2	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
CCA 7.6. - CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	18	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.491	6%	4%	0%	0%	0%	2%	0%										
Total (A.1 + A.2)		1.491	6%	4%	0%	0%	0%	2%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		23.574	94%																
Total (A+B)		25.065	100%																

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned for objective	*Taxonomy-eligible for objective*
CCM	*0%*	*4%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*2%*
PPC	*0%*	*0%*
BIO	*0%*	*0%*

E.1 Climate change

ESRS 2 GOV 3 - Integration of sustainability-related performance in incentive schemes

It is specified that climate-related aspects were also taken into account for the incentive systems of the administration, management and control bodies. For further details, please refer to "GOV 3 - Integration of sustainability performance into incentive schemes" in the "General Information" section.

E1-1 - Transition plan for climate change mitigation

At present, the Group has not yet adopted a climate transition plan because setting tangible targets and targeted actions requires a full understanding of emissions along the entire value chain, including Scope 3 emissions. In 2024, the Group completed a detailed analysis of indirect emissions, and in 2025, this analysis will make it possible to structure an effective, data-driven transition plan. This allows targeted and truly impactful measures to be taken, aligning corporate strategy with decarbonisation goals in a responsible and realistic manner.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities related to climate change, please refer to paragraph SBM-3 of the "General Information" section. With specific reference to ESRS E1, the double materiality analysis of the El.En. Group identified some relevant impacts and risks that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The only risks related to climate change that have emerged as significant for the Group are the physical risks related to the increase in extreme weather events (floods, floods, landslides, storm surges, water bombs, snowstorms), the occurrence of which could lead to a reduction or interruption of business or damage to the infrastructure of the Group or its operating partners, possibly resulting in business interruption. Such events could lead to an overloading of power grids and blackouts with a decrease in productivity of offices and establishments, as well as possible damage to infrastructure due to the sudden power outage, with consequent possible business interruption. To mitigate these risks, the Parent Company and its Italian subsidiaries have taken out an insurance policy that guarantees coverage for direct damages resulting from extreme weather events such as hurricanes, storms, tempests, wind, hail, floods and earthquakes.

These risks are currently considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually in light of the *phase-in* deadline on the expected financial effects and additional detailed considerations arising from them that may affect the assumptions underlying the financial statements estimates. In view of this assessment, to date the Group has not planned any significant changes in its business model and strategy.

For the identification of impacts, risks and opportunities related to climate change, please refer to the IRO paragraph in the "General Information" section. With specific reference to ESRS E1, the El.En. Group's double materiality analysis identified one material impact, no risks and no opportunities, which can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

E1-2 - Policies related to climate change mitigation and adaptation

The El.En. Group has not adopted policies on climate change adaptation. The Group Environmental Policy was adopted for the first time in November 2019, but since its establishment, parent company El.En. and subsequently all its subsidiaries have attached fundamental importance to the environment and its protection. The environment is a primary asset that the Group is committed to safeguarding; to this end, it plans its activities by seeking a balance between economic initiatives and unavoidable environmental needs, in consideration of the rights of future generations.

As part of the double materiality analysis, impacts, risks and opportunities related to climate change were analysed. In particular, a material impact related to climate change mitigation was found, which concerns the fact that the El.En. Group's activities, in order to be carried out, determine energy consumption and therefore contribute to scope 1, 2 and 3 greenhouse gas (GHG) emissions into the atmosphere: if energy saving and emission reduction initiatives were not developed, the Group's activities could increasingly contribute to the effects of climate change on our planet.

The Environmental Policy defines the El.En. Group's structured approach to the management of climate change impacts (energy efficiency, energy procurement and production, reduction of energy consumption and GHG emissions, management of impacts and risks related to the Group's activities and processes, including those related to climate change), integrating sustainability into corporate strategies. In particular, the Policy outlines the Group's commitment to cutting down on CO_2 emissions, improving energy efficiency through the use of better technologies and promoting an increase in the share of renewable energy both produced by its own plants and purchased.
The policy also sets short, medium and long-term improvement targets: to monitor the achievement of the CO_2 reduction commitments defined in our policy, we use specific performance indicators. In particular, we analyse the actual energy consumption by monitoring consumption within company bills, evaluate the installation of new photovoltaic systems to increase self-produced renewable energy, and monitor and sign contracts for the supply of green energy. In addition, we closely follow the installation of high-efficiency systems in our plants, especially during replacement, rebuilding or renovation work, to ensure continuous improvement of energy efficiency. Finally, value chain awareness and involvement initiatives are outlined to foster a sustainable transition. The Environmental Policy applies to all El.En. Group companies and all collaborators[3], as well as to anyone acting on behalf of those companies. The Policy is periodically updated according to possible changes in the context and level of achievement of environmental objectives and to remain aligned with international best practices.
The Environmental Policy, approved by the Board of Directors of parent company El.En. S.p.A., which is responsible for monitoring and implementing this policy, has been transposed by the Group's subsidiaries, translated if necessary into local languages and sent to all employees. The policy is also available to all Group employees on the company intranet and/or noticeboards as well as to all stakeholders on the institutional website www.elengroup.com in the Governance/Ethics, integrity and compliance section. The Policy applies to all El.En. Group companies and all collaborators, as well as anyone acting on behalf of these companies. There are no references to regulations or initiatives of third parties that the Group is committed to complying with by implementing the policy.

E1-3 - Actions and resources in relation to climate change policies

The El.En. Group, as part of its strategy, has implemented and planned a series of climate change mitigation and adaptation actions, with the aim of reducing CO_2 emissions and strengthening the resilience of its business with respect to climate change risks. These actions are integrated in the Environmental Policy and contribute to the achievement of the strategic objectives defined in the Sustainability Plan 2023 - 2027.

Decarbonisation Lever: Transition to Renewable Energy

For this leverage, we have established actions and allocated resources, with the aim of reducing Scope 2 emissions through the installation of photovoltaic systems and the increase of renewable energy purchase quotas. The main mitigation measures adopted in the reporting year include:

[3] The term “Collaborators” is used for administrators, executives, employees, as well as all those who work with the Group based on a contractual relationship, even on an occasional and temporary basis, at all levels of the organisation.

- the increase in the number of photovoltaic systems: the installation of the second photovoltaic system at the subsidiary Quanta System S.p.A. equal to 450 kW P was completed and entered into operation in 2024; the installation of a photovoltaic system at the subsidiary Cutlite Penta S.p.A. equal to 355 kW P was completed and entered into operation in early 2025; and the installation of a photovoltaic system at the subsidiary Lasit S.p.A. equal to 88.32 kW P was started and will be completed during 2025;
- an increase in the purchase of renewable energy: during 2024, the Calenzano hub purchased exclusively renewable energy (the contract was signed as of July 2023), as did the subsidiary Ot-Las S.r.l., which contracted to purchase 100% renewable energy as of 1 January 2024. Subsidiary Cutlite Penta S.p.A. signed a contract for the purchase of 100% renewable energy, which will be effective as of 1 January 2025 and will, therefore, result in emission reductions from next fiscal year.

All these measures are part of the objectives of the Sustainability Plan, which aims to improve the Group's energy efficiency and optimise resource consumption by reducing Scope 2 emissions.

The monitoring of these actions concerns all Group companies. At an activity level, it covers the Group's overall energy consumption, with a focus on operational efficiency and the transition to renewable energies. Concerning the value chain, the focus is mainly on internal activities (production plants and company sites), but also includes suppliers from which to purchase renewable energy. Among the main actors involved are internal functions (Operations, Energy Management, Procurement, Sustainability), energy suppliers and technology partners for the installation of photovoltaic or energy-efficient systems.

For the future, the Group's commitment will also extend to decreasing indirect Scope 3 emissions, which account for the most significant share of the carbon footprint and are reported from this fiscal year onwards. Through increased monitoring and broader collaboration with the supply chain, the El.En. Group wants to promote targeted initiatives for the adoption of sustainable practices by its suppliers, encouraging the use of materials with a lower environmental impact, optimising logistics and reducing the carbon intensity of purchased products.

The implementation of these measures was supported by dedicated investments: for the year under review, we allocated EUR 478,000 to the installation of new photovoltaic systems, which in the consolidated financial statements as at 31 December 2024 are to be found in the additions to intangible assets: please refer to the previous Taxonomy tables, which include the significant monetary amounts of CapEx required for the implementation of the actions undertaken or planned. For the investments to be made in the coming years, we plan to identify the share intended to support the decarbonisation pathway, energy efficiency and Scope 3 emission reductions once this first year of reporting is over; we cannot determine the size of the investments needed at this time, as we have not yet carried out a detailed analysis on the overall impact of indirect emissions. There is a need to better understand which categories contribute the most, both at Group level and for each of the individual subsidiaries, and then to identify the priority actions to focus on and their implementation difficulties.

The time horizons of the main actions are defined in line with our Sustainability Plan: 2027 is the intermediate target for achieving the GHG Scope 2 emission reduction targets. Additional Scope 2 emission reduction targets have been added for 2030 and approved by the Board of Directors (for further details see section E1-4 below), while new Scope 3 emission reduction targets, also with a 2030 deadline, will be added during the next fiscal year. The implementation of these actions already planned or yet to be implemented will contribute to the achievement of the objectives already defined in the environmental policy of GHG emission reduction.

The success of these initiatives also partly depends on external factors, including the evolution of the regulatory framework, technological progress and, in particular, the level of supply chain collaboration, which is essential to achieve decarbonisation targets along the entire supply chain.

From the perspective of climate change adaptation, our approach involves proactively identifying and managing climate risks that could affect our operations, ensuring greater operational resilience. We continuously monitor the development of climatic factors and take measures to prevent potential negative impacts on our production facilities, supply chain and resource availability.

The El.En. Group is committed to reducing its energy consumption through, where possible, improving processes and infrastructures and promoting energy-saving behaviour and habits, fostering the development of environmental awareness among people. At the Calenzano hub, in previous fiscal years, an energy diagnosis of the production site was carried out, aimed at providing adequate knowledge of the energy consumption pattern as well as identifying and quantifying energy saving opportunities from a cost/benefit standpoint; based on the data collected during the inspection and the subsequent analysis carried out, certain measures were proposed to achieve the best results in terms of energy savings: the installation of photovoltaic systems, the restoration of the roof of a building in the Calenzano hub and the installation of an energy optimiser in the cabin that allows utilities with consistent current draw in applications, to decrease energy consumption under the same conditions of use.

With reference to the calculation of GHG emissions for Scope 3, in order to increase the accuracy of the data in the future and reduce the estimated impacts, the Group planned to evaluate possible actions to mitigate the environmental impact and, consequently, report the updated results. The actions identified for Group companies are:

- Improvement of inventory by entering detailed data on the purchase of raw materials, such as weight and material, into the company's management systems;
- Monitoring and analysing the supply chain to identify suppliers with more accurate data.

E1-4 - Targets related to climate change mitigation and adaptation

E1 - CLIMATE CHANGE				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
REDUCTION OF EMISSIONS RENEWABLE ENERGY • Increase the purchase of energy from renewable sources; • Install new systems for the generation of renewable energy.	• Reduction of Scope 2 GHG emissions according to market-based methodology by 30% by 2027 compared to the 2022 baseline. • Reduction of Scope 2 GHG emissions according to location-based methodology by 5% by 2027 compared to the 2022 baseline. • Installation of a further three photovoltaic systems by 2027. **NEW:** • Reduction of Scope 2 GHG emissions according to market-based methodology by 50% by 2030 compared to the 2022 baseline. • Reduction of Scope 2 GHG emissions according to location-based methodology by 10% by 2030 compared to the 2022 baseline. • Installation of an additional photovoltaic system by 2030.	2027 2030	Reduction of Scope 2 GHG emissions according to market-based methodology by 32% compared to 2022 obtained. Reduction of Scope 2 GHG emissions according to location-based methodology by 2% compared to 2022 obtained. The second photovoltaic system at the premises of the subsidiary Quanta System installed and commissioned. Photovoltaic system installed at the premises of the subsidiary Cutlite Penta, commissioned in very early 2025. Work started for the installation of a photovoltaic system at the premises of the subsidiary Lasit S.p.A. which will be commissioned during 2025. The parent company El.En. and the subsidiaries GmbH, Lasit Iberica, Quanta System and Otlas purchased energy from suppliers who declared having, in their turn, purchased it from renewable sources. Starting 1 January 2025, the subsidiary Cutlite Penta will also purchase energy from suppliers who have declared having, in their turn, purchased it from renewable sources.	Group
CERTIFICATIONS • Implement internal activities aimed at obtaining ISO 14064 certification for El.En., Deka and Quanta.	• Obtain ISO 14064 certification for the companies El.En., Deka and Quanta.	2024	The certification ISO 14064 for the companies El.En., Deka and Quanta and for the data relating to 2023 was obtained during 2024.	El.En. S.p.A. Deka Mela S.r.l. Quanta System S.p.A.
CLIMATE CHANGE • Improve the analysis and management of climate change risks.	• Define climate change risk analysis in accordance with the principles of the TCFD and obtain, at the end of the Plan, an improved score in the CDP rating compared to the result for 2022.	2027	Score C for the 2024 CDP rating obtained.	Group
EUROPEAN TAXONOMY • Perform analysis of the Group's activities for the six environmental objectives of the European Taxonomy - Regulation 852/2020.	• Perform analysis of the Group's activities for the six environmental objectives of the European Taxonomy - Regulation 852/2020.	2024	Completed the Gap Analysis to identify, within the eligible activities, the actions to be taken so that these activities can be in the coming years 'aligned' according to the requirements of the European Taxonomy.	Group

The El.En. Group has identified specific objectives related to climate change mitigation, in line with its commitment to manage and mitigate its environmental impact. The objectives are included in the Sustainability Plan 2023 - 2027, (with 2022 as the base year from which progress is measured) developed by the Sustainability Manager, reviewed by the Control and Risk, Related Party Transactions and Sustainability Committee, and approved by the Management and Board of Directors of parent company El.En. These targets were adopted by the El.En. Group in support of its Environmental Policy to reduce GHG emissions to address relevant impacts, risks and opportunities. Key metrics, including total energy consumption (MWh), the share of renewable energy used (%), and Scope 1 and 2 emissions, were used to define the targets, which are based on reliable data as they refer to consumption from the companies' billing system. Significant assumptions considered include the availability of renewable energy on the market and renewable energy plants and their affordability, as well as regulatory developments regarding energy transition and emission reduction, which could affect business strategies in the medium to long term.

The following is a brief description of the targets set by the El.En. Group, all of which are voluntary in nature, related to climate change mitigation and whose degree of prioritisation is defined by the order in which they are set out below: the El.En. Group in its Sustainability Plan has set targets to reduce GHG emissions by 30% by 2027 according to the Market-Based methodology and targets to reduce GHG emissions by 5% by 2027 according to the Location-Based methodology, both with respect to the 2022 baseline.
In 2024, the El.En. Group achieved a reduction in Scope 2 GHG emissions under the Market-based methodology of 32% compared to 2022 (we have identified this year as the *baseline* as the Group had not adopted any strategies to reduce its carbon footprint prior to this date) and under the Location-based methodology of 2%. Since the target set for the 30% reduction in Scope 2 emissions according to the Market Based methodology was achieved by increasing the share of electricity from renewable sources purchased by the Group (out of total purchased electricity) two years in advance, two new targets for 2030 (again compared to the 2022 baseline) were approved by the Board of Directors: reduction of Scope 2 GHG emissions according to the Market Based methodology by 50% by 2030 and reduction of Scope 2 GHG emissions according to the Location Based methodology by 10% by 2030.

. The GHG emission reduction target of Scope 2 is an absolute target, as it refers to a tangible reduction in the total amount of GHG emissions (expressed in tonnes of CO_2) compared to the base year 2022. The company's objectives related to the use of renewable energy are based on a detailed analysis of the company's energy needs and the potential of renewable energy sources. The increase in photovoltaic installations and the purchase of green energy were planned considering the potential for reducing CO_2 emissions.

The second objective related to reducing emissions and increasing the use of renewable energy is related to the installation of new photovoltaic systems, linked to both the GHG emission reduction commitment and the commitment to invest in the installation of photovoltaic systems, both of which are also reported in the Environmental Policy.

A further objective relates to the continuous improvement of climate risk analysis, which must be aligned with the principles of the TCFD by 2027. Finally, the last two objectives, achieved during 2024, were to obtain ISO 14064 certification and to complete the analysis for the definition of eligible activities for the six environmental objectives of the Taxonomy Regulation.

During 2024, there were no significant changes to the metrics or calculation methodology.

In defining our greenhouse gas (GHG) emissions reduction strategy, we have adopted a targeted and progressive approach, focusing initially on the areas of greatest impact and the most effective levers for structural decarbonisation. At this stage, our priority was to reduce Scope 2 emissions, which required targeted investments to increase the supply of renewable energy and improve the energy efficiency of our production sites. As far as Scope 1 emissions are concerned, these stem mainly from the use of natural gas for heating buildings and from the fuels used in the company car fleet. Given their relatively small weight in relation to overall emissions and the limited scope for immediate reduction without major changes to the car fleet, we felt it was more effective to focus resources initially on measures with a more significant environmental impact. Starting next year, our commitment will extend to Scope 3 emissions, which account for the largest share of our carbon footprint (97%). We will initiate strategic initiatives, both internally and in collaboration with the supply chain, to reduce indirect emissions throughout the life cycle of our products. This step will be crucial to consolidate our decarbonisation pathway, ensuring a holistic and progressive approach to reducing GHG emissions.

We evaluate our performance on targets annually, but data is collected, checked and analysed quarterly. Progress is communicated externally in our annual reports and internally in meetings with the Control and Risk, Related Party Transactions and Sustainability Committee. The metric used for CO_2e is tonnes. Performance on these metrics is broken down internally by segment and region to understand trends and define specific action plans. We ensure that our baseline is representative in terms of the activities covered by examining that the scope of activities remains nearly the same for all reporting years since the target was set, so that there is consistency year after year in the scope of measurement. If activities change after the original baseline of 2022, this will be changed so that the scope is consistent from the baseline year to subsequent reporting years. Our goal remains to implement concrete and measurable actions, focusing investments on areas where we can achieve the greatest impact, in line with best practices and stakeholder expectations.

The El.En. Group does not use carbon offsets to achieve its goals: carbon offsetting means investing in environmental projects that work to reduce future carbon emissions, and it can certainly play an important role in accelerating the transition to Zero Carbon globally, but it does not exempt the Group from the obligation to reduce its own emissions directly. To ensure that we focus our actions on actually reducing emissions, we decided to pursue our climate targets without relying on emission-offsetting mechanisms.

The GHG emission reduction targets set by the El.En. Group, at the moment, are not based on scientific modelling... To determine our course of action in terms of climate change mitigation and adaptation, we have adopted a scenario-based climate and strategy approach. For transition risks, we used models developed by the International Energy Agency (IEA 450 and IEA B2DS), the independent energy policy agency working for the Organisation for Economic Co-operation and Development (OECD): these scenarios are part of the IEA's World Energy Outlook (WEO), which provides forecasts and analyses of global energy policies and climate change impacts. For the physical risks, we used the RCP(Representative Concentration Pathways) RCP 2.6 and RCP 8.5 scenarios, developed within the Intergovernmental Panel on Climate Change (IPCC), which is the United Nations' scientific body responsible for assessing climate change. RCP scenarios represent different trajectories of greenhouse gas concentrations in the atmosphere, which are used to model and project the possible impacts of climate change and to analyse how the climate might evolve in response to different policies and levels of emission mitigation. The Group's targets were not subject to external scrutiny and no reference was made to a sectoral emission reduction pathway compatible with limiting global warming to 1.5 °C.

Future developments, such as changing market and demand dynamics towards products with a lower environmental impact, reduced costs of renewables and possible regulatory incentives, and technological developments towards the adoption of new low-emission technologies, could accelerate the transition towards clean energy sources, increasing the potential for emission reductions. Maintaining a periodic review of assumptions allows strategies to be adapted to changes in the energy context, which is why the Group monitors these factors, ensuring that the decarbonisation path undertaken remains consistent with the evolution of the global context.

For the reduction of Scope 2 emissions, our strategy is based on the decarbonisation leverage of the transition to renewable energy, to be achieved through: 1. Installation of photovoltaic systems: We have initiated a plan to increase the number of photovoltaic systems installed at our production sites, with the aim of increasing the share of self-generated energy from renewable sources. The implementation of these solutions will allow a gradual reduction in dependence on the electricity grid and an estimated decrease in annual emissions that will reach 271 tonnes of CO_2 by 2030 according to the Location-based methodology. 2. Increased purchase of renewable energy: we are increasing the share of electricity purchased from certified renewable sources, through supply contracts and the purchase of guarantees of origin. This strategy, together with the previous one, contributes to the estimated overall reduction of 1,704 tonnes of CO_2 by 2030 according to the Market-based methodology. The Group has no plans at this time to adopt new technologies to pursue its emission reduction targets. The adoption of the IEA B2DS scenario, compatible with limiting global warming to 1.5°C, focuses on increasing the use of renewable energy. This scenario provides a clear *roadmap* for the transition to low-emission technologies, highlighting the importance of investing in clean energy sources to significantly reduce emissions and achieve climate targets.

Climate change mitigation and adaptation objectives

GHG emission reduction targets	Base year 2022	2027		Target year 2030		Target year 2050	
		t CO_2	%	t CO_2	%	t CO_2	%
GHG emission reduction targets (Scope 1)	2.095	N/A	N/A	N/A	N/A	N/A	N/A
GHG emission reduction targets (Scope 2) - Location-based	2.710	136	5%	271	10%	N/A	N/A
GHG emission reduction targets (Scope 2) - Market-based	3.408	1.022	30%	1.704	50%	N/A	N/A
GHG emission reduction targets (Scope 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

E 1-5 Energy consumption and energy mix

Energy consumption	2023	2024	Delta %
Total energy consumption (MWh)	**16.844**	**16.680**	**-1%**
Consumption from nuclear sources (MWh)	-	-	-
Share of consumption from nuclear sources in total energy consumption (%)	0%	0%	-
Fuel consumption for renewable sources including biomass, biofuels, biogas form renewable source, etc. (MWh)	*95*	*95*	-
Consumption of purchased or acquired electricity, heat, steam, or cooling from RENEWABLE sources (MWh)	*1.936*	2.624	36%
Consumption of self-generated non-fuel renewable energy (MWh)	*461*	609	32%
Total renewable energy consumption (MWh)	**2.493**	***3.328***	**34%**
Share of renewable sources in total energy consumption (%)	***15%***	***20%***	**35%**
Fuel consumption from coal and coal products (MWh)	-	-	-
Fuel consumption from crude oil and petroleum products (MWh)	*6.243*	*5.904*	-5%
Fuel consumption from natural gas (MWh)	*3.231*	*3.286*	2%
Fuel consumption from other fossil sources (MWh)	-	-	-
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	*4.877*	*4.161*	-15%
Total fossil energy consumption (MWh)	**14.352**	**13.352**	**-7%**
Share of fossil sources in total energy consumption (%)	**85%**	**80%**	**-6%**

Underlying the metrics used to calculate energy consumption and energy mix are: ,for electricity consumption the bills, for the calculation of the share of energy from renewable sources the certificates of origin and the contracts signed with renewable energy suppliers, for the actual consumption of natural gas the bills received from Group companies and for the fuel consumption of the company fleet (where the actual litres for each type of fuel are identified) there are the summaries received or extracted from the portals of the various suppliers (for company cars, 100% of total consumption was considered, while for cars for mixed use, 70% of total consumption was considered). Furthermore, the conversion factors used to obtain MWh are derived from Department for Environmental Food & Rural Affairs (DEFRA) 2024.

It is specified that only energy consumed by processes owned by the El.En. Group has been considered, using the same boundary applied to the reporting of GHG Scope 1 and 2 emissions.
In the fiscal year, total energy consumption was 16,680 MWh compared to 16,844 MWh in 2023. The share of renewables in total energy consumption increases from 15% to 20%, from 2,493 MWh in 2023 to 3,328 MWh in 2024. As a result, total fossil energy consumption decreases from 14,352 MWh in 2023 to 13,352 MWh in 2024.
In 2024, the second photovoltaic plant at the subsidiary Quanta System came into operation, adding to the six already present within the Group (one plant already at Quanta System, two plants at the Calenzano hub, one plant at Galli S.r.l., Asa and Asclepion respectively): the self-produced energy from the photovoltaic plants amounted to 1,118 MWh. By contrast, the amount of energy produced from non-renewable energy sources is 192 MWh.
It should be emphasised that subsidiaries Asclepion GmbH, Lasit Iberica, Quanta System, Ot-las S.r.l. and the Calenzano Hub companies purchased electricity exclusively from renewable sources in 2024, bringing the amount of electricity purchased from renewable sources during the year to 39% of the total.

Within the El.En. Group, companies are active in sectors C and G, which fall under the high climate impact sectors, as defined in sections A to H and section L of Annex I of Regulation EC 1893/2006 of the European Parliament and of the Council.

Energy intensity activities associated with activities in high climate impact sectors	2024 with China		
	Energy consumption	Net revenue	Energy intensity
Unit of Measure	MWh	Thousands of €	MWh/monetary UoM
Total energy consumption from activities in sector C and G (MWh/unità monetaria)	16.680	645.881	0,0258

Energy intensity activities associated with activities in high climate impact sectors	2024 without China		
	Energy consumption	Net revenue	Energy intensity
Unit of Measure	MWh	Thousands of €	MWh/monetary UoM
Total energy consumption from activities in sector C and G (MWh/unità monetaria)	16.680	565.846	0,0295

Regarding the formula used in the calculation of the tables above, the numerator corresponds to the Group's share of energy consumption, while the denominator corresponds to the Group's share of net revenues in line with IFRS 15 “Revenue from Contracts with Customers”. Given that the consolidated financial statements of the El.En. Group as at 31 December 2024 were drawn up by reclassifying the contribution of the Chinese industrial cutting division to the assets, liabilities and income statement result from *discontinued operations*, as per IAS/IFRS accounting standards, due to the ongoing negotiations for the sale of the division, according to IFRS5, and,therefore, their contribution is not included in the net revenue item but rather in the Group's energy consumption for the full year 2024, we performed two calculations: in the numerator, the Group's share of energy consumption was referred to, whereas in the denominator, we considered both the Group's net revenue share in line with IFRS 15 "Revenue from contracts with customers", as required by ESRS, and the revenue inclusive of the Chinese industrial cutting division, so that the consumption of all Group’s subsidiaries is related to the latter’s revenue.

E 1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Direct and indirect GHG emissions associated with the Group's main consumption can be divided into three categories:
• direct emissions (Scope 1): greenhouse gas emissions due to direct fuel consumption by the Group (e.g. natural gas, diesel);
• indirect emissions (Scope 2): greenhouse gas emissions from electricity purchased or consumed by the Group.
• indirect emissions (Scope 3)**:** greenhouse gas emissions generated along the Group's value chain, outside the direct operating boundaries.
These include, among others, emissions from the procurement of raw materials, production and transport of purchased goods and services, waste management, business travel, employees' travel and the use and end-of-life of products sold.

The data boundary is that of the consolidated financial statements and includes all subsidiaries. There were no significant changes in the scope compared to the previous year that would affect year-to-year comparability of issues. The variation in total GHG emissions is due to the inclusion of GHG scope 3 emissions, reported for the first time this year. There are no biogenic CO2 emissions from biomass combustion or biodegradation separately from GHG Scope 1,2,3 emissions. There are no GHG emissions covered by regulated emissions trading schemes (e.g. ETS, Emission Trading Scheme).

GHG emissions	Unit of measure	Retrospective				Milestones and target years			
		Base year 2022	2023	2024	Delta % 2023-2024	2027	2030	2050	Annual % target / Base year
Scope 1 GHG emissions									
Gross Scope 1 GHG emissions	tCO2e	2.095	2.209	2.131	-4%	N/A	N/A	N/A	N/A
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	-	-	-	0%	N/A	N/A	N/A	N/A
Scope 2 GHG emissions									
Gross location-based Scope 2 GHG emissions	tCO2e	2.710	2.733	2.656	-3%	-5%	-10%	N/A	-1,25%
Gross market-based Scope 2 GHG emissions	tCO2e	3.408	2.509	2.302	-8%	-30%	-50%	N/A	-6,25%
Significant scope 3 GHG emissions									
Gross Scope 3 GHG emissions	tCO2e	N/A	N/A	168.988	0%	N/A	N/A	N/A	N/A
1) Purchased goods and services	tCO2e	N/A	N/A	73.166	0%	N/A	N/A	N/A	N/A
2) Purchased capital goods (asset)	tCO2e	N/A	N/A	872	0%	N/A	N/A	N/A	N/A
3) Fuel and energy-related activities	tCO2e	N/A	N/A	558	0%	N/A	N/A	N/A	N/A
4) Upstream transportation and distribution	tCO2e	N/A	N/A	1.633	0%	N/A	N/A	N/A	N/A
5) Waste disposal and treatment	tCO2e	N/A	N/A	72	0%	N/A	N/A	N/A	N/A
6) Business travel (aircraft, train, ship, bus, other)	tCO2e	N/A	N/A	3.817	0%	N/A	N/A	N/A	N/A
7) Commuting (smart working and home-work commuting)	tCO2e	N/A	N/A	2.203	0%	N/A	N/A	N/A	N/A
9) Downstream transportation	tCO2e	N/A	N/A	38.041	0%	N/A	N/A	N/A	N/A
11) Use of sold products	tCO2e	N/A	N/A	48.225	0%	N/A	N/A	N/A	N/A
12) End-of-life treatment of sold products	tCO2e	N/A	N/A	401	0%	N/A	N/A	N/A	N/A
Total GHG Emissions									
Total GHG emissions (location-based)	tCO2e	4.805	4.943	173.775	3.416%*				
Total GHG emissions (market-based)	tCO2e	5.503	4.718	173.420	3.575%*				

*It should be noted that the deviation is due to not counting Scope 3 emissions in 2023.

GHG	Unit of measure	Scope 1 emission	GWP reference
CO2	tCO2	2.113	Defra 2024
CH4	tCH4	3	Defra 2024
N2O	tN2O	16	Defra 2024

In 2024, the El.En. Group made a significant effort to collect and analyse all the data required for the calculation of indirect Scope 3 emissions, addressing the complexities of traceability and availability of information along the entire value chain. This commitment is a fundamental step towards greater awareness of environmental impact both at Group and individual company level. The data collected not only provide a clear view of the emissions generated, but also allow for the identification of the main areas of action to be taken to reduce the carbon footprint. All emission data were calculated from data available in the company and not from data obtained from suppliers or other partners along the value chain.

Our Scope 3 emissions represent 97% of our total emissions, amounting to 169,000 tonnes of CO_2.

For the calculation of Scope 1 GHG emissions, we started from the actual consumption of natural gas derived from the bills received from the Group companies and the fuel consumption of the corporate fleet, and identified the actual litres for each type of fuel, derived from the summaries received or extracted from the portals of the various suppliers. For company cars, we considered 100 per cent of total consumption, while for mixed-use cars, 70% of total consumption was considered. The emission factors used in the calculation of GHG Scope 1 emissions are derived from the DEFRA 2024 tables. For the calculation of GHG emissions, Scope 2 emissions were calculated according to two separate calculation methods: the "*Location-based* method" and the "*Market-based method*". The calculation for Scope 2 emissions started with actual electricity consumption from the bills received by Group companies.

The calculation of Scope 1 and Scope 2 emissions is compliant and in line with the GHG Protocol guidance.

The location-based method is based on average emission factors for regional, sub-national or national power generation. The Market-based method, on the other hand, is based on the CO_2 emissions emitted by energy suppliers from whom the company purchases, by contract, electricity, or on market-related factors. This method provides that renewable electricity purchased with Guarantee of Origin (GO) certificates or other contractual instruments certifying its renewable origin is assigned an emission factor of zero for scope 2, so this calculation method favours the El.En. Group's strategy of increasing the share of energy both consumed and produced from renewable sources. The results achieved in 2024 are a 32% reduction of GHG Scope 2 emissions according to the Market-Based methodology (this reduction is relative to the 2022-2024 trend), evidence of the Group's commitment to the strategy of increasing the share of energy both consumed and produced from renewable sources in recent years.

Different factors were used for the calculation of Scope 2 emissions, depending on the calculation method and the reference country. Specifically:

• For the location-based method, average emission factors relating to domestic power generation for the various countries of operation were used, as reported in the International Comparisons and EEA publication in the latest most updated version;
• For the market-based method, average emission factors from the European electricity market production for Italy, France and Germany were used, as reported in the document Residual Mix Results, Association of issuing bodies (AIB), 2022 and 2023, for 2023 and 2024, respectively. For the remaining countries, the same factors were applied as for the location-based method. For 2024, considering the location-based calculation method for Scope 2, Scope 1 and Scope 2 total 4,787 tCO2eq: 55% accounts for electricity consumption whereas the remaining 45% can be attributed to the other items.
In 2024, the Calenzano hub and its subsidiaries Ot-las, Quanta System, Asclepion and Lasit Iberica purchased electricity from renewable sources through contracts with their energy suppliers. Therefore, 39% of the electricity purchased during the fiscal year came from certified renewable sources.

The El.En. Group conducted an estimate of its Scope 3 emissions related to the value chain. This was done in accordance with the provisions of the Greenhouse Gas Protocol (GHG Protocol), one of the most recognised standards for measuring and reporting greenhouse gas emissions, the guidelines set out in ESRS 1, which provides detailed information on the value chain, and ESRS E1, which provides detailed guidance on how to integrate environmental considerations into corporate reporting.

The metrics considered for estimating Scope 3 emissions include upstream emissions in the value chain and downstream emissions. Upstream emissions relate to purchased or acquired goods and services and are generally generated from the cradle to the customer. The eight upstream categories are:

1. The production of purchased or acquired goods and services, such as the extraction and processing of raw materials, electricity consumed by upstream activities and transport between suppliers. 2. The production of capital goods purchased or acquired by a company, such as equipment, machinery, buildings, structures and vehicles. 3. Fuel and energy-related activities, including the extraction, production and transport of fuels consumed by a company. This includes coal mining, petrol refining, natural gas transmission and distribution, and biofuel production. 4. The transport and distribution of products and services purchased or acquired by a company in vehicles and facilities not owned or operated by it. 5. The disposal and treatment by third parties of solid waste and wastewater generated in owned or controlled operations. 6. Employee travel for company-related activities in vehicles owned or operated by third parties, including planes, trains, buses and cars. 7. The commuting of employees between their homes and workplaces in vehicles owned or operated by other companies. 8. The operation of assets leased to the company.

Downstream emissions, on the other hand, include indirect greenhouse gas emissions related to the goods and services sold. These emissions occur after the product has been audited by the company. The seven types of downstream emissions are: 9. The transport and distribution of products sold to end consumers in vehicles and facilities not owned or controlled by the company. 10. The processing of products sold by third parties (such as producers) that require further processing, transformation or incorporation into another product before use by the final consumer, such as agricultural or chemical products. 11. The use of the products sold, such as the energy required for the use of ovens or cleaning tools. 12. The end-of-life treatment of products sold, including the various methods of waste disposal and treatment. 13. The operation of assets that the company leases to third parties. 14. Franchise management. 15. Investments, including items such as equity investments, bonds, fund management, and others. Among the fifteen metrics, the categories eight, ten, thirteen, fourteen and fifteen were found to be insignificant or not applicable and therefore not reported.

Of the fifteen categories of the GHG Protocol, the categories excluded because they were not relevant to the Group's business activities were: assets leased to the company, processing of products sold, downstream leased assets, franchising and investments. Scope 3 greenhouse gas emissions are calculated using actual data when available, combined with emission factors and sector average data for categories such as purchased goods, services and transport when direct data are not available. The use of sector average data based on emission factors introduces uncertainty, especially in areas where direct data collection is limited. The El.En Group is actively implementing new systems and processes to improve the collection of direct and indirect data.

The calculation methodology used is based on the multiplication between the “Activity Data”, which quantifies the activity through a numerical value, and the corresponding “Emission Factor':

GHG emission = Activity data * Emission factor

where:

- GHG emission is the quantification of GHG emitted by the activity, expressed in terms of tCO_2 eq;
- Activity data is the quantity, generated or used, that describes the activity;
- Emission factor (EF) is the emission factor that can transform the quantity into the resulting GHG emission, expressed in CO_2 eq. emitted per unit of data.

In most cases, emission factors were retrieved using SimaPro software version 9.6.0.1, Ecoinvent database 3.10 according to the IPCC 2021 GWP 100a analysis method. Where the calculation of Scope 3 emissions is not based on point data, the estimates are nevertheless accurate and the data robust, and are subject to internal audits and analyses. However, it is believed that the calculation of these values can improve as the data are progressively refined. This process of evolution will extend over the coming years, as it implies a strengthening of collaboration with our supply chain, to ensure greater completeness and reliability of the information reported.

For the calculation of Scope 3 emissions, various emission factor sources and calculation methodologies were used. Specifically:

- For category 1 - purchased goods and services, the source used is the SimaPro software version 9.6.0.1 and the Supply Chain GHG Emissions Factors v1.2 EPA database and the data were obtained by extracting purchase notes from management systems;
- For category 2 - purchased capital goods, the source used is the SimaPro software version 9.6.0.1, and the data was obtained by extracting the masters of the assets within the management systems;
- For category 3 - fuel and energy activities and the sources used were SimaPro software version 9.6.0.1 (photovoltaics), DEFRA 2024 (fuel), Country specific electricity grid GHG emission factors 2024 (electricity) and DEFRA 2024 (gas) and data were extracted from the portals of the various suppliers (fuel, electricity and methane) and from readings registers (photovoltaic installations);
- For category 4 - Transport Up stream and the source used is the SimaPro software version 9.6.0.1 and the data were obtained by extracting the masters and bills within the management systems;
- For category 5 - Waste Disposal and Treatment, the source used was the SimaPro software version 9.6.0.1 and data was obtained from waste forms;
- For category 6 - Business travel (planes, trains, ships, buses, other) and the sources used were DEFRA 2024 (accommodations), Simapro Software (business travel) while data was obtained by extracting reports from management systems where present, otherwise extracting masters or receiving summary reports from suppliers;
- For category 7 - Commuting (smart working and home-work commuting) and the source used is DEFRA 2024, while data was obtained by extracting reports from management systems where present, otherwise by extracting masters or receiving summary reports from suppliers;
- For category 9 - Downstream transport and the source used is SimaPro software version 9.6.0.1 and we obtained the data from sales reports and some extractions from management systems;
- For category 11 - Use of products sold and the source used is ISPRA for Italy and Carbon footprint ltd's GHG emissions factors for international grid electricity for other countries. We obtained the data from sales reports and some extractions from management systems
- For category 12 - End of life of products sold and the source used is the SimaPro software version 9.6.0.1 and we obtained the data from sales reports and some extractions from management systems.

To determine the significant indirect GHG emissions of Scope 3, we followed the following methodology:

a. analysis of direct and indirect activities;
b. identification of emissions;
c. evaluation of magnitude, correction factors and significance;
d. registration of non-significant and significant GHG emissions.

For the identification of significant Scope 3 GHG emissions, the sustainability department, assisted by the contact persons of each Group company, ensures that all management processes of the organisation are evaluated. Once identified, these activities must be transcribed into appropriate significance assessment models, assigning each activity its category according to the GHG Protocol definitions.

Once the GHG emissions for each Group company have been identified, the impact risk score is determined, according to the following criteria; the magnitude is assessed by considering the following variables: Low (score=1) for emissions below 2.5% of the total ton CO_2eq tonnes generated by the organisation; Medium (score=2) for emissions between 2.5% and 10% of the total tonnes CO_2eq generated by the organisation; High (score=3) for emissions above 10% of the total tonnes$_{CO2eq}$generated by the organisation. The method of assessing the "magnitude" parameter coincides with the method of reporting emissions for the organisation when activity data (e.g. expressed in mass and energy) is readily available, otherwise if access to information is difficult, emissions are estimated by means of conversion factors of the activity data expressed in economic terms.

The level of influence is then assessed based on those aspects whose monitoring is covered by corporate policies, according to the following accounting policies: Low (score=1) for emissions from sources over which organisations have no/marginal management control; Medium (score=2) for emissions from sources subject to company policies, and over which organisations have indirect management control; High (score=3) for emissions from sources subject to company policies, and over which organisations have direct management control. Significance is then determined through the product of magnitude and level of influence. An emission category can be considered insignificant if both parameters are assigned a score = 1 and if its weight does not exceed 5% of the indirect emissions of the company and subsequently of the Group. The significance of the different categories was assessed but, for the sake of transparency, all categories were reported.

Below are the percentage impacts of Scope 3 emission categories:

Percentage of GHG Scope 3 calculated using primary data	Unit of measure	Value Chain Phases		
		Upstream	Direct	Downstream
1) Purchased goods and services	%	43%	0%	0%
2) Purchased capital goods (asset)	%	1%	0%	0%
3) Fuel and energy-related activities	%	0%	0%	0%
4) Upstream transportation and distribution	%	1%	0%	0%
5) Waste disposal and treatment	%	0%	0%	0%
6) Business travel (aircraft, train, ship, bus, other)	%	0%	2%	0%
7) Commuting	%	0%	1%	0%
9) Downstream transportation	%	0%	0%	23%
11) Use of sold products	%	0%	0%	29%
12) End-of-life treatment of sold products	%	0%	0%	0%

The intensity of GHG emissions (total GHG emissions in CO2eq tonnes compared to net revenues) is shown below. As the consolidated financial statements of the El.En. Group as at 31 December 2024 were prepared by reclassifying the contribution of the Chinese industrial cutting division into assets, liabilities and income statement result from *discontinued operations,* in accordance with accounting standards IAS/IFRS, due to the ongoing negotiations for the disposal of the division, in accordance with IFRS5 and therefore their revenues are not included in the Turnover 2024 table, as required by Taxonomy Regulation 852/2020.and their contribution is not re-included in the net revenue item. Please note that, for a better understanding of the intensity of GHG emissions in the representation of net revenue, we have included two columns: the total that considers the share of revenue from the Chinese industrial cutting division and the total that considers only the amount of the "net revenues" item.

GHG emissions intensity	**Unit of measure**	**2023**	**2024 including Chinese industrial cutting division**	**2024 excluding Chinese industrial cutting division**
Total GHG emissions (location-based)	tCO2e	4.943	173.775	173.775
Total GHG emissions (market-based)	tCO2e	4.718	173.420	173.420
Net Revenue	Thousands of €	-	645.881	565.846
GHG Intensity based on net revenue (location-based) (GHG emissions/net revenue)	tCO2e/thousands of €	-	0,269	0,307
GHG Intensity based on net revenue (market-based) (GHG emissions/net revenue)	tCO2e/thousands of €	-	0,269	0,306

COUNTRY	Unit of measure	Scope 1	Scope 2, loc-based	Scope 2, mar-based	Scope 3 - 1 Purchased goods and services	Scope 3 - 2 Purchased capital goods (asset)	Scope 3 - 3 Fuel and energy-related activities	Scope 3 - 4 Upstream transportation and distribution	Scope 3 - 5 Waste disposal and treatment	Scope 3 - 6 Business travel (aircraft, train, ship, bus, other)	Scope 3 - 7 Commuting	Scope 3 - 9 Downstream transportation	Scope 3 - 11 Use of sold products	Scope 3 - 12 End-of-life treatment of sold products
Italy	tCO2e	1.592	1.205	968	50.794	788	407	1.022	39	1.373	1.213	17.707	9.373	201
France	tCO2e	52	1	-	-	1	13	-	-	16	2	4	-	-
Germany	tCO2e	243	135	18	9.376	25	60	193	9	220	100	552	1.197	7
Spain	tCO2e	9	1	-	-	1	3	-	-	7	4	-	-	-
Poland	tCO2e	64	62	62	-	-	14	-	-	5	11	-	-	-
UK	tCO2e	4	1	1	-	-	1	-	-	7	1	-	-	-
Japan	tCO2e	27	61	61	9	2	8	-	4	85	6	-	8	-
China	tCO2e	47	1.188	1.188	12.726	54	17	407	21	1.987	825	19.778	37.646	193
Brasil	tCO2e	92	4	4	260	1	35	11	-	118	41	-	-	-
Total	**tCO2e**	**2.131**	**2.656**	**2.302**	**73.166**	**872**	**558**	**1.633**	**72**	**3.817**	**2.203**	**38.041**	**48.225**	**401**

DIVISION	Unit of measure	Scope 1	Scope 2, loc-based	Scope 2, mar-based	Scope 3 - 1 Purchased goods and services	Scope 3 - 2 Purchased capital goods (asset)	Scope 3 - 3 Fuel and energy-related activities	Scope 3 - 4 Upstream transportation and distribution	Scope 3 - 5 Waste disposal and treatment	Scope 3 - 6 Business travel (aircraft, train, ship, bus, other)	Scope 3 - 7 Commuting	Scope 3 - 9 Downstream transportation	Scope 3 - 11 Use of sold products	Scope 3 - 12 End-of-life treatment of sold products
INDUSTRIAL	tCO2e	723	1.859	2.139	31.844	185	203	789	28	2.619	1.249	31.722	43.721	296
MEDICAL	tCO2e	1.408	797	163	41.322	687	355	844	44	1.198	954	6.318	4.504	105
Total	**tCO2e**	**2.131**	**2.656**	**2.302**	**73.166**	**872**	**558**	**1.633**	**72**	**3.817**	**2.203**	**38.041**	**48.225**	**401**

E.2 Pollution

IRO-1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

For the identification of pollution-related impacts, risks and opportunities, please refer to the IRO section of the "General Information" section. With specific reference to ESRS E2, the El.En. Group's double materiality analysis identified one material impact, no risks and no opportunities, which can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

E2-1 - Policies related to pollution

The Group has adopted an Environmental Policy with the aim of reducing the pollution-related impacts that have been identified. These impacts are the possibility that Group companies, in their business activities, may unintentionally cause water contamination: this impact was deemed not material. The lack of eco-design of products, which could lead the organisation not to improve the circularity of products, their energy performance and not to improve other aspects of environmental sustainability (e.g. increase in the use of recycled materials, decrease in the use of substances of concern, etc.), resulting in an environmental impact related to the raw materials and production processes in place: this impact is the only material detected within the double materiality analysis. The El.En Group's Environmental Policy calls for attention to be paid to the management of waste produced, the impacts to the risks and opportunities associated with the possible use of substances that pollute the environment and human health; the pollutants are those covered by the RoHS and Reach Directives. In particular, the Policy requires for *own operations* the promotion, substitution and/or reduction in the use of substances of concern and the activation of procedures leading to the gradual abandonment, where possible, of substances of very high concern, particularly in the case of uses that are not essential for the Group. Finally, the policy calls for preventing, monitoring and continuously updating procedures governing the use of substances of concern for the prevention and control of pollution and for the protection of occupational health and safety. The results of any reports to the competent authorities are also included in these systems for preventing, monitoring and updating procedures. The Policy is periodically reviewed by management in order to update it if new commitments need to be incorporated or if it is assessed that it is no longer appropriate or up-to-date. It is specified that there are no references to regulations or initiatives of third parties that the Group undertakes to respect through the implementation of the Policy. The Environmental Policy has been transposed by the Group's subsidiaries, translated if necessary into local languages and sent to all employees. The Policy has been approved by the Board of Directors, which is responsible for monitoring and implementing the policy. The policy is also available to all Group employees on the company intranet and/or noticeboards as well as to all stakeholders on the institutional website at www.elengroup.com in the Governance/Ethics, integrity and compliance section. The Policy applies to all El.En. Group companies and all collaborators, as well as anyone acting on behalf of these companies. To date, no feedback has been received from stakeholders on the above aspects.

E2-2 - E2-3 Pollution-related actions, resources and targets

Currently, the El.En. Group has not yet defined specific actions and targets aimed at curbing pollution, but plans to identify and define them starting from next year. This is because having identified indirect impacts, the Group needs to understand the implications of its business relationships, where indirect impacts actually occur and what actions are most effective in mitigating them. It is specified that to date the Group has not implemented processes to evaluate the effectiveness of policies and actions. All Group companies that purchase products containing substances of concern comply with the relevant regulations to prevent and control all types of pollution and the health and safety of workers.

During 2024, the Group analysed the results of the analyses carried out for the alignment to the *Taxonomy* Regulation. With the aim of filling the *gaps* highlighted by this analysis, the actions already undertaken in some Group companies were considered, especially with regard to the progressive elimination of harmful materials or substances, compliance with operational regulations such as the adoption of Best Available Techniques, and adherence to the 'Do No Significant Harm' (DNSH) criteria for pollution prevention and reduction. Interviews and in-depth investigations revealed that the

Organisation has taken some steps towards pollution reduction, but these efforts need to be formalised and better addressed through a clear and measurable strategic plan. In the coming years, the aim will therefore be to transform these actions into tangible and monitorable objectives, and also to define new initiatives that can contribute effectively to curbing pollution.

E.4 Biodiversity and ecosystems

Disclosure obligation related to SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities related to biodiversity and ecosystems, please refer to section SBM-3 of the "General Information" section. With specific reference to ESRS E4, the El.En. Group's double materiality analysis identified some relevant impacts that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

Biodiversity-related impacts occur along the value chain; therefore, there are no relevant company sites for biodiversity-related impacts, nor activities of *own operations* that adversely affect sensitive areas. The Group, therefore, did not identify any significant negative impacts with regard to soil degradation.

IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

The El.En. Group identifies biodiversity-related impacts, risks and opportunities by taking into account the analysis of the context in which the Group is active and by listening to both external and internal stakeholders (the latter, through the performance of their activities, manage the relationship with external stakeholders and thus know the potential impacts, risks and opportunities by which they could be affected or could influence the organisation). In identifying impacts, the Group takes into account the external context in which it is active, including its business activities and relationships, while the definition of risks and opportunities considers how these may arise from the impacts generated by the Group, i.e. the existence of dependencies on natural and social resources as sources of potential positive and/or negative financial effects. Please refer to the section on ESRS 2 for a description of how biodiversity dependencies are identified and assessed, including the criteria applied, biodiversity-related physical and transitional opportunities and risks, and systemic risks. The Group did not consult with the communities concerned. An impact related to biodiversity and ecosystems has been identified in the Group's procurement practices, particularly with regard to the purchase of raw materials, which could lead to an indirect negative impact on local communities in the countries where the extraction of these materials takes place, as well as on the biodiversity of these territories. The Group has identified and assessed dependencies on biodiversity, ecosystems and related services at its sites and along the upstream and downstream value chain in raw materials, processes and infrastructure.

Systemic risks were not taken into account and consultations with affected communities were not conducted. Since we have not yet developed supply chain monitoring that takes into account the Group's indirect impacts on biodiversity and ecosystems, and consultations with affected communities on sustainability assessments of shared biological resources and ecosystems have not been conducted, we do not currently have any mitigation measures. In the double materiality analysis conducted by the El.En. Group, no significant risks or opportunities related to biodiversity and ecosystems were identified. The El.En. Group has not used the analysis of biodiversity and ecosystem scenarios to guide its identification and assessment of relevant risks and opportunities in the short, medium and long term. Physical and transitional risks were assessed separately through scenario analysis only as far as climate risks are concerned: for further details, see ESRS 2 - SBM 3 in this document.

None of the El.En. Group's sites are located within biodiversity-sensitive areas, so the Group's activities do not cause the deterioration of natural habitats and habitats of species or disturb species for which a protected area has been designated. The El.En. Group found that there is no need to implement biodiversity mitigation measures.

E4-2 - Policies related to biodiversity and ecosystems

With reference to its Environmental Policy, the El.En. Group takes into consideration the impacts, dependencies, risks and opportunities on biodiversity and ecosystems for its operations and is committed to assessing, together with its supply chain, the relevant impacts identified on the local communities present in the countries where the extraction of the raw materials procured takes place, as well as the impact on the biodiversity of these territories. The Group noted a material impact in its procurement practices, particularly with regard to the purchase of raw materials, as the extraction of these materials could have a negative impact on the biodiversity of these territories. Also within the Environmental Policy, it is required to assess, where possible, together with its supply chain, the possible impacts on local communities in the countries where the extraction of the raw materials supplied takes place, as well as the impact on the biodiversity of these territories. The Group is aware that it depends on raw materials for its business and that their extraction impacts on biodiversity, which is why it is committed to evaluating alternatives wherever possible. It is also committed to assessing and monitoring its supply chain so that it pursues a responsible use of natural resources, with targets to reduce environmental impact. While the policy contains commitments to reduce impacts on ecosystem services and dependencies on them, it does not include or address specific aspects related to: (i) drivers of direct impacts on biodiversity loss (climate change, land use change - e.g. soil artificialisation, freshwater use change and sea use change, direct exploitation, invasive exotic species, pollution); (ii) impacts on the status of species (population size and global extinction risk of a species); (iii) impacts of the company on the extent and condition of ecosystems, including through land degradation, desertification and soil sealing. The Environmental Policy addresses relevant (indirect) impacts related to biodiversity and ecosystems, related to the dependence on raw materials needed for the production of laser device products and components, and aims to facilitate the traceability of products, components and raw materials with relevant, actual or potential impacts on biodiversity and ecosystems along the value chain, to manage supply-related impacts and the social consequences of biodiversity-related impacts. The Policy is periodically reviewed by management in order to update it if new commitments need to be incorporated or if it is assessed that it is no longer appropriate or up-to-date. The Environmental Policy, approved by the Board of Directors of parent company El.En. S.p.A., which is responsible for monitoring and implementing this policy, has been transposed by the Group's subsidiaries, translated if necessary into local languages and sent to all employees. Within the Policy, there are no references to regulations or initiatives of third parties that the company is committed to complying with through the implementation of the policy. The Policy is available to all Group employees on the company intranet and/or noticeboards as well as on the corporate website atwww.elengroup.com in the Governance/Ethics, Integrity and Compliance section. The Policy applies to all El.En. Group companies and all collaborators, as well as anyone acting on behalf of these companies.

The Policy applies to all Group sites, which are not located in biodiversity-sensitive areas. No aspects relating to sustainable agricultural/land use policies or practices, sustainable use of the sea/oceans and policies aimed at facing deforestation have been addressed in the document.

E4-3 - Actions and resources related to biodiversity and ecosystems

At present, the Group does not carry out specific actions related to the protection of biodiversity and ecosystems and, consequently, does not allocate resources for their implementation. This choice is motivated by the results of the analyses conducted, which did not reveal significant impacts, risks and opportunities related to biodiversity in the Group's operations. In particular, the evaluations carried out indicated that the impact of our organisation on this aspect is limited and indirect in nature.

As early as next year, the Group will be committed to making use of the platform that has been chosen to support the strengthening of the supply chain monitoring procedure; to reinforcing the monitoring of its supply chain in order to guarantee greater control over indirect environmental impacts; and to carefully monitoring the situation. Furthermore, it will consider taking specific initiatives if new risks or significant critical issues emerge in the future.

E4-4 - Targets related to biodiversity and ecosystems

At present, the Group has not identified specific targets related to biodiversity and ecosystems. The Group's operating sites are not located within biodiversity-sensitive areas, and the double materiality analysis performed did not reveal any significant risks related to these aspects. The only impact noted was of an indirect nature and mainly concerned the need to strengthen supply chain monitoring in order to ensure greater control over the environmental effects of procurement activities. The Group will continue to closely monitor the evolution of these issues, with the aim of promptly identifying any new impacts, risks and opportunities that may emerge in the coming years. Should future analyses reveal significant elements that have not been detected to date, the organisation will consider setting specific targets and concrete measures to protect biodiversity and ecosystems.

E.5 Resource use and circular economy

IRO-1 - Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

For the identification of impacts, risks and opportunities related to resource use and circular economy, please refer to the IRO section under "General Information". With specific reference to ESRS E5, the El.En. Group's double materiality analysis identified some material impacts and a medium-to-long-term materiality risk stemming from the possibility of the Group experiencing difficulties in obtaining raw materials, due to the scarcity of resources, political or economic unrest, or changes throughout the supply chain. The possible negative impacts relevant to the El.En. are the generation of waste, environmental safety related to the quality and safety of the products and services offered, the failure to develop circular economy policies, the failure to eco-design, and the failure to monitor technological innovation that can offer more competitive and sustainable solutions; positive impacts have also been noted in contributing to the scientific development of the community through the research and development of innovative and efficient products, the reduction of the environmental impact for the processing carried out with laser systems in the industrial (and restoration) sector, which allow minimising waste, not generating fumes containing chemical additives and eliminating the use of glues, inks or solvents within the production processes, and the possibility of contributing to social and economic development by promoting *the principles of sustainable development* for its supply chain. For further details, please refer to the elements in the table in the previous section "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

E5-1 - Policies related to resource use and the circular economy

With reference to its Environmental Policy, the Group takes into account and monitors relevant impacts, risks and opportunities related to resource use and the circular economy in the Group's operations and along the value chain, as identified in the double materiality analysis.

In particular, the Group undertakes to:

- Promote a process so that waste from repair, upgrading and remanufacturing activities is, where possible, reused, recycled or disposed of, in the latter case in accordance with the sorting and/or disposal procedure that follows the destination of the waste;
- Pursue separate waste collection with a constant focus on the reuse and recycling of materials;
- Use means and materials that comply with current regulations and which are, where possible, energy-efficient, environmentally friendly and recyclable;
- Promote policies that lead, where possible, to the progressive substitution of the use of virgin resources, with the consequent increase in the use of recycled resources, especially on packaging and the sourcing, where possible, of renewable resources;
- Encourage understanding the environmental impact of products and services throughout their life cycle, with the aim of proposing increasingly environmentally friendly solutions to the market, making improvements in product “environmental performance” a stimulus to innovation and a competitive advantage for the Group;
- Adopt “circular economy” concepts at the product design stage to favour solutions that make resources that would otherwise be destined for waste available again;

- Ascertain and monitor that its supply chain pursues responsible use of natural resources, with targets to reduce the environmental impact or through defined improvement paths, providing products and adopting energy-efficient processes.

The Environmental Policy, approved by the Board of Directors of parent company El.En. S.p.A., which is responsible for monitoring and implementing this policy, has been transposed by the Group's subsidiaries, translated if necessary into local languages and sent to all employees. The Policy is also available to all Group employees on the company intranet and/or noticeboards as well as on the corporate website atwww.elengroup.com in the Governance/Ethics, Integrity and Compliance section. The Policy applies to all El.En. Group companies and all collaborators, as well as anyone acting on behalf of these companies. Within the Policy, there are no references to regulations or initiatives of third parties that the company is committed to complying with through the implementation of the policy. The commitments referred to in the policy are related to the targets outlined in the Group Sustainability Plan, and monitoring of the actions takes place at least annually. The Policy is periodically reviewed by management in order to update it if new commitments need to be incorporated or if it is assessed that it is no longer appropriate or up-to-date.

The El.En. Group takes a proactive approach to waste management, in line with the EU waste hierarchy, with a focus on improving recycling. Therefore, also within the Sustainability Plan we find objectives related to the optimisation of waste collection and the improvement of the composition of *packaging* reducing the use of plastic by favouring more sustainable materials, such as recycled paper and cardboard. The aim is to maximise material recovery, reducing environmental impact and promoting a circular economy.

E5-2 - Actions and resources related to resource use and circular economy

In recent years, the El.En. Group has promoted and implemented initiatives to improve the circular economy and resource utilisation. In particular, the following actions, whose time horizons are defined in the Group Sustainability Plan, were carried out in the course of 2024:

Reuse and recycling of packaging materials:

- Use packaging materials made of recycled or compostable paper;
- Reuse packaging materials;
- Replace packaging made of non-recycled materials with packaging that uses a higher percentage of recycled materials;
- Use packaging materials made of recycled or compostable paper.

As early as in the previous fiscal year, parent company El.En. had initiated a project aimed at banning plastic packaging in favour of recycled paper for the shipment of spare parts, introducing at the packing station two machines for the production of recycled paper padding. In early 2024, a third cardboard shredding machine was purchased and put into operation, dedicated to the reuse of secondary cardboard packaging from external players. Specifically, resources within the logistics area reuse the processed secondary packaging for use in the packaging of spare parts.. Turning used cardboard into packaging material has innumerable advantages: it gives new life to cardboard that would previously have ended up in disposal, frees up storage space occupied by used cardboard, and reduces disposal costs. Completely eliminating plastic from the packaging of spare parts is an excellent result in terms of sustainability and circularity (only some special packaging for particular materials remains in place to avoid non-compliance). This is the beginning of a path that will see us committed in the coming years to increasingly circular solutions at all Group companies.

During 2024, parent company El.En. and its subsidiaries Deka Mela, Esthelogue and Quanta System activated a process of analysis of the type of packaging used (to be concluded presumably by the end of 2025, and will also include the other Group companies), identifying for each item both the presence of possible certifications and the percentage of recycled material, if any.

With reference to its commitment to careful resource management, from responsible sourcing to utilisation, the El.En. Group will adopt supply chain monitoring to ensure compliance with ESG principles throughout the supply chain. As a matter of fact, suppliers will be selected through an evaluation process that will also include checking compliance with environmental and social standards, and will verify commitment to responsible practices such as reducing the environmental impact of incoming materials and services.

Packaging:

- Implement actions to optimise communication on product packaging, including more detailed labels, recognisable environmental symbols and information messages to make proper disposal by consumers easier.

In the course of 2022, It. Legislative Decree no. 152 of 3 April 2006 on the mandatory environmental labelling of packaging came into force; consequently, all products that do not comply with the new requirements and that were already on the market or labelled on 1 January 2023 can only be marketed until stocks are exhausted. The It. Legislative Decree of 3 September 2020 no. 116 stipulates that all packaging must be "appropriately labelled in accordance with the modalities established by the applicable UNI technical standards and in compliance with the determinations adopted by the Commission of the European Union, in order to make it easier to collect, reuse, recover and recycle packaging, as well as providing consumers with correct information on the final destinations of packaging. Producers are also obliged to indicate, for packaging identification and classification purposes, the nature of the packaging materials used, based on Commission Decision 97/129/EC. Although the Ministry of Ecological Transition and the Ministry of Health have recognised medical device packaging as exempt from environmental labelling requirements, parent company El.En. and its subsidiary Deka Mela S.r.l. have decided to pursue environmental labelling requirements immediately in order to align with the European vision and carry forward their sustainability projects set out in the Plan. El.En. and Deka started the project last year, setting up the actions related to the pursuit of compliance with the regulatory requirements for the environmental labelling of packaging. After taking a census of the packaging materials used and those coded in the product folders for all systems, packaging material suppliers were asked to identify within a database, the material of which the packaging was made. During 2024, the implementation work continued and was completed, with all labels being created and the information included in the labelling plans of all user manuals for both industrial and medical systems.

During 2024, the subsidiary Asa Laser also started and completed the project of implementing environmental labelling of packaging. In ASA beforehand, each type of packaging was associated with the disposal symbol, as per the EU decision. When the outer label is printed, a QR code is affixed to it, which links to a company web page where all the types of packaging used and their disposal symbols, including materials, are indicated. All the recipient of the packaging has to do is frame the QR-code to enter the page with the disposal instructions.

The actions just described contribute to the achievement of the commitments contained in the Environmental Policy, which calls for the progressive substitution of the use of virgin resources, with the consequent increase in the use of recycled resources and the use, especially on packaging and procurement, where possible, of renewable resources.

At present, no specific financial resources are allocated beyond those already earmarked within the framework of ordinary management activities.

E5-3 - Targets related to resource use and circular economy

The following is a brief description of the objectives set by the El.En. Group, all of which are voluntary in nature, related to the use of resources and the circular economy, and whose degree of prioritisation is defined by the order in which they are set out:

E5 - CIRCULAR ECONOMY				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
WASTE • Improve the treatment and recovery process of collected waste; • Increase information on the correct disposal of laser devices and device packaging.	• Increase the share of waste sent for recycling to at least 35% of the total waste sent for recovery; • Include more detailed information on the composition of system packaging in the manuals to facilitate proper disposal by customers. By the plan's end, review the manuals and include information on the composition of the packaging for at least 60% of systems sold.	2027 2027	In 2024, the share of waste intended for recycling is 29% of the total waste sent for recovery. El.En. has completed the project relating to the environmental labelling of packaging by including the information on the composition of the packaging in the manuals of both medical and industrial systems. Asa completed the project relating to the environmental labelling of packaging by including a QR code that links to a webpage which indicates the types of packaging used and the related disposal symbols, including materials.	Medical production companies
CIRCULAR ECONOMY • Promote circular economy studies and initiatives, both in-house and in collaboration with universities and research centres, to identify possible actions to reduce the organisation's environmental impact or to use raw or secondary materials with a lower environmental impact.	• Identify the activities that are eligible for the fourth objective of the European Taxonomy. • Monitor the packaging purchased by all Group companies, with specific focus on certifications and on the percentage of recycled material. Implement initiatives aiming to increase the percentage share of recycled material in the packaging, promoting sustainable practices all along the procurement chain, to guarantee that all Group companies use more sustainable packaging by the end of the Plan.	2024 2027	Completed the Gap Analysis to identify within the eligible activities the actions to be taken so that the activities can be, in the coming years, 'aligned' for the fourth "Circular Economy" objective of the European Taxonomy. El.En. and the subsidiaries Deka Mela, Esthelogue and Quanta System have launched the packaging composition monitoring project.	Group

The El.En. Group has identified specific objectives related to the use of resources and the circular economy, in line with its commitment to embark on a path towards more sustainable resource management and the reduction of environmental impact throughout the product life cycle. The targets are included in the Sustainability Plan 2023 - 2027 (with 2022 as the base year from which progress is measured) developed by the Sustainability Division, reviewed by the Control and Risk, Related Party Transactions and Sustainability Committee, and approved by the Management and Board of Directors of parent company El.En. S.p.A. These objectives were adopted by the Group in support of its Environmental Policy and in the areas of resource use and circular economy to address relevant impacts, risks and opportunities. In order to define the targets, which are not based on firm scientific data, an analysis of the waste produced was carried out to identify its composition and possible improvements, and monitoring of the percentage of recycled material in the packaging began. Significant assumptions concerned the availability of recycled materials and regulatory developments. The El.En. Group has identified as an objective related to the circular economy analysing the composition of packaging and increasing the percentage of recycled packaging by the end of the Plan. This objective is linked to the commitments adopted in the Environmental Policy to use means and materials that comply with current regulations and that are, where possible, low-consumption, low environmental impact and recyclable, to the commitment to promote policies that lead, where possible, to the gradual substitution of the use of virgin resources, with the consequent increase in both the use of recycled resources, especially on packaging and procurement, and of renewable resources; finally, a commitment to monitoring that its supply chain pursues a responsible use of natural resources, with objectives to reduce environmental impact or through defined improvement paths, providing products and adopting energy-efficient processes. Once the entire composition of the packaging is identified for each Group company, the objective will become to identify improvement actions to make packaging more sustainable, gradually increasing the percentage of recycled content or replacing certain materials, through collaboration with suppliers, to improve the recyclability of products by making packaging easily separable and therefore more recyclable and trying to use mono-materials as much as possible, and to demonstrate a commitment to sustainability by trying to source certified materials wherever possible to reduce the overall environmental impact.

The packaging monitoring objective also aims to align the Group's activities with Activity 5.3 - Circular Economy of the European Taxonomy, particularly with respect to the requirements for primary and secondary packaging. According to these criteria, the packaging must consist of at least 65% recycled material. In the case of paper or cardboard packaging, the remaining primary raw material must be certified by recognised systems such as the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification Schemes (PEFC). Plastic packaging must only be made from mono-materials without coatings and without the use of halogen-containing polymers. This monitoring therefore allows us to start a path towards alignment with the Taxonomy criteria, improving the sustainability and transparency of our supply chain.

The El.En. Group has identified as a waste-related goal to increase the share of waste sent for recycling out of the total waste sent for recovery, which this year stands at 29%.
This objective ties in with the commitments adopted in the Environmental Policy to promote a process so that waste from repair, upgrading and remanufacturing activities is, where possible, reused, recycled or disposed of: in the latter case according to the sorting and/or disposal procedure that follows the destination of the waste, in order to pursue a separate collection constantly attentive to the reuse and recycling of materials.

This goal is very important as achieving it means participating in increasing the rate of circular utilisation of materials, as more volumes sent for recycling mean more materials re-entering production cycles as secondary materials: this directly contributes to increasing the rate of circular utilisation by reducing dependence on virgin raw materials. In addition, the use of primary raw materials is reduced as the increased use of recycled materials makes it possible to reduce their purchase and extraction. Implementing efficient waste collection and treatment systems supports compliance with European waste regulations and demonstrates a concrete commitment to sustainability on the part of the Group. This objective in the waste hierarchy refers to the recycling phase.

A further waste-related objective is to include more detailed information on the composition of the systems' packaging for easier proper disposal by customers.
This objective goes hand in hand with the commitments adopted in the Policy to pursue a constant focus on the reuse and recycling of materials and to encourage an understanding of the environmental impact of products and services throughout their life cycle, with the aim of proposing increasingly environmentally friendly solutions to the market.

By the end of the plan, the goal is for medical manufacturing companies to include packaging composition information for at least 60% of the systems sold. For the time being, the goal has been achieved by El.En. S.p.A., Deka Mela S.r.l. and ASA Laser S.r.l. The El.En. Group wants to increase information on the end-of-life of packaging because providing detailed instructions for proper disposal helps to ensure that packaging can be easily recovered and recycled; detailing the disposal of packaging also helps to increase the recycling of materials, stimulating a higher percentage of recycled materials in production cycles and increasing the rate of circular use. In addition to improving recycling, packaging life-cycle optimisation practices help educate consumers to maximise packaging recovery and recycling, reducing environmental impact. This objective in the waste hierarchy refers to the disposal phase.

Within the objectives related to the circular economy, the El.En. Group also included the objective of identifying activities eligible for the fourth objective of the European Taxonomy (which concerns the circular economy); this objective was achieved by 2024 and in the coming years the Group will begin to implement the necessary actions so that the identified activities can be aligned with the requirements of the Taxonomy (and will include these objectives within the Plan).

In providing the target information, the following was taken into account: the production phase - increasing the use of recycled or easily recyclable materials to minimise environmental impact; the use phase - increasing reusable or environmentally friendly packaging and promoting proper use and disposal by consumers; the end-of-life phase - encouraging recycling and reducing the share of waste going to disposal.
Please note that last year, in the Sustainability Plan 2023 – 2027, a target of maintaining the share of waste sent for recovery between 80% and 95% was included in the “waste” section, but this target was removed: the Board of Directors

approved the changes reported in the Sustainability Plan. The reason for the elimination of the target lies in the fact that, in some fiscal years, contingencies may occur that could cause the reported percentages to fluctuate without the Group's waste management activities having ceased. We therefore considered it significant to focus on the objective of increasing the percentage of recycled waste out of total recovered waste, described above.
Please note that within the 2023 – 2027 Sustainability Plan, in the “circular economy” section, the objective related to monitoring the composition of packaging and increasing the percentage of recycled material within it has been added; the Board of Directors approved the changes reported in the Sustainability Plan. The target was added as we undertook packaging monitoring (presence of recycled materials, % recycled, presence of certifications) for some Group companies in 2024. As a matter of fact, achieving at least 65% recycled packaging is one of the requirements to align the activities identified as 'Spare parts activities' (EC 5.2) and 'Sale of second-hand goods' (EC 5.4). Since the activity has started and will continue in the coming years, we decided to add it to our agenda.

It should be noted that stakeholders were not involved in the definition of the objectives. In providing target information, the production, use and end-of-life phase of the product was taken into account. For the remaining objectives, there were no changes in objectives and metrics or methodologies for measuring objectives, nor significant assumptions, limitations, sources and processes for data collection within the defined time horizon. Performance against targets communicated in the previous reporting period, including information on how targets were monitored and reviewed and the metrics used, and on progress, is in line with what was initially planned.

E5-4 - Resource inflows

The Group includes manufacturing companies serving the medical and industrial sectors and trading companies for the medical and industrial markets. The specifications of the components of our systems are set by our technical departments and, depending on our stringent requirements, the components can be produced in-house, manufactured to our specifications by qualified external suppliers or purchased from a catalogue. The simplest stages of component assembly and processing can be carried out either in-house or externally by relying on third-party companies. The Group's own supplies mainly concern components and accessories for production (technical accessories, critical components, industrial accessories, etc.); other purchase categories may include office products, software and IT products, and shipping packaging.

Regarding the materials used, organic materials come exclusively from the “packaging” category and refer to wooden crates. The latter represented only 5% of the Group's total procurement weight, totalling 472 tonnes for the reporting period.

For the calculation, we divided the resource inflows of the different subsidiaries into three groups: reporting of procurement in 100 per cent kg, reporting of procurement in 100 per cent currency, and reporting of procurement in both kg and currency.

For the companies that had expressed supply in kg, no processing was necessary. For companies that reported supplies in both kg and currency, total kg were estimated based on available kg, multiplied by the ratio of total supply expenditure to available kg expenditure. Finally, for the companies that expressed their procurement in currency, an average weight in kg/USD was used from the group average for each procurement category (raw materials, packaging, chemicals, gases). To date, the Group has not gathered evidence that biological materials with a certified sustainable supply chain are present and that no reused or recycled secondary components or secondary intermediate materials are used.

	Tonnes	**%**
Technical Products and Materials	9.658	95%
Biological products and materials	472	5%
TOTAL	**10.130**	

E5-5 - Resource outflows

The Group's systems are designed for high durability, facilitating the repair and replacement of components to extend their life cycle. The durability, reusability, reparability and reconditioning of our products are supported by the service department, which works daily to ensure the longevity of the products and simplify their maintenance and reuse. Packaging is also designed to minimise clutter and reduce the use of materials, favouring cardboard and wood solutions, which are easily recyclable and come from responsible sources. The assumption is that the use of cardboard and wood reduces environmental impact compared to plastic alternatives, based on market and LCA data.

The company is committed to identifying strategies to reduce the environmental impact of its operations and favouring, where possible, the use of raw and secondary materials with a lower environmental impact. We continuously support Research and Development to ensure constant technological innovation in our products, improving existing ones, expanding their applications, and providing technologically advanced solutions in all areas of use. The Group is committed to investing annually in research and development to advance scientific knowledge and improve the performance of its products.

In the industrial sector, work performed with the Group's laser systems is highly significant in terms of reducing environmental impact due to a series of features that allow minimising waste, not generating fumes containing chemical additives and eliminating the use of glues, inks or solvents within the production processes. Machining performed with laser cutting systems instantly vaporise the material on which they act, making clean cuts in the material without producing swarf or other processing waste, while the marking systems allow for perforations or selective removal of thickness, reducing waste. In the field of conservation for the restoration of works of art, the Group's lasers enable effective conservation processes that respect artistic artefacts, reduce the use of chemicals and ensure higher operator safety.

The average lifetime of our laser devices is set between 5 years and 10 years, in line with the industry average for laser devices. These estimates were determined by taking into account the following factors: component specifications and historical data, post-production data on similar devices, including the history of known failures and servicing performed, available literature on similar products on the market, and sales and marketing evaluations. Associated with the sale of systems are also the after-sales service activities, indispensable support for the installation and maintenance of laser systems, for the management of spare parts, consumables and for technical assistance. Currently, the Group does not have an established scoring system for the reparability of products. However, the design of our products follows principles of durability and ease of repair, supported by our service department, which guarantees service and reconditioning to extend their life cycle.
The El.En Group conducted its Scope 3 value chain emissions analysis, including the stages of the value chain that are indirectly influenced by its activities, including the procurement of materials and packaging used for the manufacture and distribution of laser products. 2024 was the first year in which we started reporting on indirect emissions, and from next year we will identify actions to be taken in order to reduce the environmental impact of our products and packaging, thus promoting sustainability. The recyclable content rate of products and packaging is zero. In 2024, the Group produced 837 tonnes of waste, of which 593 tonnes (71%) was non-hazardous waste diverted from disposal and 235 tonnes (28%) was non-hazardous waste sent for disposal, making a total of 828 tonnes (99%). All companies also use external companies for the collection and/or disposal service, and data are obtained directly from the waste forms or invoices of external companies performing the collection service; municipal pick-up and collection services are also used, especially for undifferentiated waste, organic waste and paper from offices. Waste disposed of with state agencies, which accounts for a very marginal share, is not included in the scope of the reported data.

	2023	2024
	KG	**KG**
Waste generated	**826.916**	**836.932**
Hazardous waste diverted from disposal	**14.911**	**5.875**
Hazardous waste diverted from disposal due to preparation for reuse	0	0
Hazardous waste diverted from disposal due to recycling	932	1.556
Hazardous waste diverted from disposal due to other recovery operations	13.979	4.319
Non-hazardous waste diverted from disposal	**700.917**	**593.269**
Non-hazardous waste diverted from disposal due to preparation for reuse	0	0
Non-hazardous waste diverted from disposal due to recycling	200.424	169.619
Non-hazardous waste diverted from disposal due to other recovery operations	500.493	423.650
Hazardous waste directed to disposal	**2.755**	**2.745**
Hazardous waste directed to disposal by incineration	0	798
Hazardous waste directed to disposal by landfilling	780	260
Hazardous waste directed to disposal by other disposal operations	1.995	1.687
Non-hazardous waste directed to disposal	**108.313**	**235.043**
Non-hazardous waste directed to disposal by incineration	0	192
Non-hazardous waste directed to disposal by landfilling	1.195	77.476
Non-hazardous waste directed to disposal by other disposal operations	107.118	157.375
Non-recycled waste	**625.560**	**665.757**
Percentage of non-recycled waste	**76%**	**80%**

Waste streams relevant to the production, distribution and sale of laser systems generally include waste materials such as metals and plastics, chemicals, plastic and cardboard packaging, batteries, electronic components, etc. The El.En. Group's non-hazardous waste comprises 42% mixed packaging, 17% mixed metals and the remainder mainly paper and cardboard packaging (7%), iron and steel (7%) and septic tank sludge (5%). Hazardous waste accounts for a marginal part and mostly consists of packaging, absorbents or filter materials containing residues of substances, exhausted solvents and disused equipment.

In 2024, hazardous waste produced by the Group amounted to 8.6 tonnes, i.e. 1% of the total waste, of which 5.9 tonnes (68.6%) was diverted for disposal and 2.7 tonnes (31.8%) was sent for disposal. The dismantling of an asbestos roof has been completed at the Calenzano site, a significant step towards safety and environmental protection. Furthermore, it is specified that the Group did not produce any waste of a radioactive nature.

3. SOCIAL INFORMATION

S.1 Own workforce

SBM-2 - Interests and views of stakeholders

For this disclosure, please refer to section SBM-2 “Interests and views of Stakeholders” within the “General Information” section.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities related to the own workforce, please refer to section SBM-3 of the 'General Information' section. With specific reference to ESRS S1, the El.En. Group's double materiality analysis identified some relevant impacts that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

S1-1 - Policies related to own workforce

The El.En. Group's policies address, manage and remedy the significant workforce impacts identified in the double materiality assessment, while no significant risks or opportunities were identified. The policies in question are the Code of Ethics, the Diversity Policy and the Human Rights Policy, which refer to the workforce as a whole. Human resources represent an indispensable element for the existence and development of the Group, which considers the professionalism and commitment of its employees and other collaborators as essential values for the achievement of its objectives.

The Code of Ethics, adopted by the Group since 2008, talks about social responsibility towards society and the environment and defines the corporate culture and values in which the Group has always believed, recognises itself and wants to share both internally and externally. The Code of Ethics, approved by the El.En. Board of Directors, which is responsible for monitoring and implementing the Code, has been implemented by all subsidiaries, translated into local languages if necessary, and disseminated to all employees. In this document, the Group expresses the principles of corporate ethics that must characterise every moment of the production process and must be constantly observed in relations of connection, collaboration and business relations. The Code also contains the rules of conduct aimed at preventing the commission of offences and all behaviour in conflict with the Group's values. The Code is an essential and functional element of all the Group's activities: the principles and rules it contains supplement the legislative, regulatory, statutory and contractual provisions governing the functioning of the corporate boards and the rights and duties of the addressees of the Code. The Code of Ethics is delivered to all new employees and is always available on the shared folders of the various companies; in some subsidiaries, a small training is carried out for new employees.

Within the Code of Ethics, there is a whole paragraph devoted to 'Human Resources' that defines:

- Protection of human resources: The Group respects and protects the dignity, health, safety and privacy of its employees and other collaborators. The Group protects, in particular, the physical and moral integrity of its employees and other Collaborators, ensuring working conditions that respect individual dignity, in compliance with current legislation on workers’ health and safety.
- Impartiality and equal opportunities: one of the fundamental principles for creating a positive working environment is the way in which all those who work in and with the Group collaborate. The Group is committed to ensuring a positive, constructive and dynamic working environment that supports the diversity of people and their talents, opinions and views, guaranteeing equal opportunities for all based on the principles of impartiality. The Group undertakes to avoid any form of discrimination that is based on ethnicity, skin colour, sex, sexual orientation,

gender identity, disability, age, one's language, religion, political or philosophical opinions, national ancestry or social background, affiliation with political associations or trade unions as well as any other form of discrimination covered by EU and national law. The Group is also committed to avoiding and condemning any form of verbal or sexual harassment and gender-based violence in the workplace, as this represents a very serious violation of personal rights. These principles are, of course, also present in the Diversity Policy, which takes the contents of the Code of Ethics and expands on them by deepening specific aspects related to the inclusion and enhancement of diversity within the company and translating them into concrete actions and targeted strategies to promote a fair and inclusive working environment.

- Positive working environment: the Group is committed to ensuring a positive and productive working environment for all collaborators, guaranteeing fair treatment of all employees and other collaborators with equal dignity and respect.
- Practices for a healthy and safe environment: the Group is committed to providing a healthy and safe working environment that respects the environment and complies with all regulations for the protection of worker safety and the environment, for the prevention and management of accidents at work;
- Selection of employees and other collaborators: the staff to be recruited is assessed based on whether the candidates' profiles match those expected and the company's needs, while respecting equal opportunities for all concerned.
- Relationships with employees and other collaborators: the Group shall ensure that no conduct aimed at inducing or coercing, directly or indirectly, employees and other collaborators to behave in a manner contrary to the provisions of the law, the articles of association, the Code of Ethics or company procedures is adopted. The Group protects and promotes the training of its employees and other collaborators in order to enrich their experience and professional and cultural heritage.

The Diversity Policy, approved by the El.En. Board of Directors, which is responsible for the monitoring and implementation of this policy, has been transposed by all subsidiaries, translated if necessary into local languages and disseminated to all employees as well as made available on the notice boards or public folders of each company. Within the document, the Group commits to: maintain gender equality in staff selection and development processes; remove the causes that generate unequal treatment with regard to the definition of organisational roles and their assignment; create professional contexts that promote the exchange of skills and experience; promote work-life balance, through the development of mobility and flexibility programmes and initiatives; promote diversity and inclusion through the inclusion of differently-abled resources in the company; continue to implement innovative welfare solutions compared to traditional ones and monitor the projects implemented; promote training for all employees, with both refresher courses and courses dedicated to specific topics, in order to enhance the knowledge and specialisation of each resource within the organisation; promote a training programme on diversity and equal opportunities that reaches the majority of the company population. All these actions make it possible to avoid, mitigate and address incidents of discrimination, as well as support diversity and inclusiveness.

The Group, through its Human Rights Policy, expects all its collaborators, suppliers and business partners to abide by its rules, commitments and principles and to work according to the highest ethical standards and in compliance with all applicable laws. The Policy, approved by the Board of Directors of El.En., which is responsible for the monitoring and implementation of this policy, has been transposed by all subsidiaries, translated if necessary into local languages, and disseminated to all employees, as well as made available on the notice boards or public folders of each company. In this Policy, the Group describes its human rights policy commitments that are relevant to its own workforce, including processes and mechanisms to verify compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. The disclosure focuses on the relevant issues and general approach in relation to the following aspects: employee involvement, own measures to remedy and/or enable remedy of human rights impacts. The Group requires its collaborators, suppliers and business partners to undertake to condemn all forms and types of child labour and not to use or support child labour in any way, to condemn all forms of forced labour and condemn human trafficking, not to use or support forms of discrimination based on gender, age, sexual orientation religion, social origin or any other condition that could give rise to discrimination in hiring, remuneration, access to training, promotion or termination of employment, and adopt any form of protection of human resources, respect any form of association or collective bargaining, comply with the laws in force on remuneration, benefits, working hours and overtime. With the aim of checking for compliance with the principles to which the group adheres, a due diligence process on suppliers and agents has been approved and will enter into force, while for the involvement of workers, reference is made to the measures already in place (regular meetings with workers' representatives, meetings with trade union representatives, etc.).
The disclosure deals with relevant issues, outlining the Group's approach to respecting human rights, including labour and workers' own rights. To further strengthen its oversight on these issues, the El.En. Group has assigned responsibility

for analysing impacts and risks on Human Rights to the Control and Risk, Related Party Transactions and Sustainability Committee: a dedicated annual budget has been assigned to this Committee to allow for adequate oversight processes for this activity. The Committee also has the task of reviewing the Human Rights Policy and submitting, after consultation with the Sustainability Department, any updates and/or additions to the Board of Directors.
In all the Group's production companies, the issue of health and safety is managed and monitored through processes that, although not centralised and coordinated at Group level, ensure that in each *subsidiary* there are procedures related to the protection of workers' health and safety, worker training and the implementation of corrective and improvement actions. In Italian companies, the subject is regulated by It. Leg. D. 81/2008; likewise, the foreign production subsidiaries oversee health and safety in accordance with local regulations. The Group's Italian companies have also addressed the issue of Health and Safety within the framework of the Organisational model pursuant to It. Leg. D. 231/2001. The identification and allocation of health and safety responsibilities in the company offices, risk mapping and self-assessment as well as the preparation of training activities are planned. For the companies located in the Calenzano area, the central role of the HSE office in safety management has made a more coherent and uniform view of company policy towards this issue available over time. In all manufacturing companies, the process of identifying risks related to workers' health and safety is envisaged: in Italy, this activity is formalised in the Risk Assessment Documents (RAD); in Chinese companies, risks related to the workplace are formalised and communicated to workers through the “Worker's manual”; similarly, in German and Brazilian subsidiaries, risk analyses are formalised in dedicated documents that are periodically updated. Risk identification is subject to the subsequent identification and implementation of corrective and/or preventive actions.
During the year, the Group's Italian companies hold a periodic meeting in accordance with the provisions of Art. 35 of It. Leg. D. no. 81/08, attended by the Employer, the Company Physician, the RSPP (Health and Safety Officer) and the RLS (Workers' Safety Representatives) representing all workers. In line with a policy of maximum transparency, a member of the Supervisory Board and all persons within the corporate security organisation chart are also invited to attend the periodic meeting of the Parent Company.
In all manufacturing companies, offices and people responsible for health and safety are identified, and training and information sessions are provided for all employees regarding health and safety.
Given the nature of the production activity carried out, all companies have established safety procedures and provide for collective and individual protective equipment for artificial optical radiation risks. In particular, all production workers have personal protective equipment; in addition, in a different way, devices are provided for prevention or collective protection such as bulkheads, containment boxes and turnstiles to delimit the manufacturing areas. In non-manufacturing companies, the issue is also monitored through the collection and monitoring of accident-related data.

S1-2 - Processes for engaging with own workers and workers’ representatives about impacts

In relation to the impacts identified in the previous section, the Group adopts a structured approach to ensure the active involvement of workers and their representatives in decision-making processes and activities aimed at mitigating relevant, actual and potential impacts. Among the main tools for involvement are periodic meetings between management and workers' representatives; these meetings are a key moment for confrontation and discussion of issues related to working conditions, safety and the well-being of employees, as well as for gathering useful proposals and reports to improve the working environment. The frequency and structure of these meetings are defined according to operational needs and emerging issues, ensuring a continuous and constructive dialogue between the parties involved. The operational responsibility for ensuring that these activities are carried out correctly and that the results are integrated into the company's strategies lies with various high-level functions, depending on the subject matter. In some cases, it is the management itself that deals with involvement, while for health and safety issues the task falls to the Safety Officer. For issues related to staff management and organisational well-being, the Human Resources Manager plays a key role, while the Sustainability Manager deals with sustainability aspects and environmental and social initiatives. Most of the subsidiaries have procedures in place for workers' complaints and have elected workers' safety representatives. During the year, the Group's Italian companies hold a periodic meeting in accordance with the provisions of Article 35 of It. Leg. D. no. 81/08, attended by the Employer, the Company Physician, the RSPP (Health and Safety Officer) and the RLS (Workers' Safety Representatives) representing all workers. There is no global framework agreement or other agreements between the company and workers' representatives in relation to respecting the human rights of the company's own workforce, but the Group concludes agreements with workers' representatives in individual countries. In line with a policy of maximum transparency, a member of the Supervisory Board and all persons within the corporate security organisation chart are also invited to attend the periodic meeting of the Parent Company.

The following topics are discussed at the meeting: an update on any changes made to the risk assessment document; an assessment of the trend in accidents, occupational illnesses and health surveillance; the criteria for the selection, technical characteristics and effectiveness of any personal protective equipment added or modified; information and safety training programmes for managers, supervisors and workers. During each meeting, a new improvement plan is also presented, describing all objectives that the Prevention and Protection Service aims to achieve for the following year. The company ensures the involvement of its workforce and their representatives through a structured and differentiated approach, depending on the subject matter and the methodology for collecting feedback. Discussion takes place both directly with the workers and through their representatives. Planned meetings with employee representatives are a key moment to address mainly health and safety issues, while regular meetings with trade union representatives allow for the discussion of broader issues related to working conditions and employee welfare.

A further tool is questionnaires and surveys, which are administered to collect structured feedback on specific topics. In particular, these tools are used to monitor health and safety aspects, assess the effectiveness of internal initiatives such as training courses or team-building activities and collect opinions on any critical issues or improvements to be made. In addition, regular departmental meetings are organised, during which workers can directly propose improvement initiatives, report any operational problems and actively contribute to the development of concrete solutions. This approach makes engagement more targeted and effective, responding to employees' needs in a timely manner. The Group attaches great importance to theanalysis of reports and *feedback*, considering them essential tools for identifying the main areas for improvement. To assess theeffectiveness of involvement, the company carefully monitors the *feedback* received, analyses the results of the questionnaires and checks the tangible outcomes of the initiatives undertaken. This process makes it possible to measure the impact of the actions taken and to identify possible areas for improvement, with the aim of ensuring increasingly effective involvement and continuous improvement of working conditions and corporate welfare. Then there are the training courses dedicated to fundamental topics such as Model 231 (for Italian companies that have adopted it), Anti-Corruption policies (training is carried out every two years), the Code of Ethics (distributed to all employees), Human Rights policies, the Environmental Policy and the Diversity Policy (training was carried out in 2023 and will be carried out in 2025). These training courses not only foster an understanding of the company's values, but also enable workers to internalise the actions taken by the company to respond to the impacts, risks and opportunities identified in the double materiality analysis. Moreover, such initiatives help to publicise the measures taken to better understand the perspectives of workers who may be particularly vulnerable, ensuring a more inclusive and aware work environment.

In parallel, the Group promotes the active involvement of employees through theidentification of sustainability goals in the departments most directly involved. This approach provides an understanding of how corporate strategy is geared towards sustainable growth, integrating multiple aspects in addition to the economic one, including environmental protection, social welfare and responsible governance. By involving employees in setting and monitoring these goals, the Group wants to strengthen the sense of ownership and make all workers an active part of the journey towards a more sustainable future. Through these tools of involvement, the El.En. Group therefore wants to promote a participative and transparent working environment, where workers have the opportunity to express their opinions and actively contribute to the continuous improvement of the organisation. At the end of 2024, the Head of Sustainability held a meeting with employee representatives to share the issues raised in the double materiality analysis, including respect for human rights, thereby strengthening the understanding of the perspectives of the workforce. These moments of sharing make it possible to define clear mechanisms for listening and responding to employees' needs, ensuring that their demands are taken into account in the formulation of company policies. The Group is committed to establishing dialogue relationships with its employees in order to reconcile people's needs with company requirements. This commitment is also reflected in the number of permanent hires and the management of different categories of contracts. Please refer to the following paragraphs for a more in-depth discussion of these issues.

Currently, there is no dedicated process to gather the perspectives of the most vulnerable workers (e.g. women, migrants, people with disabilities). However, they can express their concerns through the same channels available to all employees, as reported in this section.

S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns

Consistent with the commitments undertaken within the Workforce Policies described in the previous paragraphs, aimed at avoiding potential negative impacts on its people, the El.En. Group makes available, through the Whistleblowing Procedure, a specific whistleblowing channel that allows all *stakeholders*employees, to make reports concerning, for example, episodes of discrimination, diversity, violation of human rights and inclusion in general. Within the procedure, the process used to remedy, or help remedy, where a negative impact has been caused is described. It is reported that no reports have ever been received and therefore no remedial plans have ever been put in place. Starting from 2023, El.En. set up a reporting channel for violations managed by its Supervisory Board and devoted a section on the company's website for the issue of reporting. The Whistleblowing Procedure of El.En., approved by the Board of Directors and therefore available on the website www.elengroup.com in the Governance/ Whistleblowing section, regulates the operating procedures for making and transmitting reports, the relative reception, analysis and processing process, and provides indications on the forms of protection provided by the Company in compliance with the laws in force, and regulates the activities carried out by the person receiving and managing the report in order to ascertain the validity and grounding of the reports and to take, if necessary, the appropriate corrective and disciplinary actions. It also ensures that these channels, made available by the company, are effectively available and accessible to employees within their working environment.

All El.En. Group Policies, including the Code of Ethics, refer to the 'Whistleblowing Procedure' for the submission of reports and the procedure for handling them. El.En. has procedures in place to expeditiously, independently and objectively investigate incidents concerning the company's conduct, including cases of active and passive corruption. El.En. Group guarantees the confidentiality of sources and information that comes into its possession, without prejudice to legal obligations. The Group does not tolerate any form of retaliation against anyone who makes a report in good faith, nor against anyone who has refused to carry out actions contrary to this document, even if there have been negative consequences for the business as a result of such a refusal. Therefore, any employee, collaborator or stakeholder who becomes aware of a suspected or known violation of the Policies or laws in question must immediately report it, even anonymously, through the channels indicated in the Whistleblowing Procedure. In Italy, Group companies organise regular meetings with workers' representatives based on legal and industry regulations, to enable them to represent the interests and needs of workers. The Group considers that workers are aware of the existence of these communication channels, to communicate concerns or needs, as the procedure is published on the company website and is accessible to all. Within these procedures, the Group has policies in place to protect persons using these structures or processes, including employee representatives, from retaliation.

S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The El.En. Group recognises the importance of responsible workforce management, adopting a structured approach to address relevant impacts; no relevant workforce-related risks and opportunities were identified in the double materiality analysis.

For the management of relevant impacts, the company allocates specific resources in terms of budget or tools, including dedicated professionals such as HR managers, workers' representatives, etc. monitoring tools such as *surveys* internal surveys or analysis of *turnover* and corporate welfare and continuous dialogue mechanisms such as regular meetings with workers' representatives. The approach adopted ensures that relevant issues are constantly monitored, ensuring that any critical issues are addressed in a timely and effective manner. The double materiality analysis did not reveal any relevant risks or opportunities in relation to the workforce. As far as negative impacts are concerned, we have implemented targeted actions to improve working conditions, promote the safety and well-being of employees, and strengthen inclusion and equal opportunity policies, which are reported in the Sustainability Plan and have as their maximum time horizon the conclusion of the Plan. In particular, we have introduced safety training programmes and work-life balance initiatives, such as flexible working hours and *smart working*. Actions to mitigate the negative impacts on the workforce were assessed through a process that mainly focused on listening to the workforce: the Group identified and assessed the extent of the impact through monitoring tools, such as internal *surveys*, worker reports and analysis of staff data. Subsequently, the most appropriate measures were identified and implemented, selected above all based on their ability to respond in a proportionate and targeted manner to the problem encountered.

At the same time, we have worked to enhance the positive impacts of our activities by encouraging professional growth through skills development and upgrading. The adoption of mentorship programmes and the strengthening of the corporate culture through workshops and team-building have helped to improve staff satisfaction and productivity. Finally, we actively seize opportunities for innovation in work, through the digitisation of internal processes and the promotion of more agile and inclusive organisational models. We remain committed to constantly improving working conditions, enhancing human capital and creating an increasingly sustainable and inclusive working environment.

The effectiveness of these actions is monitored over time through employee *feedback* and regular review of well-being and satisfaction indicators, ensuring continuous improvement of working conditions. The actions implemented to mitigate the negative impacts on the workforce are supported by the resources already foreseen in the company budgets. At present, no specific financial resources are allocated beyond those already earmarked under the ordinary activities of human resources management and organisational welfare. Likewise, no additional financial resources are foreseen for the future beyond those already included in the corporate spending plans.

The negative impacts that were detected within the double materiality analysis, which are assessed and managed within the Group Policies, are:

- The corporate activities may entail an impact on the health and safety of the companies' employees because they expose them to various risk related to the performance of their tasks (e.g., physical risks, risk related to ergonomics, etc.). Numerous daily activities are carried out by all Group companies, which are committed to ensuring a healthy and safe working environment that complies with regulations in the area of worker safety and the environment. The aim is to spread and develop awareness among people of the risks associated with their work activities and to promote responsible behaviour by all workers, with targeted programmes and training aimed at preventing potential personal injury. Please refer to section S1 - 14 of this document for further details on occupational health and safety activities.

- In order to try to remain competitive in the market compared to other organisations in developing countries, the Group may seek to reduce staff expenses, increase working hours and fail to take care of the working environment, leading to a failure to comply with appropriate labour standards; to mitigate these risks, the El.En. Group has adopted and disseminated the Code of Ethics, the Policy on Respect for Human Rights and the Policy on Diversity, approved by all Group companies and distributed to all employees. Key actions include complying with and monitoring international labour standards required by the Policy, implementing corporate welfare practices for the well-being of employees within each subsidiary, and promoting a corporate culture based on fairness and safety. Furthermore, investment in training and innovation allows productivity to be improved without resorting to cost-cutting strategies that compromise respect for workers' rights.
- Inefficient *compensation* and *benefits* management (e.g. non-competitive salary policies, unclear or inconsistent performance appraisal systems, benefit offers not aligned with employees' needs) could lead to negative consequences on employee satisfaction, with possible repercussions on *talent retention*; to mitigate the risks associated with inefficient *compensation and benefits* management, Group companies adopt strategies aimed at ensuring fairness and competitiveness. The actions carried out, which are managed unevenly by the various Group companies, include comparing their salaries to check that they are in line with market standards, implementing performance appraisal systems even if they are not formalised, and offering *benefits* tailored to the real needs of employees, such as work flexibility, welfare support and professional development plans. Such strategies foster talent engagement and retention, curbing the risk of turnover and dissatisfaction.

- The skills required to perform certain types of work mean that the organisation strives to create an inclusive environment that can make the best use of employee diversity. The staff recruitment and management procedures adopted by the Group rather than the geographical location of certain subsidiaries may disadvantage certain categories of people, generating a negative impact in terms of inclusion and equal opportunities for employees. In order to promote an inclusive environment and enhance diversity, the Group approved and disseminated first the Code of Ethics and then the Diversity Policy, which requires a commitment that all Group companies implement recruitment and staff management policies based on fairness and transparency, as well as awareness and training programmes on diversity and inclusion among their employees. During the year, some subsidiaries held meetings, promoted shows or moments of reflection on issues related to respect for diversity and inclusion. For more details, please refer to "S1-9 diversity metrics" and "S3-4 actions on relevant impacts on affected communities and approaches to manage relevant risks and achieve relevant opportunities for affected communities, as well as effectiveness of such actions".
- Failure to protect the rights of workers (in relation to topics such as forced labour, child labour and the respect of human rights) could lead to employee dissatisfaction with the risk of protest, such as strikes or demonstrations. To protect workers' rights and prevent potential protests, the Group ensures compliance with applicable regulations, encourages dialogue with employees through regular meetings, and takes measures and establishes whistleblowing channels to prevent discrimination and injustice.
- The nature of El.En. Group's business requires the presence in the company of highly specialised professionals who are up-to-date on the latest regulations. A deficiency in the ability to train adequate professional profiles and to keep them in the organisation could have negative consequences also on the quality and safety of the Group's products. To meet the need for highly specialised figures, the Group invests in continuous training programmes and collaborations with research institutes, thus ensuring high standards of quality and safety in production processes. For more on these issues, see "S1-13 training and skills development metrics" and "S3-4 actions on relevant impacts on affected communities and approaches to manage relevant risks and achieve relevant opportunities for affected communities, as well as effectiveness of such actions".

The positive impacts that were found within the double materiality analysis and that the Group's policies seek to improve and increase are:

- El.En. Group guarantees its employees personal and professional growth on all levels thanks to continuous training, so as to boost and improve staff skills, respond efficiently to the market's demands and allow the organisation to grow, generating value for all stakeholders;
- The Group may participate in the creation of specialisation pathways and professional profiles in line with the needs of the area in which its companies are established;
- The organisation of specific training pathways for the creation of the skills required by the sector could lead the Group to contribute to the development of the local area and to be able to use professional profiles that are in line with the requirements of its supply chain;
- The Group's business activities involve the creation of jobs along the entire value chain, generating a positive impact for the communities in which the Group is active and contributing to their economic and social development.

In order to maximise these opportunities, all Group companies are committed to ensuring employees' personal and professional growth through continuous training programmes aimed at strengthening skills and responding effectively to market needs, while fostering organisational development. Many companies actively participate in the creation of specialisation pathways and the definition of professional profiles in line with local needs, collaborating with educational institutions and local realities because they perceive the mutual benefit to be gained from such exchanges. The Group is increasingly active in organising targeted training courses to develop the skills required by the sector, thus contributing to the growth of specialised figures within its territory and the availability of qualified resources for the production chain. The Group is aware that through its business activities it generates employment opportunities along the entire value chain, creating a positive impact for local communities, and therefore engages even more actively in such activities. The Group ensures that its practices do not cause or contribute to negative impacts on its own workforce through the application of the Corporate Policies for which see section S1.1 and through constant monitoring and integration of ESG principles into business processes. In particular, for procurement practices, the Group has implemented a due diligence procedure for suppliers and agents, assessing compliance with ethical and social standards. For sales and use of data, measures are taken to ensure responsible business practices and the protection of privacy.

Initiatives aimed at employees during 2024 include the following activities:

In addition to standard training, the El.En. Group proposed the 'Leadership & Managerial Empowerment' course for some Italian subsidiaries: a training course aimed at a group of selected employees within the parent company and some Italian subsidiaries, in cooperation with POLIMI Graduate School of Management. The project stemmed from the company's desire to invest in the professional and personal development of its managers by offering a stimulating training experience that not only deepened and consolidated leadership skills but also created cross-functional and inter-company synergies.

It should be noted that during 2024 the subsidiary ASA developed a prevention project through physiotherapy for its employees, held by Fisiolab 8.14 and developed through the following professional services: a screening for each employee to assess wellness status; four preventive physiotherapy sessions and a final follow up meeting on the person's wellness status.

Foosball Tournament: in June 2024, after the event held in 2023, the second Foosball tournament was organized at the Calenzano Hub, with the presence of the national president of the Foosball Federation, and the Italian National Team that ranked fourth at the 2022 World Championships. The Italian Football Table League provided its professional foosball tables for the occasion and referees ensured that the rules were respected in every competition. The tournament, which saw the participation of hundreds of players from the Group's various companies, was a major moment of aggregation.

During 2024, Quanta System launched an awareness-raising campaign on inclusive language issues in cooperation with professionals from the Dragonfly Association. The course was structured in three meetings and involved the entire company population. Topics covered included: unconscious bias and stereotypes, inclusive language and micro-aggressions, allyship and speaking up. The outcome of the Dragonfly course, which involved all employees, was the collection of feedback on the course and the proposal of new suggestions for actions and behaviour within the company. From this collection of suggestions, the “Manifesto of Quanta System Behaviours” will be drawn up, the principles of which will be included in Performance Management.

In addition, during 2024, in order to support prevention in health matters, the company organised three meetings with the Veronesi Foundation where topics related to food prevention, skin and breast cancer prevention were discussed. In addition, for STEM Women's Day, a post-interview with a female colleague, realised by the company's communication department, was disseminated in Quanta System to support and share how women in STEM contribute to success on a daily basis.
To mark 25 November, the International Day for the Elimination of Violence against Women, a 'Cineforum' was organised in which a film on the theme of violence against women was shared, followed by a debate on the topics.

The time horizons within which the Group intends to complete each of the above actions are defined in line with the duration of the Sustainability Plan; some actions are then planned on an annual basis, ensuring constant monitoring and alignment with the company's strategic objectives. At present, no specific financial resources are allocated beyond those already earmarked within the framework of ordinary management activities.

S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1 - OWN WORKFORCE				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
WELFARE, DIVERSITY AND EQUAL OPPORTUNITIES • Develop innovative welfare policies; • Promote equal opportunities by developing an inclusive culture through training and awareness-raising initiatives on diversity and inclusion.	• Continue implementing innovative solutions compared to traditional ones and monitoring the projects implemented every year; • Promote a training programme on diversity and equal opportunities that reaches at least 75% of the corporate population; • Monitor the applications received, interviews and recruitment by gender.	2023-2027 2027 2027	At ASA Laser, a prevention project was carried out through physiotherapy offered to all employees. At Quanta System, an awareness-raising project was carried out for employees on the subject of inclusive language. The Cutlite Penta company renovated the canteen area at its plant to create a functional space for all its people to take their lunch break.	Group
HEALTH AND SAFETY • Improve occupational health and safety performance with a view to reduce accidents to protect the health of workers and the working environment; • Consolidate the plan of training and prevention activities, the updating of risk detection procedures and the use of protective PPE; • Continuous improvement of health and safety conditions for workers through the development of new initiatives.	On an annual basis, implement and monitor the training and prevention plan on occupational health and safety.	2023-2027 2023 2023-2027	4,157 hours of health and safety training delivered during 2024.	Group
TRAINING • Promote growth, training and enhance human capital; • Promote awareness of relevant sustainability parameters and responsible sourcing principles for the supply chain.	• Promote and implement annual training projects for the growth of people and the advancement of certain key figures within the organisation; • Within the annual training sessions, provide specific courses on: leadership, team management, El.En. Group policy, sustainability issues; • Training on the principles of responsible sourcing and monitoring of your Supply Chain.	2023-2027 2023-2027 2025	The Parent Company and some Italian subsidiaries conducted the Leadership & Managerial Empowerment course in cooperation with the POLIMI Graduate School of Management. The partnership with the high-level training programme Big Academy, dedicated to the development of managerial skills, continues in 2024. A total of 33.028 training hours delivered (technical, language, health and safety, quality training, training for executives and salespeople, training related to sustainability topics, etc.)	Group
SURVEY AND COMMUNICATION • Develop a working environment where people feel involved and motivated to build their professional future through the use of annual surveys.	• Ensure at the end of the Plan at least 70% participation in the Surveys with at least 80% of stakeholders expressing an overall positive opinion.	2027		Group
VARIABLE REMUNERATION MbO • Assignment of sustainability targets within the corporate variable remuneration system	• Allocation to at least 50% of staff (middle managers and executives) of a percentage of variable remuneration linked to sustainability targets; • Allocation to the top management of subsidiaries of a percentage of variable remuneration linked to sustainability targets.	2024 2025-2027	In 2024, at least 50% of El.En. staff (middle managers and executives) received a percentage of variable remuneration linked to sustainability targets. The project was launched for the subsidiaries by identifying the executives and middle managers to whom specific points for sustainability in the context of the subsidiaries' MbO will be assigned.	Group
HUMAN RIGHTS • Targeted training to disseminate a broad understanding of human rights principles and how they are universally applied	• Every two years carry out specific training on Respect for Human Rights for all the Group's companies; • Dissemination of the Code of Ethics to all new employees.	2024-2026 2023-2027	Dissemination of the Code of Ethics to all new employees.	Group

The time targets, approved by the Board of Directors within the Sustainability Plan and related to the topics of the own workforce are numerous, demonstrating that for the Group, people are the most important corporate asset. The reference year for targets requiring this is 2022, as progress monitoring started in 2023. The methodologies and significant assumptions used to define the objectives are not based on scientifically proven data. The ability to innovate and pursue excellence depends on the people and collaborators involved in all activities and is the result of the specialisation, skills and passion that characterise all the people working in the Group. The objectives are geared towards enhancing the positive impacts and reducing the negative impacts observed on their own workforce. The company adopts an approach based on measurable, results-oriented objectives, using them as a tool to guide its initiatives and monitor progress over time. The Group did not interact directly with employees or their representatives to set targets, but closely monitored needs and requirements based on feedback and reports received. The most suitable actions were then selected based on these observations and based on the real possibility of realising them, in order to achieve the set objectives. Data are not provided by third-party sources. The methods and assumptions used to define these objectives are not based on sound scientific data, but on an analysis of company performance and monitoring of detected KPIs, with which the effectiveness of actions to address the detected impacts, risks and opportunities for the own workforce is assessed. In the area of welfare, diversity and equal opportunities, the Group wants to continue to develop innovative welfare policies and promote equal opportunities. This (relative) objective is also reflected in the Diversity Policy, where the Group is committed to developing an inclusive culture in order to remain more competitive in the market compared to other organisations, especially for organisations operating in developing countries, and to increasingly increase the skills needed to perform certain types of work, which also implies that the organisation strives to create an inclusive environment that enhances the diversity of employees. To this end, the Group implements and reports on the welfare solutions implemented each year. By 2027, the Group intends to implement a training programme on diversity and equal opportunities to reach at least 75 per cent of the corporate population and to improve the monitoring of applications received, interviews and hires made. This objective is related to the requirements of the Diversity Policy on the promotion of training for all employees, with both refresher courses and courses dedicated to specific topics, in order to enhance the knowledge and specialisation of each resource within the organisation and the provision of a training programme on diversity and equal opportunities that reaches the majority of the company population.

In the area of health and safety, the El.En. Group wants to maintain its high performance in protecting the health of workers and the work environment, consolidating its plan of training and prevention activities, updating risk detection procedures and the use of protective PPE, and promoting awareness campaigns on prevention and the physical and mental health of workers through the development of new initiatives. An annual occupational health and safety prevention and training plan is carried out and monitored for each Group company. These actions are aimed at reducing job-related risks (e.g. physical risks, ergonomic risks, etc.) and increasing awareness of the importance of one's physical and mental health both inside and outside work environments. This objective ties in with the requirements of the Human Rights Policy and the Code of Ethics, in which the Group is committed to ensuring a safe workplace by taking all appropriate measures to prevent accidents and injuries. For more details, see sections "8. Positive working environment" and 9. Practices for a healthy and safe environment" within the Human Rights Policy. Within the scope of such policy, the Group is committed to managing the hazards and risks associated with each task and activity, to providing competence and awareness of the risks associated with work environments and tasks to all staff through continuous training and information, to identifying the best PPE for each task, and to providing and training staff in its use. All work instructions and procedures relating to health and safety issues are periodically reviewed to make changes and improvements, to adopt rules of good practice in the management of contracts and sub-contracts, to reduce possible risks from interference and to always seek the best available technology for individual and collective protection. El.En. Group is committed to allocating adequate human and financial resources to the achievement of the goal of significantly reducing accidents and to the objective of constantly improving working conditions.

In the area of training, the Group's objectives are to promote the growth, training and development of its human capital and to promote awareness of relevant sustainability parameters and responsible sourcing principles for the supply chain. Each year, the promotion and implementation of annual training projects for the growth of people and the advancement of certain key figures within the various subsidiaries is monitored, the training programme of each subsidiary is monitored to check whether specific courses on leadership, team management, El.En. Group policy sustainability issues, etc. have been implemented, and, during 2024, given the introduction of the European CSRD regulation, which emphasises the principles of responsible sourcing and monitoring of one's own supply chain, an initial training on these issues was carried out for parent company El.En. and the subsidiary Deka Mela, which will continue in the coming years for the other Group companies. These activities are aimed at mitigating the possibility of a lack of highly specialised and up-to-date professionals in the company, and also the possibility of perceived shortcomings in the protection of workers' rights in the company that could generate dissatisfaction among employees. El.En. Group guarantees its employees personal and professional growth on all levels thanks to continuous training, so as to boost and improve staff skills, respond efficiently to the market's demands and allow the organisation to grow, generating value for all stakeholders. Through these objectives, the El.En. Group seeks to increase the positive impacts identified in the double materiality analysis, which concern the creation of specialisation or specific training paths to contribute to the development of the territory by increasing the skills required by the sector and at the same time having available profiles in line with the needs of its supply chain. As a matter of fact, the Group's business activities involve the creation of jobs along the entire value chain, and by pursuing these objectives, positive impacts are generated for the communities in which the Group's companies are active, contributing to their economic and social development. As part of its Diversity Policy, the Group is committed to promoting training for all employees, with both refresher courses and courses dedicated to specific topics, in order to enhance the knowledge and specialisation of each resource within the organisation.

In the area of remuneration, the objective was identified of assigning variable remuneration parameters linked to sustainability issues for executives and middle managers of the El.En. departments most directly affected by the proximity to these issues and, in the coming years, of assigning sustainability targets also to the top management of subsidiaries. The awarding of sustainability-related MBOs is an effective tool for integrating ESG principles into corporate strategy, orienting the entire organisation towards common goals. This fosters greater awareness and empowerment at all levels, reinforcing a commitment to more sustainable practices. This objective contributes to improving the corporate climate, fostering employee motivation and engagement, which are essential for the company's growth and competitiveness. This absolute goal is linked to the evolving context towards an increasingly sustainable business model; indeed, this initiative testifies to the integration of sustainability principles into the Group's corporate strategy, making sustainability not only a core value, but also a key element of our approach to performance and growth. With this measure, the Group intends to incentivise behaviour and concrete results that contribute to the improvement of our environmental, social and governance performance.

In the area of respect for human rights, in order to provide training aimed at disseminating a broad understanding of human rights principles and how they are universally applied within the Group, all new employees are provided with and in some cases a brief introduction to the Group Code of Ethics. The presence of the Code of Ethics and the Human Rights Policy is ensured on notice boards or in shared folders, so that a copy is always available to all employees. Since both the Code of Ethics and the Group Policies were reviewed, discussed and approved by the El.En. Board of Directors in the course of 2024 to align with the requirements of the European CSRD Regulation and the ESRS accounting standards, and subsequently transposed by the subsidiaries, translated if necessary into local languages and disseminated to all Group employees, it was decided to postpone the Human Rights training to 2025 so that the introductions made during the 2024 training would already be transposed. These actions serve to mitigate the possibility that a lack of protection of human rights may be perceived in the Group and along its supply chain and this lack may generate dissatisfaction among its employees. This target is linked to the El.En. Group's commitment in monitoring, applying and adhering to the Human Rights Policy and the Code of Ethics within its corporate boundaries, expecting all its collaborators, suppliers and commercial partners to abide by the rules, commitments and principles and to work in line with the highest ethical standards and in compliance with all applicable laws.

Finally, by the end of the Sustainability Plan, the organisation would like to carry out a Survey asking people to evaluate their working environment and whether they feel involved and motivated to build their professional future. At least 70% of all employees are hoped to participate, with at least 80% of them giving an overall positive opinion. The Group's Diversity Policy is committed to ensuring a positive and productive working environment for all collaborators, guaranteeing fair treatment with equal dignity and respect.

S1-6 - Characteristics of the undertaking's employees

As at 31 December 2024, the El.En. Group employed 2,080 people, compared to 2,084[4] last year. The El.En. Group's workforce therefore tends to be stationary. If we exclude the figures for the employees of the Chinese subsidiaries, we register a growth in the El.En. Group's workforce (+5%). We are an international Group called upon to work in very different contexts on the global stage. Ours is a multicultural team: out of 100 people in the El.En. Group 52 work in Italy, 33 in China, 11 in Germany and what remains is distributed among Japan, Brazil, France, Poland, Spain and the UK.

Gender	2023	2024
Male	1.595	1.577
Female	489	503
Other	0	0
Non reported	0	0
Total	**2084**	**2.080**

Year	2023				2024			
Gender	**Female**	**Male**	**Other**	**Not reported**	**Female**	**Male**	**Other**	**Not reported**
Italy	252	769	-	-	272	815	-	-
France	4	5	-	-	4	6	-	-
Germany	75	141	-	-	79	141	-	-
Spain	1	2	-	-	1	4	-	-
Poland	2	5	-	-	1	3	-	-
UK	1	2	-	-	1	3	-	-
Japan	25	21	-	-	17	20	-	-
China	124	632	-	-	123	567	-	-
Brasil	5	18	-	-	5	18	-	-
Total	**489**	**1.595**	**-**	**-**	**503**	**1.577**	**-**	**-**

The Group is committed to establishing dialogue relationships with its employees in order to reconcile people's needs with company requirements. This commitment is also reflected in the fact that 96% of the Group's employees are employed on a permanent basis, if we exclude the Chinese subsidiaries, where the labour market is much more dynamic and the tendency of people to constantly move from one region of the country to another in order to obtain a better standard of living means that there is a rapid turnover of employees. The percentage drops to 68% if Chinese employees are included. In addition, 96% of employees at Group level are employed on a full-time contract.

Gender	Female		Male		Other		Not reported		Total	
Year	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Number of employees	**489**	**503**	**1.595**	**1.577**	**-**	**-**	**-**	**-**	**2.084**	**2.080**
Number of permanent employees	367	381	959	1.023	-	-	-	-	1.326	1.404
Number of temporary employees	122	122	636	554	-	-	-	-	758	676
Number of non-guaranteed hours employees	-	-	-	-	-	-	-	-	-	-
Gender	**Female**		**Male**		**Other**		**Not reported**		**Total**	
Year	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Number of employees	**489**	**503**	**1.595**	**1.577**	**-**	**-**	**-**	**-**	**2.084**	**2.080**
Number of full-time employees	422	436	1575	1.562	-	-	-	-	1.997	1.998
Number of part-time employees	67	67	20	15	-	-	-	-	87	82

[4] The number of employees as at 31.12.2023 was updated to 2,084 and the adjustment of two employees concerns the company Asclepion.

The number of employees who left the company during the reporting period was 418, which drops to 123 if Chinese subsidiaries are excluded. The turnover rate[5] decreased from last year to 20%, compared to 27% in 2023. If we exclude figures for employees of Chinese subsidiaries, the turnover rate drops to 9%.

All Group workforce figures are shown in HeadCount (HC) at the end of the reporting period, i.e. 31 December 2024.

During the fiscal year, we had 414 new hires (168 people under 30, 227 people in the 30-50 age group and 19 people over 50) and 418 departures (118 people under 30, 269 people in the 30-50 age group and 31 people over 50). If we strip the figure from the entries and departures of the Chinese subsidiaries, the hires are 185 and the layoffs 123. The fluctuations recorded during the year are therefore highly influenced by the Chinese subsidiaries, where the labour market is an extremely complex and dynamic environment, influenced by various economic, social and political factors that drive people to continuously move from one region of the country to another in search of a better standard of living, resulting in high staff turnover.

Staff costs as of 31 December 2024 amounted to Euro 98,770, 000 excluding the contribution of the Chinese cutting division, the cost items of which are included in the income statement item "*discontinued operations*".

[5] We calculated the employee turnover rate as the ratio between the number of employees who left the workplace voluntarily or due to dismissal or retirement and the number of employees as at 31.12.2023.

Country	Italy		France		Germany		Spain		Poland		UK		Japan		China		Brasil	
Year	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Number of employees	**1.021**	**1.087**	**9**	**10**	**216**	**220**	**3**	**5**	**7**	**4**	**3**	**4**	**46**	**37**	**756**	**690**	**23**	**23**
Number of permanent employees	976	1.043	9	10	208	212	3	5	7	4	3	4	46	37	52	66	22	23
Number of temporary employees	45	44	-	-	8	8	-	-	-	-	-	-	-	-	704	624	1	-
Number of non-guaranteed hours employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Year	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Number of employees	**1.021**	**1.087**	**9**	**10**	**216**	**220**	**3**	**5**	**7**	**4**	**3**	**4**	**46**	**37**	**756**	**690**	**23**	**23**
Number of full-time employees	983	1.047	9	10	187	189	3	5	7	4	2	3	35	29	749	688	22	23
Number of part-time employees	38	40	-	-	29	31	-	-	-	-	1	1	11	8	7	2	1	-

S1-7 - Characteristics of non-employee workers in the undertaking's own workforce

The number of non-employees in the own workforce is 26 as at 31 December 2024[6]. The Group collaborates with various types of non-employee workers, including self-employed workers, who provide specialised skills in the administrative, commercial and clinical areas, temporary workers through employment agencies, who provide support in production and warehouse activities, and trainees, involved in customer service activities. All figures for non-employees are shown in HeadCount (HC) at the end of the reporting period, i.e. 31 December 2024, and the figures are not subject to estimates.

	2023	2024
Total number of non-employee workers in own workforce, during the period	**60**	**26**
Total number of non-employee workers in own workforce - self-employed workers	6	4
Total number of non-employee workers in own workforce - workers provided by undertakings primarily engaged in employment activities	35	19
Internships	18	3
Other (e.g. vouchers ecc.)	1	0

S1-8 - Collective bargaining coverage and social dialogue

The Group aims to build an open dialogue with its employees in order to reconcile people's needs with the needs of the company. This commitment translates into the management of different categories of contracts: from national and/or sectoral bargaining, to collective and/or company agreements, to individually concluded contracts. In particular, in Italy the Contratto Collettivo Nazionale di Lavoro is applied (100% of employees are covered by collective bargaining), in Germany the workers' council signs a collective agreement on an annual basis (about 98% of employees are covered by collective bargaining), in France the Convention Collective IDCC n°1982 is applied to all employees and in Spain all employees are covered by the Convenio Colectivo del Sector del Metal. At Group level, it should be noted that 63.4% of employees are covered by collective bargaining agreements, and this figure increases if we consider only those EEA countries where the Group has a significant level of employment: 100% in Italy and 98% in Germany, respectively.

For employees not covered by collective bargaining agreements within the EEA, the Group determines their working conditions and terms of employment in compliance with local legislation that ensures the protection of fundamental workers' rights and the balance of labour relations in the country. It is specified, however, that in Brazil, collective bargaining is conducted annually, while in China, Japan, Poland and the UK, local legislation is followed. The coverage rate by collective bargaining agreements is 82% for non-employees from EEA countries. Specifically, we have considered the category of temporary workers, all of whom work within the national territory and whose working conditions are the same as those applied to employees; the remainder are the self-employed. The same database as ESRS disclosure requirement S1-6 was used for the calculation.

The percentage of employees covered by employee representatives for the EEA countries is 95% for Italy and 94% for Germany. Currently, the company does not have any representation arrangements with a European Works Council (EWC), a European Works Council (SE) or a Works Council of a European Cooperative Society (SCE).

	Collective Bargaining Coverage		**Social dialogue**
Coverage Rate	Employees – EEA (For countries with > 50 employees who represent > 10% of the total employees)	Employees – Not-EEA (for countries with > 50 employees who represent > 10% of the total employees)	Workplace representation (EEA only)

[6] The number of non-employees as at 31.12.2023 was updated to 60 persons to align with the new reporting principle. Last year, workers of the various external contractors were also considered within this category, but according to the new CSRD regulations they are part of the company's value chain, so they have been excluded.

0-19%	-	China	-
20-39%	-	-	-
40-59%	-	-	-
60-79%	-	-	-
80-100%	Italy, Germany	-	Italy, Germany

S1-9 - Diversity metrics

The Group recognizes the need to enhance principles such as the integration of diversity and gender equality as forms of protection of the individual within the workplace: these values are promoted both in the Code of Ethics and in the Policy on Human Rights and the Policy on Diversity, in which all the companies of the Group undertake to ensure that their employees are treated fairly and valued. Women make up 24% of the workforce, a figure that rises to 34% if only the category of white collar workers is considered; the markedly productive nature of the Group's activities determines, as a matter of fact, a wider presence of male workers in the blue-collar category. With regard to the enhancement of gender diversity, the female presence within the El.En. Group's top management is 22%, with a total of 46 women, an increase compared to 2023 (18%)[7]. Concerning the gender distribution in the administrative and controlling bodies, see section *GOV-1 - Role of Administrative, Management and Control Bodies*. The Group's staff is predominantly young, 63% of employees are in the age group between 30 and 50, 20% of employees are under 30, and 17% are over 50.
Diversity metrics are reported in HeadCount (HC) at the end of the reporting period, i.e. 31 December 2024. The same database as ESRS disclosure requirement S1-6 was used for the calculation.

Year	**2023**	**2024**
Number of employees	**2.084**	**2.080**
Under 30	440	422
Percentage of employees under 30	21%	20%
Between 30 and 50 years old	1.320	1.308
Percentage of employees aged between 30 and 50	63%	63%
Over 50 years	324	350
Percentage of employees over 50	16%	17%

Number of employees top management level	**2023**	**2024**
Female	35	46
% of total at top management level	18%	22%
Male	157	163
% of total at top management level	82%	78%
Other gender	-	-
% of total at top management level	-	-
No data	-	-
% of total at top management level	-	-
Total	**192**	**209**

[7] We have included within the members of senior management those employees in the category of executives and middle managers.

S1-10 - Adequate wages

All employees of the El.En Group[8] receive appropriate salaries that comply with the applicable reference standards. In Italy there is no legal minimum wage set by law, but they are mainly determined through national collective labour agreements (CCNL). Specifically, the El.En. Group applies the provisions of the relevant CCNLs (CCNL Metalmeccanici and CCNL Commercio) for all employees working in the national territory, while for other employees it respects the minimum wages set locally.

S1-13 - Training and skills development metrics

	Female		Male		Other		Not reported		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Percentage of employees and (or) non-employees that participated in regular performance and career development reviews	-	-	-	-	-	-	-	-	-	-
Average number of training hours per employee	20	15	21	16	-	-	-	-	21	16

Training has always been considered fundamental for the growth of staff and the development of the key skills essential for a company's success. We promote continuous training with both refresher and subject-specific courses in order to enhance the knowledge and specialisation of each resource within the company. The training activity aims to stimulate and expand the professional skills of its employees and is structured to ensure a differentiated offer aimed at involving all professional categories at all levels. During 2024, 33,028 hours of training were provided, with an average of 15 hours for female employees and 16 hours for male employees. The main training categories include technical training with 13,150 hours, health and safety training with 4,157 hours and management training with 3,561 hours. The residual category "Other" is very large with 5,438 hours as it includes all the trainings that do not fall under the above-mentioned trainings. It should be noted that specific managerial training in 2024 accounted for 11% of total training hours, an important sign that highlights the tendency of many Group companies to invest in these training courses, which are considered fundamental for the professional growth of their people. A total of 1,995 people were involved in at least one training session. It is also specified that the Group currently conducts periodic performance and career development reviews for employees, but that these are not formalised.

Training and competence development metrics are reported in HeadCount (HC) at the end of the reporting period, i.e. 31 December 2024. The average training hours per employee were calculated by dividing the training hours by gender and relating them to the total number of employees of the same gender.

S1-14 - Health and safety metrics

We are committed to ensuring a healthy and safe working environment that complies with worker and environmental safety regulations. Our aim is to spread and develop awareness among people of the risks associated with their work activities and to promote responsible behaviour by all workers, with targeted programmes aimed at preventing potential personal injury, as established in the Code of Ethics and Group Policies. The percentage of employees covered

[8] It is specified that two employees of the Group, belonging respectively to the companies El.En. and Asclepion, are exempt from the minimum wage regulations for the following reasons: in the first case, it is a maternity employee who received the thirteenth month's salary share as his only remuneration during 2024; in the second case, it is a student employee who received as remuneration an expense allowance, subject to regular taxes and social security contributions.

by an occupational health and safety management system is 83%[9]. In all the Group's manufacturing companies that adopt a health and safety management system, the issue of health and safety is managed and monitored through processes that, although not centralised and coordinated at Group level, ensure that in each subsidiary there are procedures related to the protection of workers' health and safety, worker training and the implementation of corrective and improvement actions. In Italian companies, the subject is regulated by It. Leg. D. 81/2008; likewise, the foreign production subsidiaries oversee health and safety in accordance with local regulations. The Group's Italian companies have also addressed the issue of Health and Safety within the framework of the Organisational model pursuant to It. Leg. D. 231/2001. The guiding principle is that safety policy should be elevated to a corporate value, on a par with all the other values that characterise corporate strategy.

Just as organisational systems are used to manage economic resources, so too safety must be an essential value, to be constantly achieved and implemented, with the help of an organisational system that identifies the tools, responsibilities and motivations aimed at expressing and translating the commitment of top management in this respect. Based on the Organisational Model, it is planned to identify and allocate the responsibilities related to health and safety among the company departments, to map and self-assess the risk, and to prepare training activities. For the companies located in the Calenzano area, the central role of the HSE office in safety management has made a more coherent and uniform view of company policy towards this issue available over time. In all production companies, the process of identifying risks related to workers' health and safety is envisaged: in Italy, this activity is formalised in the Risk Assessment Documents (RAD); in Chinese companies, risks related to the workplace are formalised and communicated to workers through the “Worker's manual”; similarly, in the German subsidiaries, risk analyses are formalised in dedicated documents that are periodically updated. Risk identification is subject to the subsequent identification and implementation of corrective and/or preventive actions. Most of the subsidiaries have procedures in place for workers' complaints and have elected workers' safety representatives. During the year, the Group's Italian companies hold a periodic meeting in accordance with the provisions of Art. 35 of It. Leg. D. no. 81/08, attended by the Employer, the Company Physician, the RSPP (Health and Safety Officer) and the RLS (Workers' Safety Representatives) representing all workers. In line with a policy of maximum transparency, a member of the Supervisory Board and all persons within the corporate security organisation chart are also invited to attend the periodic meeting of the Parent Company. The following topics are addressed during the meeting - an update on any changes made to the risk assessment document; - an assessment of the trend in accidents, occupational illnesses and health surveillance; - the criteria for the selection, technical characteristics and effectiveness of any personal protective equipment added or changed; - safety information and training programmes for managers, supervisors and workers. During each meeting, a new improvement plan is also presented, describing all objectives that the Prevention and Protection Service aims to achieve for the following year. German company Asclepion also employs specific committees with expertise in health and safety, which meet periodically to assess the progress and management of the issue. In all manufacturing companies, departments and persons responsible for health and safety are identified (e.g. employer, RSPP and supervisors for the Italian company; general manager and department manager for the Chinese companies; employer and safety manager for the German company). In all production companies, training and information on health and safety is provided both at the time of recruitment and periodically thereafter. The structure and type of training courses are defined by the individual companies, however all provide both training for general risks and training for specific risks related to certain tasks, first aid training and periodic refresher courses. Given the nature of the production activity carried out, all companies have established safety procedures and provide for collective and individual protective equipment for artificial optical radiation risks. Specifically, all production workers have personal protective equipment available and then, prevention or collective protection devices such as bulkheads, containment boxes and turnstiles are provided in a different manner to delimit production areas. In non-manufacturing companies as well, the issue is also monitored through the collection and monitoring of accident-related data. In 2024, at Group level, there were no deaths due to work-related injuries and illnesses and 36 work-related accidents with an accident rate of 9.16 for a total of 451 days of sick leave. The main types were injuries and bruises, mainly of the limbs. Furthermore, there were no cases of work-related illnesses during the year. Following accidents, companies investigate the causes of accidents in order to develop possible preventive and ameliorative actions.

It is specified that there were no cases of accidents or occupational diseases involving the non-working category during the year. In addition, at Group level there is an 85% coverage rate by an occupational health and safety management system for non-workers.

[9] We calculated the percentage of the company's own workers covered by the company's health and safety management system as the ratio of the sum of the number of employees covered by collective bargaining agreements and the employees of the Chinese companies certified by ISO 45001 to the total number of the Group's workforce.

The methodology for calculating occupational accidents and illnesses is based on data recorded and recognised by the competent bodies. Only accidents occurring at work are considered accidents, excluding commuting events. The types of injuries included include injuries, contusions, fractures, grazes and burns. With regard to occupational diseases, only those recognised by Inail were taken into account.

	Employees		Non-Employees	
	2023	2024	2023	2024
Percentage of own workers who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines	88%	83%	-	85%
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	-	-	-	-
Number of fatalities in own workforce as result of work-related injuries	-	-	-	-
Number of fatalities in own workforce as result of work-related ill health	-	-	-	-
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites	-	-	-	-
Number of fatalities as result of work-related ill health of other workers working on undertaking's sites	-	-	-	-
Number of recordable work-related accidents for own workforce	-	-	-	-
Number of recordable work-related accidents for own workforce	24	36	1	-
Rate of recordable work-related accidents for own workforce	6	9	6	-
Number of cases of recordable work-related ill health of own workforce	-	-	-	-
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	Not available	451	-	-

S1-16 - Compensation metrics (pay gap and total compensation)

Regarding remuneration metrics, gross annual salaries including salaries, bonuses, stock bonuses, etc. were used for the calculation, and foreign currency salaries converted at the average annual exchange rate. In addition, for those employees who were hired during the year, the total annual remuneration was still taken as the total annual remuneration, and for those employees with a part-time employment contract, the remuneration was adjusted based on full-time hours. In light of these considerations, the percentage of the pay gap between female and male employees of the Group's employees as at 31.12.2024 is 7%[10]. To improve the analysis, as early as next year, the Group would like to include the parameters of employee seniority and type of job performed, so that the pay gap can be compared with multiple variables. On the other hand, the ratio of the total annual remuneration of the highest paid person to the median annual remuneration of all Group employees (excluding the highest paid person) is 48.74.

[10]The calculation consists of subtracting the average gross pay of women from that of men, then dividing the result by the average gross pay of men and finally multiplying by 100.

S1-17 - Incidents, complaints and severe human rights impacts

The Group upholds and respects the rights of the individual in accordance with the UN Universal Declaration of Human Rights and therefore acts and works with the utmost respect for people and in full compliance with applicable labour regulations, discouraging and repressing any discriminatory behaviour or behaviour that threatens people's safety. The Group considers the impartiality of treatment to be a fundamental component in every human relationship, and the individual, as well as his or her ideologies and rights, to be values to be protected. The behaviour of each employee and collaborator must comply with the principles and rules expressed in the Code of Ethics and in the laws and contractual regulations governing labour relations. Through the dissemination of its Code of Ethics and Human Rights Policy among its employees, collaborators and suppliers, the El.En. Group aims at guaranteeing respect for human rights (prohibition of discrimination, prohibition of forced and child labour, freedom of association), also in areas considered to be at greater potential risk in relation to these issues (e.g. the supply chain).

As of 2023 El.En. S.p.A. set up a whistleblowing channel for violations managed by its Supervisory Board and prepared a section on the company's website dedicated to the issue of whistleblowing. This section contains the “Whistleblowing Procedure”, applicable to all the companies of the El.En. Group, which governs the procedures for making reports (as well as the related reception, analysis and processing process) by anyone sent or transmitted, providing the Whistleblower with clear operational indications on how to transmit reports, as well as on the forms of protection provided by the Company in accordance with the applicable regulations. The Procedure also regulates the activity carried out by the person receiving the report (“Manager”) in order to ascertain the validity and grounds of the reports and to take appropriate corrective and disciplinary action, if necessary. It should be noted that there were no incidents of discriminatory practices, including harassment, during the reporting year, and therefore no costs were recorded in the income statement arising from such incidents. It is specified that the number of complaints submitted through the channels set up for the company's own workers to raise concerns is zero.

Finally, it is specified that there were no cases of serious human rights incidents related to the company's workforce during the reference fiscal year; therefore, no costs were recorded in the income statement arising from such incidents or complaints.

S.2 - Workers in the value chain

SBM-2 Interests and views of stakeholder

For this disclosure, please refer to section SBM-2 “Interests and views of Stakeholders” within the “General Information” section.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities related to workers in the value chain, please refer to paragraph SBM-3 of the "General Information" section. With specific reference to ESRS S2, the El.En. Group's double materiality analysis identified some relevant impacts that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

S2-1 - Policies related to value chain workers

There are currently no processes for directly involving employees in the value chain in the identification and management of impacts, risks and opportunities. However, the El.En. Group recognises the importance of promoting responsible practices throughout the supply chain and, to this end, incorporates these principles both within its Code of Ethics and, more specifically, within its Human Rights Policy. In particular, through this Policy, the Group requires its collaborators, suppliers and business partners to undertake to condemn all forms and types of child labour and not to use or support child labour in any way, to condemn all forms of forced labour and to condemn human trafficking, not to use or support them. It is requested not to use or support any form of discrimination based on gender, age, sexual orientation, religion, social origin or any other condition that could give rise to discrimination in hiring, remuneration, access to training, promotion or termination of employment, and to adopt any form of human resources protection, to respect any form of association or collective bargaining, to comply with applicable laws on remuneration, benefits, working hours and overtime, and to be an indirect but effective mechanism to promote greater accountability along the supply chain. In this way, the Group contributes to disseminating and consolidating ethical and sustainable practices, strengthening the protection of workers even outside the company perimeter. This approach makes it possible to exert a positive influence on the operating environment, promoting an ecosystem characterised by respect for human rights and social sustainability. The Human Rights Policy, approved by the Board of Directors of parent company El.En. S.p.A., which is responsible for the monitoring and implementation of this policy, transposed by the Group's subsidiaries is translated if necessary into local languages and sent to all employees. The Policy is also available to all Group employees on the company intranet and/or noticeboards as well as on the institutional website at www.elengroup.com in the Governance/Ethics, integrity and compliance section available to all stakeholders. The Policy is periodically reviewed by management in order to update it if new commitments need to be incorporated or if it is assessed that it is no longer appropriate or up-to-date. The above Policy is to be considered an integral part of the duties of all collaborators, suppliers and business partners, with particular reference to the conduct of company activities and business, as well as to the standards to which stakeholders are required to adhere; the Policy applies to all Group companies, both in Italy and abroad, regardless of the geographical location of subsidiaries, collaborators, suppliers or business partners. The Human Rights Policy complies with internationally recognised instruments relevant to workers, including the UN Guiding Principles on Business and Human Rights. During the fiscal year, there were no instances of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, involving the value chain, upstream and downstream. It is specified that to date the Group does not have a Supplier Code of Conduct, but within the Sustainability Plan it is scheduled to be drawn up by 2027.

S2-2 - Processes for engaging with value chain workers about impacts

Currently, the El.En. Group does not have a specific employee involvement process in the value chain.

S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns

The El.En. Group, through the Whistleblowing Procedure, has mechanisms in place to collect *feedback* information or to raise concerns for all *stakeholders,* in relation to the Group's practices and any negative impact the Group may have caused or contributed to. The procedure allows all stakeholders, thus including workers in the value chain, to raise their concerns in good faith. The Group promotes whistleblowing channels on its corporate website, where the procedure and the various addresses to refer to in the event of a report are listed. Please refer to the "Whistleblowing Procedure" on the institutional website www. elengroup.com in the "whistleblowing management/whistleblowing" section where the methods for controlling and monitoring the issues raised and addressed are defined, as well as the verification of the effectiveness of the channels and the possible involvement of stakeholders. The Whistleblowing procedure is publicly accessible on the corporate website, ensuring availability to all actors in the value chain.

The Whistleblowing procedure governs the operating procedures for making and sending reports, the process by which they are received, analysed and handled, and provides instructions as to the forms of protection put in place by the Company in accordance with the applicable legal provisions. Furthermore, it regulates the activity carried out by the individual that receives and handles the report in order to ascertain the validity and truth of the reports and to take appropriate corrective and disciplinary action, if necessary. Although no dedicated communication campaigns have been activated, the presence of the channel and the possibility of reporting violations in a safe and anonymous manner are made explicit in the procedure, favouring conscious and spontaneous access by each stakeholder. The El.En. Group is subject to legal obligations under national legislation transposing Directive (EU) 2019/1937 on the protection of whistleblowers. For further details, please refer to section 'G1-1 - Policies on Corporate Culture and Business Conduct' of this document.

S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

The double materiality analysis performed did not reveal any significant risks related to these aspects. The only impacts noted are of an indirect nature and mainly concern suppliers and global operations, which may not work in full compliance with workers' rights. The Group's activities could therefore, even unintentionally, contribute to unsafe working conditions for people employed by external suppliers because they may not guarantee adequate working conditions, egalitarian practices, fair treatment and equal opportunities, protection of human rights and respect for sustainable practices. This can happen mainly due to the lack of control of their supply chain in terms of governance policies, health and safety, human rights and working conditions.

The El.En. Group requires its suppliers to adhere to the Code of Ethics and, in the Human Rights Policy, requires a formal commitment to respect the fundamental principles of labour rights. As of 2025, a strengthening of supply chain monitoring will be initiated with a more structured oversight of the respect of labour rights, through more in-depth verification tools, which may include documentary checks, audits or direct engagement mechanisms with suppliers. The identification of appropriate actions will be done through risk assessment in the value chain. In the event of reports of potential violations, the Group will comply with the Whistleblowing Procedure, which provides for a structured process for handling and investigating reports received. The El.En. Group wants to address any negative impacts through the strengthening of its responsible purchasing practices, through the direct involvement of suppliers in the adoption of ethical and human rights *standards* and through the promotion of shared standards in the value chain. Currently, through the Whistleblowing Procedure, the El.En. Group ensures the availability of a whistleblowing channel accessible to all stakeholders, as already mentioned in the previous section. The implementation of more structured supply chain monitoring will help ensure greater control over suppliers' adherence to the principles of the Code of Ethics and the Human Rights Policy, strengthening the capacity to prevent and manage potential negative impacts. Monitoring will keep a continuous time horizon, with constant verification and evaluation of working conditions in the value chain.

To date, no reports of violations or actual negative impacts on workers in the value chain have been received, so no remedial action was necessary. Since no specific action plans have been implemented to date, nor is any significant investment expected to be required at the moment, there is no operational expenditure (OpEx) or capital expenditure (CapEx) planned for this initiative, nor are any financial resources specifically allocated.

Monitoring one's supply chain in terms of sustainability is essential to ensure not only operational efficiency, but also compliance with environmental, ethical and social regulations. This is why specific training activities on *supply chain* monitoring were carried out during 2024 and a supply chain due diligence procedure was drafted at the end of the year. This covers environmental, social and governance issues and aims to verify whether suppliers comply with due diligence procedures with respect to sustainability issues and in line with the requirements of the European CSRD (Corporate Sustainability Reporting Directive). Since the monitoring process will have to be developed over the course of 2025 to date, no targets have been defined to assess the effectiveness of the actions. For more information, please refer to section “G1-2 - Supplier Relationship Management” of this document.

S2-5 - Objectives related to managing relevant negative impacts, enhancing positive impacts and managing relevant risks and opportunities

S2 - WORKERS IN THE VALUE CHAIN				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
HUMAN RIGHTS • Targeted training to disseminate a broad understanding of human rights principles and how they are universally applied.	• Every two years carry out specific training on Respect for Human Rights for all the Group's companies; • Dissemination of the Code of Ethics to all new employees.	2024-2026 2023-2027	The Code of Ethics was disseminated to all new employees; Training on the Code of Ethics was delivered to 304 employees.	Group
SUPPLIER CODE OF CONDUCT • Implement a Supplier Code of Conduct for El.En. Group.	• Approval of the El.En Group Supplier Code of Conduct by all companies.	2026	N/A	Group

The double materiality analysis carried out did not reveal any significant risks related to these aspects; the relevant impacts are of an indirect nature and mainly concern the Group's suppliers, who may not work in full respect of their workers' rights. The Group will continue to closely monitor the evolution of these issues, with the aim of promptly identifying any new impacts, risks and opportunities that may emerge in the coming years. Should future analyses reveal significant elements that have not been detected to date, the organisation will consider setting specific targets and concrete measures for the protection of workers in the value chain.

In the area of respect for human rights, as already noted in section "S1-5 Objectives related to the management of relevant negative impacts, enhancement of positive impacts and management of relevant risks and opportunities" above, the first objective taken on by the Group is to carry out training aimed at disseminating a broad understanding of human rights principles and how they are applied universally within the Group. The second objective is to ensure the delivery and in some cases a brief introduction to the Group Code of Ethics to all new employees. The presence of both the Human Rights Policy and the Code of Ethics is ensured on notice boards or in shared folders, so that a copy is available to all employees at all times. These are absolute objectives. Given that in the course of 2024, in order to align with the requirements of the European CSRD Regulation and ESRS standards, both the Code of Ethics and the Group Policies were revised, discussed and approved by El.En. Board of Directors and subsequently transposed by the subsidiaries as well as translated, if necessary, into local languages and disseminated to all Group employees, it was decided to postpone the Human Rights training to 2025 so that the introductions made during this fiscal year's training would already be incorporated. This objective is necessary to reaffirm that within the Group and along its supply chain there must be a garrison on the protection of human rights and this garrison must be perceived.

The Group distributes the Code of Ethics to all new employees, ensuring its continuous availability and, in some cases, providing short training sessions to deepen its contents. This approach ensures that all employees are aware of the principles and rules contained in the Code of Ethics. It is by assessing the document accessibility, new employees' participation in training sessions as well as taking stock of any requests for clarification received about the Group's ethical principles that the effectiveness of these actions is monitored. The objective of distributing the Code of Ethics to each new employee was defined in line with the Group's commitment to disseminating its culture and ethics and ensuring that all those to whom the Code of Ethics is addressed are familiar with its fundamental principles of conduct.

The adoption of a Sustainability Supplier Code of Conduct is an essential element in ensuring the alignment of the supply chain with the Group's ESG principles and ethical standards. In light of the significant impacts revealed by the double materiality analysis, the need for a structured effort to strengthen supply chain monitoring and management practices is confirmed. Against this backdrop, we will pay particular attention to impacts in terms of human rights, raw material sourcing conditions and their implications for affected communities, as well as the social and environmental practices adopted by our suppliers. The Group envisages a progressive development path, with a two-year time horizon, in order to consolidate an effective and structured control system, in line with the start of more stringent supply chain monitoring planned from 2025.

Although there was no direct stakeholder involvement in the definition of these specific objectives, their importance is readily apparent.

S.3 Affected communities

SBM-2 Interests and views of stakeholders

For this disclosure, please refer to section SBM-2 “Interests and views of Stakeholders” within the “General Information” section.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities related to affected communities, please refer to paragraph SBM-3 in the "General Information" section. With specific reference to ESRS S3, the double materiality analysis of the El.En. Group identified some relevant impacts that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

S3-1 - Policies related to affected communities

The El.En. Group strives daily to ensure that its work has a positive impact on the environment and surrounding communities. The Group's commitment to doing business continued to be expressed in 2024 through initiatives in favour of the community: every day, El.En. Group people work to make a positive impact in people's lives and, through a number of targeted projects, the Group donates its skills and tools to non-profit organisations, foundations or cutting-edge scientific laboratories, in the service of people's health and wellbeing as well as in the industrial sector and in the conservation and restoration of cultural heritage. The Group companies are also very closely linked to the areas they are active in and are committed to taking part in solidarity initiatives and in supporting cultural, social and educational initiatives through sponsorships, equity investments in associations and the promotion of work-related learning projects, internships and apprenticeships. The Group has a significant positive impact on the affected communities, which include not only the workers along the entire value chain, but also the surrounding areas where the companies are active. These efforts not only create job and development opportunities, but also show the Group's commitment to contributing to sustainable and inclusive growth for the people and areas in which it is active.

Within the Group's Environmental Policy, one of the commitments relates to assessing, together with its supply chain, any impact on local communities in the countries where the extraction of the raw materials procured takes place, as well as the impact on biodiversity and local communities in these territories. The Group is aware that raw material is a dependency for its business and that its extraction impacts on biodiversity and local communities, which is why, with the supply chain monitoring plan, which will run from 2025 onwards, the Group is committed to evaluating alternatives wherever possible. This commitment is also expressed through the Code of Ethics, in the paragraph dedicated to 'responsibility towards the community' the Group states that it is aware of the influence, even indirect, that its activities can have on the conditions, economic and social development and general wellbeing of the community. For this reason, the Group intends to conduct its activities in accordance with universal human rights, respecting local and national communities, supporting initiatives of cultural and social value in order to improve its reputation and social acceptance; it expects all its collaborators, suppliers and business partners to respect its rules, commitments and principles and to work according to the highest ethical standards and in compliance with all applicable laws.

The Code of Ethics, the Human Rights Policy and the Environmental Policy were approved by the Board of Directors of parent company El.En. S.p.A., which is responsible for the monitoring and implementation of these documents. The documents are received by the Group's subsidiaries, translated if necessary into local languages and sent to all Group employees on the company intranet and/or notice boards as well as on the corporate website www. elengroup.com in the section Governance/Ethics, Integrity and Compliance available to all *stakeholders*. The Code of Ethics and the Human Rights Policy are to be considered an integral part of the duties of all collaborators, suppliers and business partners, with particular reference to the conduct of corporate activities and business, as well as the standards to which stakeholders are required to adhere; the Policy applies to all Group companies, both in Italy and abroad, regardless of the geographical location of subsidiaries, collaborators, suppliers or business partners. The Environmental Policy applies to all El.En. Group companies and all collaborators, as well as to anyone acting on behalf of those companies. The Policy is periodically reviewed by management in order to update it if new commitments need to be incorporated or if it is assessed that it is no longer appropriate or up-to-date.

The Group describes its human rights commitments by ensuring compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. The disclosure deals with the relevant issues, outlining the Group's approach to respecting the rights of communities and the measures taken to prevent and remedy human rights impacts. The Group confirms that its policies regarding affected communities comply with recognised international standards, including the United Nations Guiding Principles on Business and Human Rights. The Group has always adopted a proactive approach to dialogue with the communities concerned, which is daily and aimed at understanding the needs of the community and improving our actions with a view to sustainability.
In the context of business operations and along the value chain, there were no reported cases of non-compliance with the UN Guiding Principles, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving affected communities.

S3-2 - Processes for engaging with affected communities about impacts

The El.En. Group has always pursued numerous initiatives to increase the process of listening to interested communities and local authorities through direct involvement, which takes place with specific methods and communication channels depending on the subject involved, adapting to the specificities of each project[11].
Operational responsibility for the involvement of affected communities is not assigned to a single sector or function, but is distributed among different business areas according to the nature of the activity and the stakeholders involved. This approach allows for a focused and effective dialogue, ensuring that the results steer corporate strategies in a manner consistent with specific competencies and responsibilities. Ultimately, the responsibility for ensuring that this involvement takes place and that the results guide the company's approach lies with the management. The Group's participation in recent years has also been highly in demand at events promoted by local institutions where ongoing projects and the main sustainability initiatives carried out in the area are outlined: the various Group companies have responded positively to requests to participate in such events, in order to have the opportunity to discuss and develop sustainable activities for the area, or to attend meetings with local and national authorities and discuss regulatory innovations and future implications with other local entities. The dialogue with local communities is also expressed through the numerous work-related learning projects promoted and through participation in *career-day* events. Establishing and maintaining partnerships with universities and research centres is crucial to keeping a constant dialogue with these bodies, both nationally and internationally. All Group companies consider these exchanges to be crucial both in research and development and for their own success in the talent search and selection process. Maintaining these channels is essential to increase opportunities to get to know people and to promote the development of technical and scientific skills in the areas where companies are active, including through curricular and extracurricular university internships. On the other hand, with regard to donations or gratuitous loans for use that the Group makes, which aim to make the access to treatment easier and improve health care for the most fragile and disadvantaged people around the world, or to contribute to the conservation of the world's artistic heritage if it is a question of restoration systems, the equipment to be donated is identified on a case-by-case basis by assessing the goodness of the proposed project, thanks to an ongoing exchange and constant dialogue with the community: we carry out follow-up monitoring to check how much our systems and accessories are used and how many people benefit from

[11] With local communities, the theme areas we engage in dialogue for may be indirect social impacts, attention to respect for the territory, support for employment or social and cultural initiatives, with the main tools for dialogue being institutional websites, meetings or participation in events, press releases, collaborations in support of the world's artistic heritage or of some philanthropic association along with national or regional research projects, etc. As soon as one of these channels with the community is activated, the frequency of listening is continuous.

them, with the aim of improving people's well-being and quality of life. We want to make sure that our skills, knowledge and technologies made available promote equitable access to care and increasingly effective healthcare worldwide.
The willingness to make one's own tools, skills and knowledge available emerges in the formal commitment stated in the objective 'Extend positive social impacts' within the Sustainability Plan 2023-2027: annually, this support is to take the form of donations or loan for free use of laser systems for medical and aesthetic purposes or for the conservation of works of art.
When the opportunity arises, the Group is committed to better understanding the views of affected communities, with particular attention to the most vulnerable or marginalised groups. Among the topics addressed, that of combating violence and the role of women is of central importance, both in external initiatives and internal policies. For a more in-depth look at the specific activities carried out in this area again this year, please refer to section S3-3 below.

S3-3 - Processes to remediate negative impacts and channels for affected communities to raise concerns

The El.En. Group has established a whistleblowing channel for violations managed by its Supervisory Board and has set up a section of the company's website dedicated to the issue of whistleblowing; therefore, it has mechanisms for collecting *feedback* information or expressing the concerns of all *stakeholders* with respect to the Group's practices and any negative impact the Group may have caused or contributed to. The Whistleblowing Procedure allows all *stakeholders*, including representatives of affected communities, to report their concerns in good faith. The Whistleblowing Procedure governs the procedures for making reports (as well as the related data reception, analysis and processing process) by anyone sent or transmitted, providing the Whistleblower with clear operational indications on how to transmit reports, as well as on the forms of protection provided by the Company in accordance with the applicable regulations. It is not expected that business partners will adopt the tool made available to the Group for whistleblowing. The Procedure also regulates the activity carried out by the person receiving the report ("Manager") in order to ascertain the validity and grounds of the reports and to take appropriate corrective and disciplinary action, if necessary. The company ensures the availability of safe and accessible channels for whistleblowing non-compliant conduct through its procedure by allowing all *stakeholders* to report anonymously and securely any violations, ensuring that reports are handled promptly, confidentially and impartially. Within the procedure, the process used to remedy, or help remedy, where a negative impact has been caused is described. Reports are received by the Supervisory Board, an autonomous and independent body that handles reports with diligence and professionalism. The Supervisory Body ensures that the handling process is carried out and its outcomes are obtained in accordance with the Group's Policies and Code of Ethics. For further details, please refer to the "Whistleblowing Procedure", available at www. elengroup.com. Affected communities are informed of the existence of the structures and processes available to express concerns or needs and receive assistance as information and procedures relating to these tools are communicated via the corporate website www. elengroup.com. The procedure on the website also mentions protection from retaliation against those who report issues or concerns. For more information, please refer to section 'G1.1 Business Culture and Conduct Policies' of this document.

S3-4 - Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Everyone in the Group strives every day to ensure that their work has a positive impact on people's health and quality of life. The social work strategy is to provide skills, knowledge and tools, with the dual aim of facilitating access to care and improving health care for vulnerable people and those most disadvantaged around the world and to increase scientific knowledge: we work for science and a healthier world. Group companies participate in cultural, social,

educational and sporting solidarity initiatives through sponsorships, equity investments in associations and donations with the aim of strengthening their ties with the local community.
The negative impact that emerged from the double materiality analysis refers to the local communities where the extraction of raw materials takes place; as a matter of fact, it is an indirect impact. Within the Environmental Policy, one of the commitments made by the Group concerns the assessment, together with its supply chain, of possible impacts on local communities in the countries where the extraction of the raw materials procured takes place. The Group is aware that raw material is a dependency for its business and that its extraction has an impact on local communities, which is why with the supply chain monitoring plan, which will run from 2025 onwards on an ongoing basis, it is committed to evaluating alternatives wherever possible. Since we have not yet started monitoring the supply chain for indirect impacts on local communities and no case studies have emerged, we have not yet defined the financial resources allocated to possible future action plans.

The actions and initiatives through which the Group is committed to promoting positive impacts on affected communities are described below. These activities reflect the Group's approach to ensuring responsible interaction with communities, contributing to their sustainable development and the well-being of those involved. The approach adopted ensures that relevant issues are constantly monitored, ensuring that any critical issues are addressed in a timely and effective manner. The double materiality analysis did not reveal any relevant risks or opportunities in relation to the affected communities. The time horizons within which the company intends to complete each action are defined in the Sustainability Plan. To date, there is no dedicated budget for the actions and the quantification of the resources to be dedicated to the different projects is done on a case-by-case basis, during the evaluation phase of the initiative. The Group does not resort to sustainable financial instruments, the possibility of implementing the planned actions is not conditioned by the recognition of financial support or the evolution of public policies and the market, but only by the company's available resources.

Donations - One of the operating methods in the social field is to support non-profit organisations, foundations and cutting-edge scientific laboratories around the world with specific donations, accompanying them in the use of new technologies in the service of patient health, as well as in the conservation and restoration of cultural heritage. The Group strongly believes in the value of its donations to support the most fragile communities, formalising this commitment in its Sustainability Plan 2023-2027. Over the years, we have donated our medical systems to several hospitals: the State Hospital of the Republic of San Marino, the Careggi Hospital and the Meyer Children's Hospital in Florence, the Moshi Medical Centre in Tanzania, the Paediatric Outpatients Clinics in the St. Albert's, MaryMount, St. Rupert's and Chitsungo Mission Hospitals in Zimbabwe, the Foundation Mondino National Neurological Institute IRCCS, the Valduce Hospital, the Bambin Gesù Children's Hospital and the Gemelli Hospital in Rome. Furthermore, our lasers were also donated to the Vatican for the restoration of marble sculptures, busts, fountains and statues, as well as to the Uffizi Gallery and the Archaeological Museum in Florence for the restoration of paintings and sculptures, and also to other museums, such as the MET in New York and the Paul Getty Museum in Los Angeles, as well as to associations such as "Gli Angeli del bello" in Florence to clean up graffiti in the city.
In 2024, El.En donated a sophisticated medical$_{CO2}$ laser to the Princess of Naradhiwas University Hospital in Thailand, which was donated to treat the wounds suffered by civilians affected by attacks and bombings in the separatist provinces in the south of the country. In its continuing mission of sustainability and social commitment, the El.En. Group celebrated, at a major event held in the capital Bangkok, twenty years since its commercial establishment in Thailand, a flagship country for the Group's *business* throughout South-East Asia. On this occasion, he announced and made this important donation. This initiative is a crucial step towards improving health conditions in conflict-affected areas, providing essential medical support and a symbol of hope for local communities. The laser device, called PUNTO, equipped with a dedicated scanner to treat scars, is designed to effectively treat a wide range of wounds, accelerating the healing process and reducing pain for patients. Also in 2024, an EOS 1000 LQS laser device was donated by El.En. for restoration to the Egyptian Museum in Turin. To mark the bicentenary of the founding of the Egyptian Museum in Turin, the Group decided to donate a laser system designed for the restoration of ancient works of art and artefacts. The donated laser represents the fruit of years of research in the field of laser cleaning, allowing for extremely precise interventions while respecting ancient materials.

Conservation of historical and artistic heritage - Activities with laser systems in the field of conservation have materialised with many interventions during 2024:

- Vienna National Library: Cleaning the wooden shelves in the 'Sala Magnifica' with the Infinito 300W system
- Terme di San Siro, Milan: Restoration of porch stonework with Infinito 100W and Thunder Compact lasers
- Temple of Jupiter Anxur, Terracina: Removal of vandalism and restoration of frescoes with the EOS 1000 LQS, EOS QS and Infinito 100W lasers
- Villa Medicea di Careggi: Cleaning of underground frescoes with Thunder Compact and EOS 100 LQS lasers
- House of the Silver Wedding, Pompeii: Removal of dark patinas from frescoes
- Villa Huffer, Rome: Facade restoration with Infinito 300W laser to remove black crusts
- Horrea Agrippiana, Rome: Mosaic and stucco restoration with the EOS 1000 LQS laser
- Sculptures from the Veneranda Fabbrica del Duomo, Milan: Cleaning of sculptures with Thunder Compact
- Palazzo Tornabuoni, Florence: Restoration of the façade with fibre laser over an area of 7000 square metres
- Split Cathedral Removing black crusts from the façade with Thunder Compact
- Belgioioso Castle, Pavia: Restoration of a fountain with Thunder Compact
- Complesso Monumentale Sant'Anna dei Lombardi, Napoli: Restoration of the Lamentation over the Dead Christ statues with lasers
- Palazzo Orsini, Bomarzo: Restoration of frescoed vaults with the EOS 1000 QS laser
- Villa d'Este, Tivoli: Restoration of Diana's Cave with Infinito 100W
- Casa dei Grifi on the Palatine, Rome: Cleaning of frescoed walls with EOS 1000 LS and EOS 1000 QS
- Ca' Granda, Milan: Removal of facade vandalism with Thunder Art
- Passage of Commodus, Colosseum: Restoration of stucco decorations
- Lapis Niger, Roman Forum: Cleaning of cast iron structures
- Church of San Zaccaria, Venice: Restoration of Andrea del Castagno's frescoes.

Promoting training and youth employment - The El.En. Group is committed to supporting cultural, social and educational initiatives to strengthen ties with local communities. The aim is to promote a positive exchange between the Group and the region, creating mutual benefits. The Group companies actively co-operate with higher education institutions and universities to foster the development of technical and scientific skills through activities such as university internships, work-related learning projects and participation in events such as career days, which make it easier for students to get in touch with the employment world. In particular, in 2024, the El.En. Group companies implemented work-related learning programmes involving 19 pupils from higher education institutions.

In 2024, the following activities are also reported:

BIG ACADEMY AND BIG-IN Also in 2024, parent company El.En. is a partner in the 'Big Academy' advanced training programme for managers in sectors such as energy, mechanics, optics, electronics and IT. The objective of the course is to train future business leaders, transferring to them the ability to understand the changing global business environment. The programme, which combines academics and top business managers, alternates between theory and real business practice, offering a comprehensive overview of management in large international companies. The El.En. company is also involved in the Big-in project, created in 2023 by the network of companies and academics linked to the BIG Academy. Big-in is a three-month workshop course for students at the University of Florence, allowing them to get in touch with the corporate world, develop *soft skills* and understand business dynamics. The programme, with co-lectures between business and academic professors, helps young people to better understand organisations and human relations, preparing them for the world of work and defining their professional goals. El.En. believes in the importance of training new generations to meet the challenges of technological innovation.

DEKA Academy: DEKA periodically hosts Training Labs, workshops and seminars at its headquarters with the aim of providing a practical approach to medical and aesthetic laser technologies. These workshops are held by clinical experts with a focus on the latest applications and represent a unique educational opportunity to enhance knowledge in the field of medical and aesthetic lasers among DEKA, doctors and distributors from all over the world.

Asclepion Academy: it is an initiative of German subsidiary Asclepion Laser Technologies GmbH that offers customers the opportunity to keep up-to-date with the latest developments in the field of laser medicine. For over twenty-five years, regular events have been organised with the participation of people from all over the world. The aim of the Academy is to promote the development of scientific knowledge by making the advantages of laser technology known to an increasing number of people. Day after day, Asclepion is committed to improving the well-being of patients and supporting the success of local practices and partners. To support customers in the use of laser technology, practical and theoretical training courses are offered, including live treatments and training on laser device safety. The Academy organises courses on physical principles, biological effects and legal regulations, with workshops in Germany, Austria and Switzerland, supported by medical experts. In addition, webinars allow customers around the world to interact in real time, receive treatment information and review content via videos available on the company's YouTube channel.

ASA LASER - *Energy for health* and the value of sharing: ASA, through its magazine "*Energy for Health"*, published by ASA campus jointly with the University of Florence, is committed to spreading scientific knowledge and promoting the culture of laser therapy and magnetotherapy. The journal, founded over ten years ago, collects the results of internationally conducted research and clinical studies and has now become an important reference point for sharing experience and knowledge, distributing articles free of charge during courses, conferences and online. In addition, the "ASA Research Library" section on the company website collects the numerous scientific papers published using ASA technologies, making research results available to all.

Its Vita Foundation: Subsidiary Deka M.E.L.A. is one of the founding members of Fondazione VITA - Istituto Tecnico Superiore (ITS) per le Nuove tecnologie per la Vita (Higher Technical Institute (ITS) for New Technologies for Life) - established in 2015 in Tuscany to respond to the demand for new and high technical and technological skills from companies and to train specialised professional figures in a strategic sector such as Life Sciences. The ITS Vita Foundation constitutes an important segment of tertiary education as an alternative to university education, as it runs highly specialised technological courses in the pharmaceutical, biotechnological and medical device sectors in cooperation with the Region of Tuscany, MIUR, companies, universities and research centres. This important partnership between companies, universities and institutions thus makes it possible to promote the dissemination of technical and scientific culture, to support measures for the development of the economy by developing skills in line with the real needs of companies, and to pursue active employment policies guaranteeing concrete professional opportunities for students.

A laser for women's intimate health: since 2010, the El.En. Group has introduced the MonaLisa Touch laser treatment for vulvo-vaginal atrophy, which has become the most popular non-pharmacological treatment. Over the years, it has expanded its offer with MonaLisa Glide and Dr. Arnold, also treating chronic pelvic pain and urinary incontinence. The Group is engaged in research and awareness-raising on female gynaecological problems, such as vulvodynia and urinary incontinence, which affect millions of women, often undiagnosed. The DEKA IntiMate project was also created, a new communication programme describing the world of DEKA therapies for women's intimate health with a description of the pathologies that can be treated with DEKA technologies.

Ot-las and AI: *Embracing inclusivity through laser technology* - During 2024, subsidiary Ot-las launched an innovative project in cooperation with students of the "Interior Design" and "Fashion" courses at Accademia Italiana - Art, Fashion & Design in Florence, with the aim of promoting the use of lasers for inclusivity. Thanks to the versatility of CO_2 laser technology, which allows customised effects to be created on a wide range of materials, it was possible to develop tailor-made solutions to improve accessibility in the clothing and interior design sectors. Among the proposals presented are ideas such as engraving braille codes on furnishings and customised cutting of garments to fit medical devices or prostheses, thus promoting greater inclusiveness.

As previously mentioned, the El.En. Group is reinforcing its supply chain monitoring, to ensure as of next year that it also monitors indirect negative impacts on affected communities, in order to avoid causing or contributing to significant negative impacts on affected communities through its practices, including in relation to the extraction or production of raw materials, use of natural resources and management of environmental impacts. Depending on the supplier's assessment, monitoring will include specific checks with regard to third parties with documentary requests, but more in-depth investigations may be envisaged if any critical issues are suspected with regard to the counterparty. If the findings are confirmed and/or critical profiles emerge in relation to the counterparty under analysis, these must be immediately reported to the bodies responsible for receiving the reports and to senior management, and relations with the counterparty must be terminated.

During the reporting period, no serious human rights problems or incidents were reported in relation to the communities concerned.

S3-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S3 - AFFECTED COMMUNITIES				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
YOUTH EMPLOYMENT • Promote youth employment through partnerships with colleges and universities. Promote activities aimed at guiding young people's choices in study paths in line with the demands of the labour market.	• Activation of at least one annual work-related learning project and reporting on collaborations for secondary, university and post-graduate training projects; • Annual activation of scholarships/internships and traineeships.	2023-2027	Work-related learning projects, traineeships and training internships were launched in many subsidiaries.	Production companies
IMPROVING QUALITY OF LIFE • Place tools and solutions on the market to improve patients' quality of life and people's well-being and to facilitate accessibility to treatment.	• At least one system per year donated and/or loaned free of charge.	2023-2027	Donation of one medical laser device to the University hospital Princess of Naradhiwas in Thailand	El.En. S.p.A.Deka Mela S.r.l. Quanta System S.p.a
PRESERVE THE ARTISTIC HERITAGE • Contribute to the preservation of the world's artistic heritage.	• At least one system per year donated and/or loaned free of charge.	2023-2027	Donation of a laser for conservation to Turin's Egyptian Museum.	El.En. Quanta System S.p.a.

Within the 2023 - 2027 Sustainability Plan, approved by El.En.'s Board of Directors and circulated to all subsidiaries, there are various objectives dedicated to community relations, including the promotion of youth employment through relations with institutes and universities, for the creation of specialisation paths for the transmission of know-how to new generations, and the donation of laser instruments for medicine and for the conservation and restoration of works of art, to contribute to the development of scientific knowledge and the economic and social development of the community. The time objectives, approved by the Board of Directors, are geared towards enhancing the positive impacts

on the affected communities. The Group adopts an approach based on measurable, results-oriented objectives, using them as a tool to guide its initiatives and monitor progress over time. The Group wishes to promote youth employment by joining hands with high schools and universities, with a view to fostering activities aimed at guiding young people's choices in study paths, consistently with the labour market demands. This goal is monitored on an annual basis by making sure that work-related learning projects are set up with high schools and scholarships, internships or apprenticeships granted, especially for university education and post-graduate training. The goal of setting work-related learning projects as well as internships or apprenticeships in motion is defined through straight interaction with the schools involved by directly comparing the training needs of students and the skills required in the employment world. This dialogue makes it possible to structure courses that concretely meet the school's educational expectations and the company's objectives, guaranteeing a valuable educational experience for the students. We constantly monitor the company's performance, assessing the number of participants and the effectiveness of the programmes offered.
The subsequent objectives were set to respond to the desire of the El.En. Group to bring tools and solutions to market in order to not only improve the patients’ quality of life and people’s well-being and make access to treatment easier, but also to contribute to the conservation of the world's artistic heritage: the Group monitors this target annually, verifying the donations and/or loans for use granted during the fiscal year. Donations or gratuitous loans are always defined through a dialogue with the beneficiary institution in order to understand its specific needs and maximise the positive impact of the initiative. This process allows the Group's contribution to be aligned with the real needs of the community, ensuring effective use of resources and concrete benefit for the recipients.

Specific objectives related to reducing negative impacts towards the community have not yet been identified, since the double materiality analysis carried out shows that the only impact detected is of an indirect nature; for now, the future actions that the Group has planned concern strengthening the monitoring of the supply chain, in order to ensure greater control over any negative impacts on local communities resulting from procurement activities. The Group will continue to closely monitor the evolution of these issues, with the aim of promptly identifying any new impacts, risks and opportunities that may emerge in the coming years. Should future analyses reveal significant elements hitherto undetected, the organisation will consider setting specific targets and concrete measures to protect the community.

S.4 Consumers and end-users

SBM-2 - Interests and views of stakeholders

For this disclosure, please refer to section SBM-2 “Interests and views of Stakeholders” within the “General Information” section.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

For the identification of impacts, risks and opportunities concerning consumers and end-users, please refer to paragraph SBM-3 of the “General Information” section. With specific reference to ESRS S4, the double materiality analysis of the El.En. Group identified some relevant impacts that can be found in the table in the previous paragraph "IRO 1 Description of the process to identify and assess material impacts, risks and opportunities".

S4-1 - Policies related to consumers and end-users

The Group is aware that the complexity of its business requires high quality standards, and therefore the commitment we promote and maintain to the Quality and Safety of our products is essential to its continued growth and success.
We strive every day to provide valuable products to our customers in order to establish a loyalty process based on quality, reliability and safety, ensuring that product requirements are recognised and appreciated and that every

measure is taken to ensure regulatory compliance. We always pay the utmost attention to the design and development phases of our systems: our value also lies in the study and application of increasingly selective, effective and safe methods.
The El.En. Group's innovative capacity is based on continuous experimentation that, thanks to the development of cutting-edge systems and technologies, allows it to provide customers a wide range of outstanding products that stand at the top end of the market in terms of innovation and excellent performance. The Group also stands out for its attentive and scrupulous after-sales service, which uses increasingly advanced monitoring and response tools. One of the distinctive features of the El.En. Group is also represented by capillary and structured entities dedicated to marketing and after-sales service, in order to respond in a targeted and comprehensive manner to customers in specific channels or geographical areas. All this enables to maintain a focus on customer care through a stable, reliable but also flexible organisation with fast response times.
To date, a Group Quality Policy has not been adopted, but the companies El.En. S.p.A., Deka M.E.L.A. S.r.l., Quanta System S.p.A., ASA S.r.l. and Asclepion GmbH have adopted a Quality Policy that guarantees the continuous improvement of company processes and the maintenance of high standards in order to achieve compliance of activities with the standards of the national authorities of the countries in which they are active. Depending on the geographical area and type of *business* in which they are active, the various Group companies comply with various ISO standards and regulations; please refer to section 'S4-4 - Actions on Significant Impacts on Consumers and End-Users, Approaches to Manage Significant Risks and Achieve Significant Opportunities in Relation to Consumers and End-Users, and the Effectiveness of Such Actions' below for a more in-depth discussion of all standards and regulations.

The Group is committed to achieving, through the motivation and involvement of its people, a continuous improvement in the quality of its products and services; this goal is pursued through the optimisation of company processes, according to criteria of efficiency and uniform, streamlined and effective working methods. There is also an increasing tendency towards a risk management-oriented Quality Policy, as a tool for evaluation and decision-making, in order to pursue continuous improvement through appropriate preventive or corrective actions. Employees receive basic training on product quality and safety. The responsible Quality functions verify on a daily basis that products comply with safety requirements and investigate incidents that occur and promptly implement corrective actions. The staff in charge of these controls receive regular training on the activities to be performed, aligned with new regulations, recommendations, best practices at national and international level. The companies receive regular external audits from independent certification bodies on product safety and the correctness of the procedures and processes put in place. Our commitment to ensuring that product requirements are recognised and appreciated, and that all necessary steps are taken to ensure regulatory compliance, in order to provide valuable products to our customers, is formalised in our policies. These policies address material impacts and risks identified during the double materiality analysis process, reflecting the Group's principles towards its customers. The Code of Ethics reiterates that the Group is committed to spreading and consolidating a safety culture by developing risk awareness and promoting responsible behaviour by all collaborators; it also works to preserve, especially through preventive actions, the health and safety of workers, as well as the interests of other stakeholders. The Group's objective is to protect its human, capital and financial resources by constantly seeking the necessary synergies not only within the companies, but also with suppliers, companies and customers involved in its business. To this end, the internal structure, attentive to the evolution of reference scenarios and the consequent change in threats, implements technical and organisational interventions, such as: the introduction of an integrated risk and security management system; a continuous analysis of the risk and criticality of processes and resources to be protected; the adoption of the best technologies. The Code of Ethics affirms that the El.En. Group's main objective is to fully satisfy the needs of its customers and clients and to create relations based on the principles of legality, fairness, loyalty and transparency. Relations with customers and clients are governed by specific contracts, which are characterised by maximum clarity and comprehensibility. The Group ensures that negotiations and negotiating relations with customers are based on the utmost fairness and are conducted in compliance with current legislation; it also ensures that framework agreements with customers lasting several years are always in line with corporate principles and policies. Consistent with the principles of impartiality and equal opportunities, Group companies undertake not to discriminate arbitrarily against their customers, to provide high quality products and services that meet the customer's reasonable expectations and protect their safety and security, and to be truthful in advertising, commercial or any other kind of communication.
Within the Human Rights Policy, the El.En. Group is committed to ensuring respect for human rights throughout the value chain, all the way to the customers. It is specified that the El.En. Group did not detect any significant impacts on the human rights of the users of the devices produced. The Human Rights Policy also addresses suppliers and collaborators operating in the (downstream) value chain and thus activities involving all end users. The Group Policy is aligned with the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Furthermore, in line with the UN Guiding Principles on Business and Human Rights, we have set up an open-

access communication channel and an internal process for handling any reports and implementing corrective actions that may be necessary.

Please refer to the section entitled "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" within chapter "2. Environmental Information' of this document for the OECD Guidelines.

We believe that the active involvement of consumers is essential to continuously monitor our impacts, including possible human rights impacts. That is why we promote channels of dialogue with consumers to gather *feedback* and improve business practices. Accessible and anonymous whistleblowing channels for consumers to raise concerns or report violations are described in the Policy, and reference is made to the Whistleblowing procedure, already described in section 'S1-3 - Processes for remedying adverse impacts and channels for employees to raise concerns' of this document, for a description of the timely investigation and resolution processes that ensure an effective and transparent response. Our commitment to human rights is an integral part of our sustainability strategy and corporate social responsibility. We will continue to monitor, improve and strengthen our practices to ensure that our customers' rights are always protected and respected. It is specified that no reports of serious problems or incidents of human rights issues related to consumers and/or end users have been received.

S4-2 - Processes for engaging with consumers and end-users about impacts

The process of listening to the Group's customers and distributors is carried out mainly through Customer Satisfaction surveys, monitoring appropriate company indicators or administering questionnaires relating to the surveys carried out and, ultimately, monitoring the *deficiencies* reported.
In some Group companies, specific surveys are carried out at defined intervals involving a portfolio of customers or distributors mainly derived from billing data from the period between the previous and current survey, but may also include older customers depending on business needs. Customer experience is measured through feedback obtained during conversations between company representatives and customers, from whom opinions, comments, expressions of interest in a product or service, or in interactions with both the service department and internal and external sales representatives are collected. Already since a few years, the Parent company El.En and some subsidiaries have included questions related to sustainability issues in the Customer Satisfaction process.
From our customers, we mainly try to collect opinions on product quality and safety, as well as anticipations and findings on their expectations and needs, in order to maintain trust and satisfaction; the main tools for dialogue are the various institutional websites and the evaluation of customer satisfaction through the complaints handling process, the after-sales customer service and the commercial communications function. The point of view of consumers and end-users guides the Group's decisions and activities, as customer trust, satisfaction and needs are at the core of the corporate strategy. Through a structured and continuous process of engagement, we collect daily feedback and input that allows us to assess and manage relevant impacts, both actual and potential.
Customer satisfaction goes hand in hand with the drive for innovation and sustainability and is determined by a combination of factors: from the characteristics of the product to the evaluation of the service received and the relationship with the company in terms of quality delivered and perceived. This approach allows us to constantly improve the quality of our products and services and to respond to consumer needs in a timely manner. This process is nurtured on a daily basis through multiple opportunities for meetings and discussions, both direct and indirect, which allow us to dynamically incorporate market needs. The following general guideline is followed to improve customer satisfaction:
Analysis of customer needs and expectations - The analysis of customer needs, requirements and expectations can vary significantly depending on industry, country, market maturity, type of customer, cultural aspects and other elements. Analysis methods may include market research, trend analysis, CRM information analysis, complaint analysis and so on Focusing on customer needs and expectations contributes to customer focus, improving customer satisfaction and customer loyalty.
Managing customer expectations - The first element is to provide services/products consistent with customer expectations. The second element is to address the intangible expectations of customers. Information from customers is collected to monitor their level of satisfaction.
Monitoring and measuring customer satisfaction - To improve customer satisfaction, among the various aspects that are analysed are data on how customers feel about services/products and whether they are satisfied with the overall experience with the company. The data collected are translated into trend analyses, root cause analyses, corrective actions, indicators for improving operation, service and/or product and into improvement plans.

S4-3 - Processes for engaging with consumers and end-users about impacts

The El.En. Group, through the Whistleblowing Procedure, has mechanisms in place to collect information on stakeholder feedback and complaints regarding the Group's practices and any negative impact the Group may have caused or contributed to, and allows all stakeholders, including customers and end consumers, to report their concerns in good faith. Involvement within this channel can take place at any stage of the relationship with customers and end users. Involvement is triggered by the end-users in the event that there is a need for them to report or complain to the Group. The Supervisory Board is the body responsible for ensuring that involvement takes place and that such reports are followed up by management. For further details on the Whistleblowing procedure, please refer to section "G1-1 - Policies on Corporate Culture and Business Conduct". Within the procedure, the process used to remedy, or help remedy, where a negative impact has been caused is described. For a more specific survey, customers are provided with several communication channels in which they can report their feedback: the CSS (Customer Satisfaction Survey), a survey carried out periodically on industrial and medical products, as part of a Customer Focused initiative, the Complaint Management process, the analysis of service reports and post-market reliability, and other methods of analysis that may include market research and trend analysis.

With regard to complaint handling, one can receive complaints about sold products from various internal channels, especially from technical support departments that, within their service portals, enter the problems that customers may have encountered after purchasing the product and how they were solved. The data collected by the service portal are used for statistical processing of product reliability and safety data; analyses are periodic in order to identify defect trends in the field and identify possible countermeasures for defect resolution and possible decisions regarding corrective and/or preventive actions. These analyses are to be considered as input for the periodic risk review carried out throughout the life of the product.

Each form of interaction with customers provides an opportunity to create value, as it is only by identifying the current and future needs of customers that we will be able to intercept possible growth opportunities and fully understand the adherence of our products to market expectations.
An additional tool useful for improving customer satisfaction is post-market reliability analysis, the purpose of which is to identify any defect trends and immediately propose suitable countermeasures for resolution. Verification allows for the detection of any drift in a timely manner, provided that individual reports of complaints, incidents or adverse events are quickly dealt with on a case-by-case basis. The El.En Group is actively committed to the continuous improvement of flows and processes in the after-sales stage. As a matter of fact, the role of Service takes on crucial importance in the relationship of trust between companies and their customers.
Consumers are informed about the structures and processes available to express concerns or needs and receive assistance. Information on these instruments is communicated through the company website www. elengroup.com, contractual documentation and dedicated support channels. In the Group's Whistleblowing procedure, which can be found on the company website, there is mention of protection against retaliation against those who report problems or critical issues.

S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

The El.En. Group is aware of the importance of positive impacts on consumers and the need to prevent any potential negative impacts and mitigate any risks.
Below are the negative impacts that have been analysed and the actions and initiatives through which the company seeks to prevent, mitigate or remedy them: one negative impact noted concerns the possible decrease in the quality and safety of products and services supplied to the market, which can generate negative impacts on people and the environment: there are numerous mitigation actions implemented by the Group, which adopts a highly structured

quality management system based on rigorous internal and external controls. Our Quality departments carry out constant checks throughout the production chain, through internal audits, supplier inspections and extensive testing of each product before final release. Our products and our quality system are certified by the world's leading Bodies, which are responsible for overseeing the safety and effectiveness, above all, of medical devices. As a matter of fact, the Group's medical companies periodically receive inspections to renew the certificates they hold, which are indispensable for being able to export our products to foreign countries.
Some companies of the Group have equipped themselves with an Integrated Management System Manual to describe the goals and policies of the Quality Management System and the methods it is applied with. The manual defines the general criteria for meeting the safety and performance requirements of products throughout their life cycle as well as the services provided.
The various Group companies comply with the following standards and regulations, depending on the geographical area and type of business in which they are active:

- ISO 9001[12];
- - ISO 13485 relating to the quality management system for medical devices[13];
- ISO 14001[14] relating to the environmental management system;
- ISO 14064[15] for the carbon footprint of organisations;
- ISO 45001[16] for occupational health and safety;
- ISO 50001[17] for access to clean, reliable and sustainable energy;
- European Directive MDD93/42/EEC (Medical Devices Directive) which will soon be replaced by European Regulation (EU) 2017/745 MDR (Medical Device Regulation);
- National laws of member states of the European Community and non-European countries such as the United States of America (21CFR820/803/806), Japan, China (CCC- Certification for electronic components and Enterprise standard “CNC laser cutting machine”) and Brazil.
- The medical manufacturing companies El.En. S.p.A., Deka Mela S.r.l., Quanta System S.p.A., Asclepion GmbH and ASA S.r.l. obtained the MDSAP (Medical Device Single Audit Program) certification. This certification allows bodies recognised and accredited by the Regulatory Authorities of the five participating countries (U.S.A., Canada, Brazil, Japan and Australia) to conduct a single audit of medical device manufacturers to verify that they meet the requirements of ISO 13485 and the national deviations of the relevant countries.

It should be noted that there are fourteen manufacturing sites, of which nine relate to the industrial sector and five to the medical one. 64% of the production sites are ISO 9001 certified while 100% of the production sites producing medical devices are ISO 13485 certified.
In line with its commitment to continually improve the quality of its products and services, the Group has initiated a process of optimising its business processes, according to criteria of efficiency and uniform, streamlined and effective working methods. The implementation of these actions, which must be carried out on a daily basis, is in line with the Code of Ethics, which specifies that the Group's success depends on customer trust and satisfaction. The Group's commitment to quality, value and safety is essential for continued growth and success. The Group is committed to providing products that offer value to customers and to maintaining customer confidence in its products based on quality, reliability and safety.

The nature of El.En. Group’s business requires the presence in the company of highly specialised professionals who are up-to-date on the latest regulations. A deficiency in the ability to train adequate professional profiles and to keep them in the organisation could have negative consequences on the quality and safety of the Group’s products. To mitigate possible impacts on end-users of devices, the Group continuously invests in hiring and training dedicated qualified staff.

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[12] Present for companies: El.En. S.p.A., Deka Mela S.r.l., Asa S.r.l., Quanta System S.p.A. and the four Chinese companies.
[13] Present for companies: El.En. S.p.A., Deka Mela S.r.l., Asa S.r.l., Quanta System S.p.A. and Asclepion GmbH.
[14] Present for the Chinese companies KBF, Shandong and Zhejiang.
[15] Present for companies: El.En. S.p.A., Deka Mela S.r.l. and Quanta System S.p.A.
[16] Present for the Chinese companies KBF and Zhejiang.
[17] Present for the Chinese companies KBF and Zhejiang.

Training has always been considered fundamental for the growth of staff and the development of the key skills essential for a company's success. The resources assigned to impact management on these issues are the heads of human resources departments. For further details on training, please refer to ESRS S1-13. The implementation of these actions responds to what is stated in the Diversity Policy, i.e. the Group's willingness to promote training for all employees, with both refresher courses and courses dedicated to specific topics, in order to enhance the knowledge and specialisation of each resource within the organisation.

Another impact noted relates to unclear and non-transparent communication about product information provided to customers, including information on sustainability, such as incomplete information about the products sold, could lead customers to buy products because of their characteristics and negatively affect customer satisfaction. Furthermore, non-compliance with legislative requirements imposed on product labelling and traceability could adversely affect the quality of the final service provided. This is why Group companies, especially those operating in the medical sector, provide clear and transparent communication of their products and comply with the legislative requirements imposed on product labelling and traceability. With a view to transparency and the utmost attention to the customer, and in order to guarantee the appropriateness and correctness of any information provided as well as of all material for the commercial promotion of products (brochures, flyers, catalogues, websites, advertisements in specialized magazines, videos, etc.), is subject to an internal approval process before its dissemination, it having to highlight aspects related to the performance of devices. The resources assigned to impact management on these issues are the heads of the quality and communication departments. As set out in the Code of Ethics, the Group's main objective is to fully satisfy the needs of its customers and clients and to create relations based on the principles of legality, fairness, loyalty and transparency. Relationships with customers and clients are governed by specific contracts, based on maximum clarity and comprehensibility, for this as well as for the impacts, risks and opportunities outlined below.

Finally, the impact of the fact that the Group may not monitor or exploit technological innovation, which can improve the quality of products and processes (from the point of view of environmental impact by offering more competitive and sustainable solutions) and may not carry out the digitisation of processes (with negative impacts on the attractiveness, traceability, quality and safety of products) was analysed. The Group monitors technological innovation on a daily basis to improve the quality of products and processes from the point of view of environmental impact and to offer more competitive and sustainable solutions, in order to always have highly attractive, traceable, high quality and safe products. Research and Development is at the heart of the strategy and represents the true essence of the El.En Group. The resources assigned to impact management on these issues are the heads of the research and development departments.

The double materiality analysis carried out by the El.En. Group to identify impacts, risks and opportunities revealed a significant risk related to the failure to monitor/deficient monitoring processes for product anomalies, with possible repercussions on the perception of quality, safety and innovation of our products. The Group assiduously monitors the risks related to the quality and safety of its products and implements numerous actions to minimise this risk by adopting a highly structured quality management system based on rigorous internal and external controls. Our Quality departments are the resources assigned to managing these issues and carry out constant checks throughout the production chain, through internal audits, supplier inspections and thorough testing of each product before final release. Our quality management system is certified to the highest international standards**,** and our companies undergo regular audits to renew their certifications, which are indispensable for operating in international markets. To mitigate the risk also from a financial point of view, the Parent company and its Italian and European subsidiaries have taken out a product liability insurance policy, which covers any claims for damages arising from the use of its products by consumers or other people.

Currently, the risk related to the lack of processes for monitoring product anomalies, with potential repercussions on product quality, safety and innovation, is considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually in light of the phase-in deadline on the expected financial effects and additional detailed considerations arising from them that may affect the assumptions underlying the financial statements estimates. In view of this assessment, to date the Group has not planned any significant changes in its business model and strategy.

The positive impact detected on consumers and end users is the result, in the medical sector, of the daily commitment that the Group devotes to research and development of new or improved medical and aesthetic laser applications and that translates into the availability of tools and solutions that improve people’s well-being and patients’ quality of life, reducing both physical and aesthetic health problems and the associated psychological issues. With our laser systems in the medical and aesthetic fields, we have contributed to making tools and solutions available to the market that improve people's state of wellbeing and patients' quality of life by reducing both physical and aesthetic health problems, and the psychological ones associated with them: as a matter of fact, the laser is a device that, thanks to its innate selectivity, treats the pathologies it treats by maximising the effectiveness of interaction and minimising the side effects of treatments. The resources assigned to impact management on these issues are research and development managers and commercial managers.

If we think of the surgical sector as an example, the equipment conceived and developed by the Group for minimally invasive surgery has led to an improvement in the quality of life of patients in terms of a greater recovery of healthy tissue, a reduction or elimination of local anaesthesia, and a decrease in post-surgery recovery time as sutures are minimised. The types of operations that can be performed with lasers today do not involve incisions or the use of scalpels, and furthermore, the laser beam can be transmitted remotely via sub-millimetre fibre optics, making it easier for medical staff to use.
Our devices also bring great advantages and improvements for the well-being of patients in dermatological surgery where, if we think for example of skin surgery applied to mucous membranes, the laser revolutionises the traditional approach by vaporising rather than cutting tissue, eliminating only the existing skin lesion and sparing the tissue surrounding the lesion, all in the absence of bleeding by virtue of the laser's cauterising effect. The laser treatment does not cut deeply into the dermis, and the functional advantage of this is that it does not cause scarring or loss of skin elasticity, an important factor especially in the most delicate areas of the body. In recent years, laser treatment has proven to be the most effective non-surgical and non-pharmacological solution to prevent and treat vaginal atrophy and its consequences: the lack of nourishment and hydration of the vaginal mucosa cells leads to dryness, burning and constant discomfort, and negatively affects the patient's relationships and personal safety, whether the symptoms are due to the genitourinary syndrome of natural or induced menopause following cancer therapies, or due to postpartum hypo-oestrogenisation.
The elimination of major blemishes (including hirsutism, angiomas, acne, rosacea, psoriasis, large scars, etc.) by means of our laser equipment has enabled people, both in the family and in society, in childhood as well as in adulthood, to regain a harmonious balance of acceptance and dignity with other members of the community. In addition to being an often annoying and painful pathologies, for some people living with a part of their body, especially a visible one, affected by an obvious blemish can also have very important psychological repercussions.
Some injuries create very strong emotional reactions in those affected, who have difficulty in relationships, feel uncomfortable with their bodies or suffer from depression, unable to accept imperfections and experiencing them as an insurmountable problem. Thanks to laser technology, these pathologies or imperfections can be combated effectively, painlessly, non-invasively and increasingly cheaply.
Improvements in patients' well-being are also evident for vascular anomalies such as infantile or congenital angiomas: in addition to being aesthetically visible, these can also disrupt a person's normal functions or cause discomfort; laser treatment is a valid alternative to pharmacological therapies compared to which it also has the advantage of preserving tissue integrity; laser treatment selectively dries up the blood component, which slowly deflates until it disappears completely in some cases.
In the case of skin dyschromia, the use of the laser not only has an important preventive action, but also spares the epidermis the aggressiveness of traditionally used acids and removes the problem without bringing up another one. In the case of superficial spots, the laser strikes selectively without destroying the surrounding tissue, whereas with traditional techniques the dyschromia is removed by controlled abrasion of the dermis assisted by acidic substances. The case of deep spots is different, where the laser is the only technique available. The quality of life is also influenced

by one's aesthetic self-image, even if no pathological imperfections are present. Hence the ever-increasing demand for aesthetic and medical treatments from a population that wants to improve its physical appearance more and more. In today's society, aesthetic image plays an increasingly important role, and if one fails to come close to the common standard, dissatisfaction with oneself increases.
Over the years, the Group has allocated increasing resources, both financial and managerial, to research activities for the development of equipment for aesthetic medicine, for facial skin rejuvenation through the treatment of wrinkles and pigmentary changes (age spots or other), to improve skin texture or achieve facial firming, rather than for body reshaping or the elimination of unwanted hair.
To meet the different needs of patients, the El.En. Group has developed numerous types of laser sources to effectively treat the most diverse skin rejuvenation problems with emissions characterised by different wavelengths, pulse duration and power. With laser treatments, the immediate benefit is the reduction of downtime for the person undergoing the treatment, compared to traditional cosmetic surgery; as for general medium-term effectiveness, the laser creates controlled micro lesions, stimulating the body to produce new tissue, thus harnessing the intrinsic potential of one's own physique and triggering a natural and progressive rejuvenation. The impact of these treatments from a psychological point of view is very positive on the person, who perceives the change day by day and not immediately, gradually getting used to his or her appearance. In the body contouring sector, we had the market introduction of the world's first system that, through the emission of special microwaves, acts on cellulite, adiposity and skin laxity, reducing the thickness of subcutaneous fat with a non-invasive treatment, and then of a system for fat reduction through an electromagnetic field that interacts with the muscle tissues, activating their contraction. In addition to this new technology, the Group has for many years now introduced systems for localised removal of fat deposits with laser lipolysis, a minimally invasive treatment that makes it possible to treat specific areas of the body, even very delicate ones, where traditional liposuction is not normally recommended.
In the laser hair removal sector, the Group has been developing and designing systems since the late Nineties, continually improving their performance; as a matter of fact, our lasers are able to treat even very fine hairs on all skin types, even the darkest or tanned ones, and treatments are very fast, meeting both the needs of customers, who have less and less time at their disposal, and of operators, who maximise their performance thanks to the productivity of the devices.
Tattoo removal, a segment for which the Group has recently launched innovative systems, is also part of a person's aesthetic self-image: in today's society, a tattoo is an aggregation language, contains a message, a memory, but for many people it can be part of a past that they want to erase: thanks to laser technology, the particles that make up the tattoo ink are crushed and removed through the lymphatic system in the weeks following the treatment, leaving the tissues untouched, not forgetting that in the eastern hemisphere, the technology used in the west to remove tattoos is considered an anti-ageing technique, since it is effectively used to remove the pigmented ageing lesions that most characterise oriental skin.

The El.En. Group distribution network is structured in such a way as to meet the needs of customers who need to receive technical support for products quickly and directly in the countries where end customers are located, which is why most Distributors are equipped with a team of trained technicians, supported by the Service Departments at Headquarters, which maintain supervision and provide support on interventions. In order to be able to better follow the needs of technical training for distributors and enable them to keep up with innovations, some of the Group's companies have equipped themselves, especially in the last year, with specific training environments equipped for this purpose. The resources assigned to impact management on these issues are the heads of the service departments.

The results of the above actions lead to increased customer confidence and satisfaction and positive feedback from lor. The Group monitors the perception of its products through competitive positioning. In order to monitor and evaluate the effectiveness of the actions taken, key performance indicators (KPIs) relating to customer satisfaction, product/service quality and regulatory compliance are also defined (some of these indicators are those used to monitor the achievement of targets in the Sustainability Plan). Necessary actions are identified through periodic analysis of consumer feedback, using the involvement processes reported in section “S4-2 - Processes for engaging consumers and end-users on impacts”. To ensure effective remedies in the event of adverse impacts, structured processes are in place for handling reports, as outlined in Section S4-3 - Processes to Remedy Adverse Impacts and Channels for Consumers and End-Users to Express Concerns.

The time horizons within which the Group intends to complete each main action are defined in line with the duration of the Sustainability Plan; some actions are then planned on an annual basis, ensuring constant monitoring and alignment with the company's strategic objectives. To date, an action plan with significant dedicated resources has not yet been defined.

S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Below are the targets set by the El.En. Group related to consumers and end users:

S4 - CONSUMERS AND END-USERS				
Objectives	**Targets**	**Deadline**	**2024 results**	**Scope**
PRODUCT QUALITY AND SAFETY • Continuous improvement of the quality and safety of products and services in compliance with technical regulations, at every stage of the production process to meet the high standards required by the business.	• Maintain all existing ISO certifications and envisage obtaining further certifications for the Group's companies.	2023-2027	Maintain all certifications deemed important by Group companies Ensured in an efficient and integrated manner compliance with process quality requirements, in line with market expectations. Constantly verify that the corporate products and processes comply with applicable laws and safety regulations and that environmental protection and energy savings are pursued.	Medical companies
IMPROVING QUALITY OF LIFE • Investments are made in research and development in order to develop products and processes that are in line with customer needs and requirements, maximising customer satisfaction to improve performance, efficiency and sustainability.	• Invest annually in research and development to advance scientific knowledge and improve the performance of products, both from the perspective of technological improvement and reduction of environmental impact.	2023-2027	Approximately 4% of the Group's revenues invested in Research and Development.	Companies with R&D

The target setting process was based on the identification of the most significant KPIs in terms of product quality and safety, as well as on improving the quality of life of patients. Although there was no direct interaction with consumers or end-users in setting the targets, they were determined through listening to the needs and analysing customer requirements. The company's performance is monitored by means of specific indicators that assess quality, safety and product performance, making it possible to identify any room for improvement and implement targeted corrective actions. Both of the following objectives are not based on sound scientific data.

The El.En. Group has identified as an objective related to consumers and end-users, that of maintaining all ISO certifications important for the business, i.e. ISO for medical devices, and foreseeing the eventual obtainment of further certifications. Through this target, which is checked every year, it is ensured in an efficient and integrated manner that process quality requirements are met in line with market expectations and that the company's products and processes comply with applicable laws and safety regulations and that environmental protection and energy saving are pursued. This objective mitigates the impact linked to a decrease in the quality and safety of products and services provided to the market (which may have negative impacts on people and the environment) and the risk that inadequate or inefficient monitoring processes may not detect product anomalies in a timely or correct manner, leading to a decrease in the perception of product quality, safety and innovation and thus leading to a loss of corporate image and reputation, resulting in a decrease in financial performance. Actions related to this objective are in line with the Code of Ethics, which specifies that the Group's commitment to quality, value and safety is essential for continued growth and business success. The Group is committed to providing products that offer value to customers and to maintaining customer confidence in its products based on quality, reliability and safety. Several stakeholders are indirectly engaged in the target setting process as a result of customers and end users involvement, because, through their feedback on quality, safety and product performance they influence the focus of ISO management systems, prompting the Group to strengthen certain aspects in order to ensure compliance with standards and market expectations. Suppliers are involved by requesting specific requirements for compliance with ISO certifications, by being subject to audits and through periodic assessments in order to ensure alignment with company standards. Employees and management participate through training, in-house audits and continuous improvement processes, reporting critical issues and putting forward solutions to maintain certifications. Finally, certification bodies, through surveillance audits and renewals, provide guidance on areas to be improved and regulatory updates, thereby contributing to the company target adaptation.

The second objective refers to the annual investment in research and development to foster the advancement of scientific knowledge and improve the performance of its products, both with a view to technological improvement and environmental impact reduction: it is fundamental for the Group to make investments in research and development in order to develop products and processes that are in line with customers' needs and requirements, thus maximising customer satisfaction in improving performance, efficiency and sustainability. This objective mitigates the detected impact related to the fact that the Group may not monitor or exploit technological innovation to improve the quality of products and processes from an environmental impact point of view and to offer more competitive and sustainable solutions. The Group's commitment also stated in the Code of Ethics is to provide products that offer value to customers and to maintain customer confidence in its products based on quality, reliability and safety. Stakeholders are involved in defining research and development objectives by analysing the needs and requirements, whether expressed or not, of customers and end users. Collaboration with suppliers, research centres and universities is as crucial as the contribution of employees with innovative ideas and testing of new solutions.

4. GOVERNANCE INFORMATION

ESRS 2 GOV-1 - The role of the administrative, supervisory and management bodies

For more details, please refer to the paragraph of ESRS 2 “GOV-1 - Role of administrative, management and supervisory bodies” in the “General Information' section.

ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

For the identification of impacts, risks and opportunities relating to governance aspects, please refer to the table in section “IRO -1 - Description of the process to identify and assess material impacts, risks and opportunities”. With specific reference to ESRS G1, the El.En. Group's double materiality analysis identified two relevant impacts, no relevant risks and no relevant opportunities.

G1-1 - Corporate culture and Business conduct policies and corporate culture

To manage and remedy its significant impacts, risks and opportunities related to business conduct issues, the El.En. Group has identified the following Policies and similar documents: Code of Ethics, Organisational Model pursuant to Legislative Decree 231, Anti- Corruption Policy, Human Rights Policy, Diversity Policy and Whistleblowing Procedure.

El.En. Group is aware of its responsibility towards the Company and the environment in which it is active, and considers it indispensable that ethical and transparent conduct be maintained in all respects for the proper management of the Company's activities, both in compliance with laws and regulations and in consideration of the expectations of all stakeholders.

The El.En. Group's corporate culture is based on business conduct policies that address the material impacts, risks and opportunities identified in the double materiality analysis.

Since 2018, the El.En. Group has adopted a Code of Ethics as a tool for strengthening and disseminating a corporate culture based on the importance of ethical and social responsibility in carrying out business and corporate activities. The Code of Ethics defines the principles and values that must be followed at all times and applies to the Group and to all persons performing activities on its behalf.

The Code of Ethics is approved by the Board of Directors of El.En. S.p.A.: the Group's subsidiaries have transposed it and, where necessary, translated it into the local language, disseminated it to their employees and collaborators through appropriate communication methods and made it available in shared folders or company notice boards. The Code is always available, in its updated version, on the website www. elengroup.com, in the section 'Governance/ Ethics, Integrity and Compliance'.

The rules contained in the Code of Ethics are intended to protect the integrity of the Group and to ensure compliance with the laws and regulations of each country in which it is active; the Group has established appropriate channels of communication through which reports of violations or suspected violations of the Code may be made, or for requests for explanations. Violation of the principles set out in the Code constitutes breach of contractual obligations arising from the employment and/or collaboration relationship and a source of damages.

In addition, the parent company and its Italian subsidiaries Deka M.E.L.A. S.r.l., Quanta System S.p.A. e ASA S.r.l. have adopted an Organisational Model pursuant to Italian Leg. D. 231/2001 (hereinafter also referred to as the “Organisational Model”), aimed at preventing the commission of offences in the interest of the company by its employees and/or collaborators. This model of organisation, management and control of corporate activities consists of a series of general principles of conduct - in the areas identified as sensitive for the purposes of preventing so-called predicate offences - and a structured system of procedures and control activities for the prevention of such offences.

The areas that have been identified as sensitive are: offences relating to health and safety in the workplace (the company ASA S.r.l. has identified only this as a sensitive area on which to prepare a special section in its Organisational Model); offences against the public administration; corporate offences; handling stolen goods, money laundering, and the use of money, goods or utilities of unlawful origin; in addition, the companies El.En. S.p.A. and Deka M.E.L.A. S.r.l. have also identified as sensitive the areas relating to the following offences: market abuse, transnational offences and environmental offences.

In this context, parent company El.En. S.p.A. and its subsidiaries Deka M.E.L.A. S.r.l. and Quanta System S.p.A. have analysed, considered relevant and mapped this risk, and included it in their Organisational Model as per It. Leg. D. 231/2001. These companies have carried out an analysis of the risks of committing offences against the public administration (including those of a corrupt nature), from which a high level of risk did not emerge, in view of the existence of procedures to guard against them and in consideration of the type of activity performed. Nevertheless, the most sensitive areas of corporate activity have been identified and a special part dedicated to the prevention of this type of offence has been prepared in the Organisational Model. The analysis therefore started from the mapping of activities and the identification of the risk associated with each of them by means of the attribution of a score (the parameters of which are: historical occurrence, existence of company procedures, impact of sanctions for the type of offence and frequency of occurrence). It was considered that the frequency of the event and the impact of the sanctions made it appropriate to dedicate a part of the Organisational Model to all prevention activities related to this type of offence, even if the historical occurrence (no event occurred to date) and the existence of company procedures mitigated the risk. The Code of Ethics also contains a reference to precise behavioural duties aimed at avoiding the occurrence of corrupt phenomena.

In order to ensure compliance with the principles set forth in the Code of Ethics and the effective implementation of the information flow and control system referred to in Model 231, the Group companies that have established it make use of the Supervisory Body. Appointed by the Board of Directors, the main task of the Supervisory Board is to monitor and, if necessary, report to the Board of Directors any irregularities or violations and to supervise compliance with the procedures adopted by the Company in the context of the prevention of the so-called predicate offences, identified following an in-depth analysis.

The El.En. Group believes that knowledge of and adherence to the principles of the Code of Ethics and Model 231 should also be promoted through specific training plans for people working within the organisation: during 2024, the subsidiary Quanta System and the subsidiary Asa carried out specific training on Model 231, which reached 37 employees, while various subsidiaries carried out in-depth training on the Code of Ethics, which reached 304 people for a total of 682 hours of training. The Code of Ethics is handed out at the time of recruitment.

With particular reference to risks related to ethical behaviour, the El.En. Group pays great attention to the issue of preventing corruption-related risks, and to further strengthen its system for preventing corruption and bribery, it has signed the Anti-Corruption Policy, which is fully aligned with the United Nations Convention against Corruption. Central to the corporate culture are also the Human Rights Policy and the Diversity Policy. The three policies are approved by the Board of Directors of parent company El.En. S.p.A. and received by the Group's subsidiaries, translated if necessary into local languages, sent and made available to all employees. They are also available to all stakeholders, in their updated version, on the website www. elengroup.com, in the section “Governance/ Ethics, Integrity and Compliance”.

Although the El.En. Group's Anti-Corruption Policy does not formally refer to it, it is consistent with the United Nations Convention against Corruption, sets specific objectives for the prevention of corruption, and is integrated into the Group's Sustainability Plan. The El.En. Group constantly monitors the corporate offices at greatest risk of corruption, executives, middle managers, purchasing and sales departments, identifying and/or periodically reassessing these areas through risk assessment. In their conduct, all collaborators carrying out activities in the name and on behalf of a company belonging to the Group, regardless of where they are located, must comply with the Policy and with all anti-corruption legislation in force in the countries where they are employed or active, if more restrictive. Any country-specific guidelines must comply with this Policy; no violation of federal, state or international regulations is permitted or tolerated. Every two years, the El.En. Group conducts anti-corruption training for all companies, specifically for executives, middle managers, purchasing and sales departments, i.e. all offices identified as having a higher risk of active and passive corruption. This training is carried out on-line: an invitation is sent to all persons who have to undertake it. Inside the module are slides on the El.En. Group's commitment to fight corruption through the Code of Ethics, the Anti-Corruption Policy and Model 231 (for companies that have implemented it). This is followed by practical cases to practise on, a module on warning signs not to be underestimated and an in-depth discussion on responsibility and how to report. Once the in-depth study with the slides has been completed, one is asked to fill out a multiple-choice questionnaire to check the level of learning of the course. During 2024, the training reached 247 people. Training was also provided to executive board members and top management of the parent company and its subsidiaries.

El.En.'s Whistleblowing Procedure accepts any reports from internal and external stakeholders, regulates the operating procedures for making and transmitting reports, the relative reception, analysis and processing process, and provides indications regarding the forms of protection set up by the Company in compliance with the regulations in force. The above procedure underlies the activity carried out by the individual who receives and handles the report in order to ascertain the validity and truth of the reports and to take appropriate corrective and disciplinary action, if necessary. The El.En. Group is subject to legal obligations under national legislation transposing Directive (EU) 2019/1937 on the protection of whistleblowers. The addressees of the procedure are employees, collaborators, members of corporate boards and shareholders of the Company and/or Group companies as well as partners, customers, suppliers, consultants, collaborators and shareholders of the Company and/or Group companies. Addressees who are aware of violations are invited to report them promptly by means of the methods described below, refraining from undertaking autonomous initiatives of analysis and/or investigation.

All the El.En. Group's Policies for the submission of reports and the procedure for handling them refer to the "Whistleblowing Procedure" available on the website www.elengroup.com in the section Governance/management of reports/Whistleblowing.
El.En. has procedures in place to expeditiously, independently and objectively investigate incidents concerning the company’s conduct, including cases of active and passive corruption. El.En. Group guarantees the confidentiality of sources and information that comes into its possession, without prejudice to legal obligations. The Group does not tolerate any form of retaliation against anyone who makes a report in good faith, nor against anyone who has refused to carry out actions contrary to this document, even if there have been negative consequences for the business as a result of such a refusal. Therefore, any employee, collaborator or stakeholder who becomes aware of a suspected or known violation of the Policies or laws in question must immediately report it, even anonymously, through the channels indicated in the Whistleblowing Procedure.

G1-2 – Management of relationships with suppliers

Sustainable supply chain management on all aspects of sustainability is described in section S2 - Workers in the Value Chain.
In managing the processes inherent in relations with suppliers and contractors, the Group continuously carries out analyses and preventive assessments of market trends, developments in current and potential suppliers, technical updates and trade regulations for relevant products.
In the selection of and relations with suppliers and contractors, the Group assesses, objectively and consistently with internal procedures and corporate planning, the economic convenience for the Company, with particular reference to the objectives of profitability and liquidity, as well as the market position, technical capabilities and overall reliability of its interlocutors. In particular, the Group takes into account elements such as: financial solidity, experience acquired in the sector, reliability demonstrated in relations with the Company, resources and technical and design capabilities, also based on specific testing of the relative products, production capacity, adoption of company quality control and product safety systems consistent with those required by the Group.
Although the Group has not adopted formal policies on the management of relations with suppliers, its main objective is to establish relations with suppliers and contractors inspired by the principles of legality, fairness, loyalty and transparency. The Group shall ensure that negotiations and business relations with suppliers are characterised by the utmost fairness and seriousness and are conducted in compliance with applicable regulations. Relations with suppliers and contractors, including financial and ancillary relations, are governed by specific agreements, which are characterised by maximum clarity and comprehensibility.
Parent company El.En. S.p.A. and Deka Mela S.r.l. were the first companies in the group to have included, in the qualification and approval procedure for suppliers of critical components[18], the evaluation of certain aspects related to sustainability issues (Human Resources and Health and Safety System Management, Environmental System Management and Corporate Governance Management), so that sustainability parameters would also contribute to the supplier's overall evaluation.

[18] Suppliers of critical components are intended as those who supply a component/an assembly having an impact on Patient and/or Practitioner safety and posing a high risk index; or those who offer services related to product quality that have an impact on Patient and/or Practitioner safety.

Subsequently, also the Chinese subsidiaries and the companies Quanta System and Asa S.r.l. included the questions in their "New Supplier Checklists" relating to sustainability issues (Human Resources and health and safety system management, Environmental system management, Corporate Governance management and Respect for human rights in terms of refusal to employ child labour and refusal to use forced or compulsory labour). Already last year in El.En., the Sustainability department started to set up a model for sustainable supply chain management, to be used for all subsidiaries, which allows new and relevant suppliers to be monitored more closely based on sustainability parameters.

Monitoring the supply chain in terms of sustainability is essential to ensure not only operational efficiency, but also compliance with environmental, ethical and social regulations. Specific training activities on supply chain monitoring were carried out during 2024 and a supply chain due diligence procedure was drafted at the end of the year. This covers environmental, social and governance issues and aims to verify whether suppliers comply with due diligence procedures with respect to sustainability issues and in line with the requirements of the European CSRD (Corporate Sustainability Reporting Directive). The procedure outlines the main impacts, risks and opportunities related to its supply chain activities, the actions taken to identify and monitor sustainability KPIs at its suppliers, the procedure for reporting on any actions taken or to be taken to prevent or mitigate impacts and risks, and any results following such actions. In order to structure the process uniformly throughout 2024, also in light of recent regulatory changes, the Group decided to adopt a platform for monitoring its supply chain, which will come into effect at the beginning of 2025 for parent company El.En. S.p.A. and in the course of the year for the main subsidiaries, to be extended in the course of 2026 to the entire Group. The suppliers monitored through the platform will be those identified by volume of business, geographical area and strategic value. With this support, the Group will be able to more meaningfully engage and support its suppliers towards a sustainable growth path. The Group is committed to ensuring the punctuality of payments to its suppliers and business partners, in accordance with the agreed contractual conditions. Our company policy to avoid late payments, in particular to SMEs, is based on a structured and transparent process. All supplier invoices are recorded with an agreed due date in the supply clauses and monitored by the treasury departments. Barring any specific problems, meeting deadlines is guaranteed, ensuring punctual payments and consolidating a relationship of trust with our partners. This approach supports the financial stability of SMEs and maintains an efficient and reliable supply cycle.

G1-3 - Prevention and detection of corruption and bribery

The El.En. Group adopts a zero-tolerance policy towards acts of corruption: the approach to fighting corruption is outlined in both the Code of Ethics and the specific Group Anti-Corruption Policy.
Both documents have been approved by the El.En. Board of Directors, implemented by all subsidiaries, sent to all employees, placed in public folders or notice boards and published on the website *www. elengroup.com* in the governance/ethics, integrity and compliance section available to all *stakeholders*.
The rules contained in the Code of Ethics are intended to protect the Group's integrity and to ensure compliance with the laws and regulations of each country in which it is active. With particular reference to ethical behaviour, the El.En. Group pays great attention to the issue of preventing corruption-related risks: violation of the principles defined in the Code constitutes breach of contractual obligations arising from the employment and/or collaboration relationship and a source of compensation for damages. In the contracts signed by the Parent Company with consultants, distributors, agents and suppliers of critical components as well as at the foot of supplier orders, explicit reference is made to the Group's Code of Ethics and the counterparty declares to have received a copy of it and to accept it.
Furthermore, parent company El.En. S.p.A. and its Italian subsidiaries Deka M.E.L.A. S.r.l. and Quanta System S.p.A. have analysed, considered relevant and mapped out the risk of corruption, incorporating it into their Organisational Model as per It. Leg. D. 231/2001. These companies have carried out an analysis of the risks of committing offences against the public administration (including those of a corrupt nature), from which a high level of risk did not emerge, in view of the existence of procedures to guard against them and in consideration of the type of activity performed. Nevertheless, the most sensitive areas of corporate activity have been identified and a special part dedicated to the prevention of this type of offence has been prepared in the Organisational Model. The analysis therefore started from the mapping of activities and the identification of the risk associated with each of them by means of the attribution of a score (the parameters of which are: historical occurrence, existence of company procedures, impact of sanctions for the type of offence and frequency of occurrence). It was considered that the frequency of the event and the impact of the sanctions made it appropriate to dedicate a part of the Organisational Model to all prevention activities related to this type of offence, even if the historical occurrence (no event occurred to date) and the existence of company procedures mitigated the risk.
In order to ensure compliance with the principles set forth in the Code of Ethics and the effective implementation of the information flow and control system referred to in Model 231, the Group companies that have established it make

use of the Supervisory Body. Appointed by the Board of Directors, the main task of the Supervisory Board, a third and impartial party, is to monitor and, if necessary, report to the Board of Directors any irregularities or violations and to supervise compliance with the procedures adopted by the Company in the context of the prevention of the so-called predicate offences, identified following an in-depth analysis. The Group is committed to implementing all necessary measures to prevent and avoid corruption and bribery. Group collaborators are prohibited from making or promising to third parties, even indirectly, gifts of money or other benefits, with the aim of unduly promoting or favouring the interests of the Group or third parties, as well as from accepting for themselves or for others the promise or gift of sums of money or other benefits to unduly promote or favour the interests of third parties. The El.En. Group therefore prohibits the use of any form of bribe, illicit payment, whether in cash or in any other form, for the purpose of gaining an advantage, understood as facilitation in a performance or guarantee in the achievement of a performance. The prohibition also extends to Group employees who intend to accept or offer bribes for personal benefit or for the benefit of their family members, associates or acquaintances. In the event of an offer, promise or request for a bribe, employees must immediately notify their supervisor and the relevant function through the channels dedicated to the collection of reports. Within the Anti-Bribery Policy, the following items are examined in depth:

- Giveaways
- Institutional relations with both the public administration and other relevant actors
- Applying for, receiving and managing public funding
- Relations with political parties, trade unions, associations and other representative bodies
- Charity and event sponsorship
- Financial and Sustainability Reporting and the Rules on Data Collection Management
- Whistleblowing channels, who should collect them, disciplinary actions foreseen

Every two years, the El.En. Group conducts anti-bribery training for all companies, specifically for executives, middle managers, purchasing and sales departments, thus covering all functions considered to be at risk, in order to ensure adequate understanding of all topics contained in the Policy; during 2024, the training reached 247 people. Anti-corruption training will be carried out in subsequent years in the same way. The aim of such training is to create in people a greater awareness of risks, strengthen their ethical culture and promote the adoption of behaviour in compliance with regulations. Training is therefore administered with the aim of reducing the risk of wrongdoing, improving transparency and ensuring compliance with Group Policy.

Anti-corruption training tries to cover all corporate operations at risk of corruption, including sales, purchasing, relations with public authorities and third-party management of both the upstream (suppliers, intermediaries) and downstream (distributors, customers) phases, seeking to ensure compliance throughout the value chain. All Group companies and all countries in which the Group is active or has business relations are therefore covered.

Training is provided by in-house corporate positions and therefore, there were no significant operating expenses (OpEx) and/or capital expenses (CapEx) during the fiscal year and none are planned in the future.

G1-4 - Confirmed incidents of corruption or bribery

In 2024, there were no proven or alleged incidents of corruption or bribery within the Group, nor cases directly involving its employees or value chain actors. Consequently, no sanctions were applied for violations of anti-corruption and anti-bribery regulations. Please refer to the aforementioned Policy, which can be found on the website www. elengroup.com in the Governance/Ethics, Integrity and Compliance section, to specify what is considered an incident of corruption and which cases apply. In the event of violations committed by employees or other collaborators of the Group, the relevant disciplinary measures will be taken and sanctions will be imposed in full compliance with applicable laws. Disciplinary sanctions may go as far as dismissal or termination of all business relations, and employees or collaborators may be subject to both criminal and civil prosecution in the relevant jurisdictions. The El.En. Group will not tolerate non-observance, even if unintentional, of the Code of Ethics, Anti-Corruption Policy and the applicable legislation requirements and reserves the right to claim damages against violations. Furthermore, the El.En. Group shall not be obliged to reimburse sanctions or legal costs incurred by employees. Please refer to the previous section for a description of the actions taken.

G1-6 - Payment practices

The El.En. Group pays invoices mostly in line with the standard terms of the different countries in which it is active. To calculate the average days to pay suppliers, which turned out to be 87.9 days, we used the *Days Payable Outstanding* (DPO) indicator, which measures the average number of days it takes a company to pay its suppliers after receiving an invoice. The DPO is calculated as the ratio of accounts payables to the sum of costs for purchases, direct costs and other operating services and charges, as reported in the Group's Consolidated Financial Statements, multiplied by the number of days in the reference fiscal year. It is specified that, as at the date of this document, there are no relevant pending legal proceedings due to late payment. It should be noted that there are no formalised standard payment terms at Group level for the different categories of suppliers. At the date of publication of this report, there were no pending legal proceedings due to late payment.

Certification of sustainability reporting pursuant to Art. 81-ter, paragraph 1, of Consob Regulation No. 11971 of 14 May 1999 and later modifications and additions

The undersigned Andrea Cangioli, in his capacity as Managing director, and Caterina Delibassis, in her capacity as Sustainability Executive of El.En. S.p.A. certify, pursuant to Art. 154-*bis*, para. 5-*ter* of It. Legislative Decree of 24 February 1998, no. 58, that the sustainability reporting included in the Management Report was drawn up:

- in compliance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and It. Legislative Decree of 6 September 2024, no. 125;
- with the specifications adopted pursuant to Art. 8, para. 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Calenzano, 13 March 2025

The Managing Director

Ing. Andrea Cangioli

The Certifying Executive in charge of Sustainability

Ms. Caterina Delibassis

CONSOLIDATED FINANCIAL STATEMENT OF THE EL.EN. GROUP AS OF 31 DECEMBER 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Consolidated statement of financial position

Assets	Note		31/12/24		31/12/23
Intangible assets	1		4.691.751		12.616.127
Tangible assets	2		77.622.864		112.218.401
Equity investments	3				
- in associated companies		977.596		1.864.054	
- other		1.033.343		1.061.819	
Total Equity investments			2.010.939		2.925.873
Deferred tax assets	4		11.299.483		14.347.340
Other non-current assets	4				
- third parties		7.611.590		24.092.438	
Total Other non-current assets			7.611.590		24.092.438
Total non current assets			**103.236.627**		**166.200.179**
Inventories	5		172.393.804		210.297.128
Accounts receivable	6				
- third parties		117.664.032		173.034.161	
- associated companies		318.314		348.576	
Total Accounts Receivable			117.982.346		173.382.737
Tax receivables	7		13.820.362		17.554.110
Other receivables	7				
- third parties		11.070.061		16.037.956	
- associated companies		331.565		381.565	
Total Other receivables			11.401.626		16.419.521
Securities and other current financial assets	8		10.017.016		4.315.184
Cash and cash equivalents	9		147.470.081		131.040.584
Total current assets			**473.085.235**		**553.009.264**
Assets held for sale	35		**164.399.337**		**0**
Total Assets			**740.721.199**		**719.209.443**

Liabilities	Note		31/12/24		31/12/23
Share capital	10		2.603.962		2.598.872
Additional paid in capital	11		47.822.126		47.329.202
Other reserves	12		123.625.395		108.564.564
Treasury stock	13		(78.999)		(380.401)
Retained earnings / (accumulated deficit)	14		159.434.807		139.678.866
Net income / (loss)			51.613.294		48.239.378
Group shareholders' equity			**385.020.585**		**346.030.481**
Minority interest			25.781.512		29.427.346
Total shareholders' equity			**410.802.097**		**375.457.827**
Severance indemnity fund	15		4.981.355		4.758.094
Deferred tax liabilities	16		2.972.820		3.523.718
Other accruals	17		8.116.602		13.251.628
Financial debts and liabilities	18				
- third parties		23.497.880		28.978.903	
Total Financial debts and liabilities			23.497.880		28.978.903
Other non current liabilities					
Accounts payable third parties - non current		956.217		1.545.280	
Other payables - non current	18	230.247		6.087.344	
Total Other non current liabilities			1.186.464		7.632.624
Total non current liabilities			**40.755.121**		**58.144.967**
Financial liabilities	19				
- third parties		23.246.359		44.686.771	
Total Financial liabilities			23.246.359		44.686.771
Accounts payable	20				
- third parties		90.550.170		153.230.610	
Total Accounts payable			90.550.170		153.230.610
Income tax payables	21		3.666.738		4.343.983
Other current payables	21				
- third parties		53.227.073		82.245.285	
- associated companies		0		1.100.000	
Total Other current payables			53.227.073		83.345.285
Total current liabilities			**170.690.340**		**285.606.649**
Liabilities directly associated with the assets held for sale	35		**118.473.641**		-
Total Liabilities and Shareholders' equity			**740.721.199**		**719.209.443**

Consolidated income statement

Income Statement	Note	31/12/24		31/12/23 (*)	
Revenues	22				
- third parties		565.373.825		573.314.259	
- associated companies		471.676		2.697.014	
Total Revenues			565.845.501		576.011.273
Other revenues and income	23				
- third parties		6.827.364		4.671.762	
- associated companies		5.368		121.585	
Total Other revenues and income			6.832.732		4.793.347
Revenues and income from operating activity			**572.678.233**		**580.804.620**
Purchase of raw materials	24				
- third parties		267.157.849		313.900.382	
- associated companies		14.500		-	
Total Purchase of raw materials			267.172.349		313.900.382
Changes in inventory of finished goods			(4.084.679)		(13.983.499)
Change in inventory of raw material			10.284.040		(10.322.066)
Direct services	25				
- third parties		53.669.248		56.419.783	
- associated companies		-		20.818	
Total Direct services			53.669.248		56.440.601
Other operating services and charges	25				
- third parties		55.092.195		50.090.779	
Total Other operating services and charges			55.092.195		50.090.779
Staff cost	26		98.769.659		92.494.431
Depreciation, amortization and other accruals	27		13.466.731		13.964.752
EBIT			**78.308.690**		**78.219.240**
Financial charges	28				
- third parties		(2.155.744)		(1.464.273)	
Total Financial charges			(2.155.744)		(1.464.273)
Financial income	28				
- third parties		2.774.715		1.400.830	
- associated companies		17.951		16.826	
Total Financial income			2.792.666		1.417.656
Exchange gain (loss)	28		165.482		(402.037)
Share of profit of associated companies			22.645		64.497
Other charges	29		(29.242)		-
Other income	29		5.000.000		-
Income (loss) before taxes			**84.104.497**		**77.835.083**
Income taxes	30		21.227.452		22.599.941
Result from Continuing operations			**62.877.045**		**55.235.142**
Income (loss) from Discontinued operations	35		(10.372.048)		(5.168.620)
Income (loss) before of minority interest			**52.504.997**		**50.066.522**
Income (loss) of minority interest			891.703		1.827.144
Net income (loss)			**51.613.294**		**48.239.378**

Basic net income/(loss) per share	31	0,64	0,60
Diluted net income/(loss) per share	31	0,63	0,59
Basic net income/(loss) per share from Continuing operations	31	0,79	0,69
Diluted net income/(loss) per share from Continuing operations	31	0,77	0,68

(*) The values for the year 2023 have been restated in accordance with IFRS 5.

Consolidated statement of comprehensive income

	Note	31/12/24	31/12/23
Reported net (loss) income (A)		52.504.997	50.066.522
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		19.802	(253.700)
Other income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments		1.676.006	(3.858.532)
Unrealized gain (loss) on derivatives and other changes		7.601	(22.681)
Total other income/(loss), net of fiscal effectes (B)		1.703.409	(4.134.913)
Total comprehensive (loss) income (A)+(B)		54.208.406	45.931.609
Referable to:			
Parent Shareholders		52.813.829	45.378.485
Minority Shareholders		1.394.577	553.124

(*) The values for the year 2023 have been restated in accordance with IFRS 5.

Consolidated Cash Flow Statement

Cash flow statement	Note	31/12/2024	Related parties	31/12/23 (*)	Related parties
Operating activity					
Income (loss) for the financial period		**52.504.997**		**50.066.522**	
Amortisations and depreciations	27	11.965.194		9.297.022	
Interest income	28	2.792.666		1.746.388	
Interest Expense	28	(2.006.339)		(2.598.641)	
Income tax paid		(21.204.135)		(29.197.734)	
Share of profit of associated companies		(22.645)	(22.645)	(64.497)	(64.497)
Write-downs for impairment losses	27	(2.884)		10.684	
Stock Option Share payment loss		3.372.697		2.031.696	
Severance indemnity	15	254.923		324.840	
Provisions for risks and charges	17	469.349		2.117.293	
Bad debt reserve	6	3.869.996		1.610.185	
Deferred income tax assets	4	(559.562)		(861.997)	
Deferred income tax liabilities	16	27.568		537.346	
Inventories	5	7.346.587		(26.383.211)	
Accounts receivable	6	5.053.135	30.262	(10.450.086)	133.022
Tax receivables / payables	7-21	22.490.651		24.322.150	
Other receivables	7	(3.829.015)	(308)	(510.219)	
Accounts payable	20	(5.548.094)		(6.697.188)	(329)
Other payables	21	(288.670)	(1.099.976)	(3.542.545)	1.100.000
Other non- monetary variations from operating activity		202.713		1.057.839	
Cash flows from operating activities, discontinued operations	35	6.179.357		(590.917)	
Cash flow generated by operating activity		**83.068.489**		**12.224.930**	
Investment activity					
Tangible assets	2	(8.052.595)		(12.548.805)	
Intangible assets	1	(1.408.471)		(1.125.311)	
Equity investments, securities and other financial assets	3-4-8	10.636.246	145.505	(4.157.692)	(810.603)
Financial receivables	4-7	(117.354)	50.000	(463.132)	
Cash flows from investing activities, discontinued operations	35	(989.145)		1.328.843	
Cash flow generated by investing activity		**68.681**		**(16.966.097)**	
Financing activity					
Non current financial liabilities	18	(12.964.336)		(5.880.168)	
Current financial liabilities	19	(200.732)		5.068.119	
Capital increase	10	498.014		405.552	
(Purchase) Sell treasury shares	13	256.231		88.232	
Capital decrease	10	(5.274.748)		0	
Dividends paid	32	(17.051.406)		(18.895.648)	
Other non- monetary variations from financing activity		(764.045)		582.900	
Cash flows from financing activities, discontinued operations	35	(12.485.810)		(6.163.316)	
Cash flow generated by financing activity		**(47.986.832)**		**(24.794.329)**	
Change in cumulative translation adjustment reserve		**(211.233)**		**(153.875)**	
Change in cumulative translation adjustment reserve for assets held for sale		**-**		**(2.084.310)**	
Increase/(decrease) in cash and cash equivalents		**34.939.105**		**(31.773.681)**	
Increase/(decrease) in cash and cash equivalents of assets held for sale		**11.074.175**			
Cash and cash equivalents at the beginning of the financial period		**131.040.584**		**162.814.265**	
Cash and cash equivalents reclassified among assets held for sale		**29.583.783**			
Cash and cash equivalents at the end of the financial period		**147.470.081**		**131.040.584**	

(*) The values for the year 2023 have been restated in accordance with IFRS 5.

Total cash and cash equivalents consist of the cash balance and the balance of deposits and bank accounts.

Changes in the Consolidated Shareholders' Equity

Total shareholders' equity	**31/12/2022 Restated**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2023**
Share capital	2.594.727			4.145		2.598.872
Additional paid in capital	46.927.795			401.407		47.329.202
Legal reserve	537.302					537.302
Treasury stock	-468.633			88.232		-380.401
Other reserves:						
Extraordinary reserve	88.664.601	13.899.132				102.563.733
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	974.636				-2.641.787	-1.667.151
Other reserves	4.700.394			2.054.386	-50.757	6.704.023
Retained earnings / (accumulated deficit)	113.717.287	41.211.863	-17.573.198	2.491.263	-168.349	139.678.866
Net income / (loss)	55.110.995	-55.110.995			48.239.378	48.239.378
Total Group shareholders' equity	313.185.761		-17.573.198	5.039.433	45.378.485	346.030.481
Capital and reserve of minority interest	26.344.298	3.924.588	-1.322.450	-72.214	-1.274.020	27.600.202
Result of minority interest	3.924.588	-3.924.588			1.827.144	1.827.144
Total Minority interest	30.268.886		-1.322.450	-72.214	553.124	29.427.346
Total shareholders' equity	343.454.646		-18.895.648	4.967.220	45.931.609	375.457.827

Total shareholders' equity	**31/12/2023**	**Net income allocation**	**Dividends distributed**	**Other movements**	**Comprehensive income (loss)**	**31/12/2024**
Share capital	2.598.872			5.090		2.603.962
Additional paid in capital	47.329.202			492.924		47.822.126
Legal reserve	537.302					537.302
Tresury stock	-380.401			301.402		-78.999
Other riserves:						
Extraordinary reserve	102.563.733	12.115.559				114.679.292
Special reserve for grants received	426.657					426.657
Cumulative translation adjustment	-1.667.151	6.592		416.732	1.178.064	-65.763
Other reserves	6.704.023			1.328.267	15.617	8.047.907
Retained earnings / (accumulated deficit)	139.678.866	36.117.227	-16.006.440	-361.700	6.854	159.434.807
Net income / (loss)	48.239.378	-48.239.378			51.613.294	51.613.294
Total Group shareholders' equity	346.030.481		-16.006.440	2.182.715	52.813.829	385.020.585
Capital and reserve of minority interest	27.600.202	1.827.144	-1.044.959	-3.995.452	502.874	24.889.809
Result of minority interest	1.827.144	-1.827.144			891.703	891.703
Total minority interests	29.427.346		-1.044.959	-3.995.452	1.394.577	25.781.512
Total shareholders' equity	375.457.827		-17.051.399	-1.812.737	54.208.406	410.802.097

See notes 10 to 14 for details.
The amount entered in the “comprehensive income (loss)” column refers to:

- as for the cumulative translation adjustment, to the variation in currency assets held by the group;
- as for other reserves and retained earnings, to the '*remeasurement*' of the provision for severance indemnities for the portion relating to subsidiaries and to the recognition of a hedging derivative by a subsidiary on interest expense on loans;
- as for treasury stock, to the capital gain realised by El.En.;

Please refer to the specific statement of comprehensive income for more details.

EXPLANATORY NOTES

CORPORATE INFORMATION

The parent company El.En. S.p.A. is a joint stock company incorporated and domiciled in Italy. The company's registered office is in Calenzano (Florence), Via Baldanzese no. 17.
The ordinary shares are listed on Euronext STAR Milan ("STAR") managed by Borsa Italiana S.p.A.
The consolidated financial statement of the El.En. Group was examined and approved by the Board of Directors on 13 March 2025.
The financial statements are drawn up in euros, which is the presentation and functional currency of the parent company and many of its subsidiaries.

PRINCIPLES AND ACCOUNTING STANDARDS

BASIS OF PREPARATION

This consolidated financial statement was been prepared in accordance with the historical cost principle, with the exception of certain categories of financial instruments, which have been measured at *fair value*.
The Group has prepared its financial statements on the assumption that the requirement of going concern is maintained.

The consolidated financial statement consists of:

- the Consolidated Statement of Financial Position - The presentation of the consolidated statement of financial position is made through the separate disclosure of current and non-current assets and current and non-current liabilities;
- the Consolidated Income statement - The consolidated income statement shows items by nature, as it is considered the one that provides the most explanatory information;
- the Consolidated statement of comprehensive income - The consolidated statement of comprehensive income includes items recognised directly in shareholders' equity when the IFRS allow it;
- the Consolidated Cash Flow Statement - The consolidated cash flow statement presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby the income (loss) for the financial period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and expenses or revenues items associated with cash flows from investing or financing activities;
- the Changes in the Consolidated Shareholders' Equity;
- and these Explanatory Notes.

The economic information is provided with reference to the financial year 2024 and the financial year 2023. Financial information is instead provided with reference to 31 December 2024 and 31 December 2023.

The parent company El.En. S.p.A. appointed the independent auditor, EY S.p.A., to audit the consolidated financial statement as at 31 December 2024.

EXPRESSION IN ACCORDANCE WITH IFRS

The consolidated financial statement as at 31 December 2024 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS also include all interpretative documents issued by the *International Financial Reporting Interpretations Committee* (IFRIC) formerly known as the *Standing Interpretations Committee* (SIC).

During the year, the intention to proceed with the sale of the equity investment in the Laser Cutting business unit was made known. Subsequently, it was reported that the majority of Chinese company Penta Laser Zhejiang alone would be divested upon conclusion of the negotiations. Therefore, with this manifested intention, these financial statements were prepared, in accordance with IAS/IFRS accounting standards, by reclassifying the Chinese industrial cutting division's contribution into assets, liabilities and income/loss from discontinued operations, according to IFRS5 for the current year. For 31 December 2023, the adjustment to comparative data was only necessary for the Consolidated income statement and the Consolidated cash flow statement, in accordance with the provisions of paragraph 40 of IFRS 5.

IFRS INTERPRETATIONS, AMENDMENTS AND ACCOUNTING STANDARDS APPLIED FROM 1/1/24

The Group has applied certain principles or amendments for the first time, which are effective from 1 January 2024. The Group has not opted for the early adoption of any new standards, interpretations or amendments issued but not yet in force.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessor does not recognise a gain or loss that relates to the right of use retained by the lessor.

The change had no impact on the Group's financial statement.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The changes clarify:

- What is meant by the right of deferral of maturity;
- That the right of deferral must exist at the close of the financial year;
- The classification is not impacted by the likelihood that the entity will exercise its subordination right;
- Only if a derivative embedded in a liability is convertible is it itself an equity instrument. The maturity of the liability has no impact on classification.

In addition, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within twelve months.

The change had no impact on the Group's financial statement.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Cash Flows Statement and IFRS 7 Financial Instruments: Disclosures clarify the features of supply finance arrangements and require additional disclosure of these arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

The change had no impact on the Group's financial statement.

IFRS and IFRIC accounting standards, amendments and interpretations issued by the IASB and not yet in force

Standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Group's financial statement are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

IFRS 18 *Presentation and Disclosure in Financial Statements*
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statement*. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Additionally, entities will have to classify all expenses and revenues within the income statement within four categories: operation, investment, financing, income taxes and discontinued operations, where the first three categories are new.
The standard also requires disclosures based on the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes.

In addition, changes were introduced to IAS 7 *Cash Flow Statement*, including the change of the starting point for determining cash flows from operations based on the indirect method; from profit or loss to operating profit or loss and the removal of the option to classify cash flows from dividends and interest. Additionally, consequential changes were made to several other accounting standards.

IFRS 18, and amendments to other standards, are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*
In May 2024, the IASB issued IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the financial year, an entity must be a subsidiary as defined in IFRS 19, cannot have '*public accountability*' and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available to the public, in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with early application possible.

SCOPE OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statement of the El.En. Group include the financial statement of the parent company and those of the Italian and foreign companies in which El.En. S.p.A. directly or indirectly controls the majority of the votes exercisable at the ordinary shareholders' meeting.
Control is achieved when the Group is exposed to or entitled to variable returns from its relationship with the investee and, at the same time, has the ability to affect those returns by exercising its power over that entity. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. holds valid rights that give it the current ability to direct the relevant activities of the investee);
- the exposure or rights to variable returns arising from the relationship with the investee;
- the ability to exert its power over the investee to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights implies control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- Contractual agreements with other holders of voting rights;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control of an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. Assets, liabilities, revenues and expenses of the subsidiary acquired or sold during the year are included in the consolidated financial statement from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the statement of comprehensive income are allocated to the shareholders of the parent company and the non-controlling equity investments, even if this implies that the non-controlling equity investments have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the group's accounting standards. All assets and liabilities, shareholders' equity, revenues, expenses and intercompany cash flows related to transactions between group entities are eliminated completely upon consolidation.

Changes in shareholdings in a subsidiary that do not result in a loss of control are accounted for in the shareholders' equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other shareholders' equity components, while any gain or loss is recognised in the income statement. Any retained shareholding must be recognised at fair value.

The following table summarises, with regard to the subsidiaries, the information as at 31 December 2024 on their names, headquarters and share capital held directly and 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	2.603.962				
Subsidiaries								
Ot-Las S.r.l.		Calenzano (ITA)	EUR	154.621	98,89%		98,89%	98,89%
Deka Mela S.r.l.		Calenzano (ITA)	EUR	40.560	85,00%		85,00%	85,00%
Esthelogue S.r.l.	1	Calenzano (ITA)	EUR	7.100.000	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	2	Jena (GER)	EUR	2.025.000	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	3	Arcugnano (ITA)	EUR	46.800		60,00%	60,00%	51,00%
BRCT Inc.		New York (USA)	USD	1.487.500	100,00%		100,00%	100,00%
With Us Co., Ltd	4	Tokyo (JAP)	JPY	100.000.000		78,85%	78,85%	78,85%
Penta-Laser (Wuhan) Co., Ltd	5	Wuhan (CHINA)	CNY	20.483.763		100,00%	100,00%	77,59%
Cutlite do Brasil Ltda	6	Blumenau (BRA)	BRL	2.000.000		98,27%	98,27%	97,17%
Pharmonia S.r.l.		Calenzano (ITA)	EUR	50.000	100,00%		100,00%	100,00%
Deka Japan Co., Ltd		Tokyo (JAP)	JPY	10.000.000	55,00%		55,00%	55,00%
Penta Laser Zhejiang Co., Ltd	7	Wenzhou (CHINA)	CNY	48.490.211		78,46%	78,46%	77,59%
Merit Due S.r.l.	8	Calenzano (ITA)	EUR	13.000		100,00%	100,00%	98,89%
Cutlite Penta S.r.l	9	Calenzano (ITA)	EUR	500.000		100,00%	100,00%	98,89%
Galli Giovanni & C. S.r.l.	10	Cassano Magnago (ITA)	EUR	31.200		70,00%	70,00%	70,00%
Penta Laser Technology (Shandong) Co., Ltd.	11	Linyi (CHINA)	CNY	26.000.000		100,00%	100,00%	77,59%
Lasit Laser Polska	12	Tychy (POL)	PLN	9.795		65,00%	65,00%	45,50%
Lasit Laser Iberica, S.L.	13	Saragoza (SPA)	EUR	3.100		65,00%	65,00%	45,50%
Shenzhen KBF Laser Tech Co., Ltd	14	Shenzhen (CHINA)	CNY	21.836.505		60,00%	60,00%	46,55%
Lasit Laser Deutschland GmbH	15	Immendingen (GER)	EUR	12.500		70,00%	70,00%	49,00%
HL S.r.l.	16	Calenzano (ITA)	EUR	200.000		100,00%	100,00%	98,89%
Lasit Laser Uk Ltd	17	Solihull (GB)	GBP	10.000		70,00%	70,00%	49,00%
Cutlite Penta USA, Inc.	18	Dover (USA)	USD	75.000		100,00%	100,00%	100,00%

(1) held by Elen SpA (50%) and Asclepion (50%)
(2) held by Elen SpA (50%) and Quanta System SpA (50%)
(3) held by Deka Mela Srl (60%)
(4) held by BRCT Inc. (78,85%)
(5) held by Penta Laser Zhejiang Co., Ltd (100%)
(6) held by Cutlite Penta Srl (98,27%)
(7) held by Ot-las Srl (78,46%)
(8) held by Ot-las Srl (100%)
(9) held by Ot-las Srl (100%)
(10) held by Quanta System SpA (70%)
(11) held by Penta Laser Zhejiang Co., Ltd (100%)
(12) held by Lasit SpA (65%)
(13) held by Lasit SpA (65%)
(14) held by Penta Laser Zhejiang Co., Ltd (60%)
(15) held by Lasit SpA (70%)
(16) held by Cutlite Penta Srl (100%)
(17) held by Lasit SpA (70%)
(18) held by BRCT Inc. (100%)

Transactions carried out during the period

For the transactions carried out in the period, please refer to the description in the section "Significant events which occurred during the financial year 2024" of the Management Report.
Compared to 31 December 2023, the scope of consolidation changed with reference to the incorporation of the company Cutlite Penta USA 100% owned by the subsidiary BRCT Inc.

ASSOCIATED COMPANIES

El.En. S.p.A. directly or indirectly holds equity investments in some companies, without, however, exercising control over them. These companies are valued using the shareholders' equity method.

Equity investments in associated companies are as follows:

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%
Elesta S.p.A.		Calenzano (ITA)	EUR	2.510.000	24,86%		24,86%	24,86%
Actis S.r.l.		Calenzano (ITA)	EUR	10.200	12,00%		12,00%	12,00%
ZheJiang Monochr Laser Intelligent Equipment Co., ltd.	1	Wenzhou (CHINA)	CNY	21.400.000		32,71%	32,71%	25,38%

(1) held by Penta Laser Zhejiang Co., Ltd (32.71%)

Transactions carried out during the period

For the transactions carried out in the period, please refer to the description in the section "Significant events which occurred during the financial year 2024" of the Management Report.

EQUITY INVESTMENTS IN OTHER COMPANIES

Compared to 31 December 2023, there were no significant changes in equity investments in other companies.

TREASURY STOCK

By virtue of the resolutions passed by the Shareholders' Meeting of El.En. spa on 27 April 2021 and 27 April 2023, fully described in their respective annual financial reports, as at 31 December 2023, the treasury stock held by the company amounted to 35,970.

On 29 April 2024, the Shareholders' Meeting of El.En. S.p.A. resolved, after revoking the unused portion of the authorisation granted by the same meeting on 27 April 2023, to allow the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already described in the significant of the year.
On 31 July 2024, the company announced that it had assigned the General manager 28,500 of the shares held in the portfolio, as an in-kind portion of the 2023 annual remuneration. Therefore, as of 31 December 2024, the treasury stock held by the company amounted to no. 7.470.

STANDARDS OF CONSOLIDATION

The consolidated financial statement include the financial statements of El.En. S.p.A. and its subsidiaries as at 31 December 2024.
The Group's equity investments in associated companies and joint ventures are accounted for using the shareholders' equity method.
The financial statements used for consolidation are the financial statements of the individual companies or their sub-aggregations. These financial statements are appropriately reclassified and adjusted in order to bring them into line with the IFRS accounting standards and accounting policies used by the parent company.
Subsidiaries are consolidated on a line-by-line basis from the date of acquisition and cease to be consolidated on the date control is transferred outside the Group; the economic results of subsidiaries are included in the consolidated income statement.
In particular, the following consolidation criteria were applied to the consolidated companies:

- The assets and liabilities as well as the income and expenses of the companies included in the consolidation are reported in full.
- The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of them, including any fair value adjustments at the acquisition date; the difference arising is allocated to the specific assets of the companies acquired on the basis of their current values at the acquisition date and, for the residual portion, if the conditions exist, to "Goodwill". In this case, these amounts are not amortised but are subject to impairment testing at least annually, and in any case whenever the need arises due to impairment. If the elimination of the investment results in a negative difference, this is recognised in the income statement.
- The amount of the capital and reserves of subsidiaries corresponding to minority interests is recorded in a shareholders' equity item called "capital and reserves of minority interests"; the portion of the consolidated economic result corresponding to minority equity investments is recorded in the item "profit (loss) for the year pertaining to minority interests".

CONVERSION OF CURRENCY ITEMS

The financial statements of each consolidated company are prepared using the functional currency relative to the economic environment in which each company operates. In such accounting situations, all transactions in currencies other than the functional currency are recognised at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the end of the reporting period.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and on disposal groups as held for sale if their book value will be recovered mainly through a sale transaction, rather than through their continued use. These non-current assets and on disposal groups classified as held for sale are measured at the lower of their book value and their fair value less sale costs. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes.
The condition for classification as held for sale is considered met only when the sale is highly likely and the asset or the on disposal group is available for immediate sale in its present condition. The actions required to complete the sale should indicate that significant changes in the sale are unlikely to occur or that the sale will be cancelled. Management must be committed to the sale, which should be completed within one year from the date of classification.
Depreciation of property, plants and machinery and intangible assets ceases when they are classified as available for sale.
Assets and liabilities classified as held for sale are presented separately under current items in the financial statement.
Assets held for sale are excluded from the result of operating activities and are presented in the income statement for the year in a single line as Income (loss) from Discontinued operations.
Cash flows from discontinued operations are included in the consolidated cash flow statement and are presented separately in Note 35.

CONSOLIDATION OF FINANCIAL STATEMENT IN FOREIGN CURRENCY

For the purposes of the Consolidated Financial Statement, results, assets and liabilities are expressed in euro, which is the functional currency of the parent company El.En. S.p.A.. For the purposes of preparing the Consolidated Financial Statement, accounting situations with a functional currency other than the euro are converted into euros by applying to assets and liabilities, including goodwill and consolidation adjustments, the exchange rate in force at the end of the reporting period, to income statement items the average exchange rates for the period that approximate the exchange rates in force at the date of the respective transactions, and shareholders' equity items are converted at historical exchange rates.
The related exchange rate differences are recognised directly in shareholders' equity and are shown separately in a special reserve therein. Exchange differences are recognised in the income statement when the subsidiary is sold.
Upon the first-time adoption of IFRS, cumulative conversion differences generated by the consolidation of foreign companies with a functional currency other than the euro were reclassified to the results of previous years, as allowed by IFRS 1; therefore, only cumulative conversion differences recognised after 1 January 2004 are included in the determination of capital gains and losses arising from their possible disposal.
For the conversion of the financial statements of subsidiaries and associated companies with currencies other than the Euro, the exchange rates used are as follows:

Currency	31/12/2023 Average exchange rate	31/12/2023 Exchange Rate	31/12/2024 Average exchange rate	31/12/2024 Exchange Rate
USD	1,08127	1,105	1,08238	1,0389
GBP	0,86979	0,86905	0,84662	0,82918
Real	5,40101	5,3618	5,82828	6,4253
Yen	151,99027	156,33	163,85191	163,06
Yuan	7,66002	7,8509	7,78747	7,5833
Zloty	4,54197	4,3395	4,3058	4,275

USE OF ESTIMATES

The preparation of the Consolidated Financial Statement, in application of IFRSs, requires the making of estimates and assumptions that affect the values of assets and liabilities in the financial statements and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based. Estimates are used to record provisions for credit risks, stock obsolescence, devaluation of fixed assets and goodwill, and provisions for guarantees or disputes. Estimates and assumptions are reviewed periodically and the effects of any variation are reflected in the income statement.

Goodwill is tested for *impairment* at least annually to verify any loss in value.

The main valuation process and the key assumptions used in the process that may have a significant effect on the amounts recognised in the Consolidated Financial Statement or for which there is a risk that value adjustments to the book value of assets and liabilities may arise in the financial year after the one to which the statement refers, are summarised below.

• Bad debt reserve
The bad debt reserve represents management's best estimate of potential losses on the trade receivables portfolio. The estimate is based on expected losses determined on the basis of historical losses for similar loans, trends in past due loans, an assessment of credit quality and a projection of economic and market conditions. In particular, the Group uses a model to calculate ECLs (Expected Credit Loss) for accounts receivable. Provision rates are based on the Group's observed days overdue and historical default rates. Historical default rates are updated and changes in estimates are analysed based also on reference scenarios. The assessment of the correlation between historical default rates, forecast

economic conditions and ECLs represents a significant estimate. The estimate made by the Administrators, although based on historical and market data, may be subject to changes in the competitive or market environment in which the Group operates.

• Reserve for inventory obsolescence

The determination of the inventory write-down provision is a significant estimate by management and is based on assumptions developed to detect the phenomena of obsolescence, slow moving, and possible excess of inventories with respect to the possibility of future use or sale, as well as other conditions that may generate an excess of the carrying value with respect to the realisable value, also considering the rapid evolution of the technologies underlying the Group's products. Stocks of slow-moving raw materials and finished products are periodically analysed on the basis of historical data and the possibility of their sale at lower values than normal market transactions. If these analyses result in the need to reduce the value of inventories, a special allowance for inventory write-downs is recognised. The determination of the reserve for inventory obsolescence is determined on the basis of historical and market data; changes in reference scenarios and market trends may significantly alter the criteria used to determine the underlying estimates.

• Leases

The determination of the value of usage rights arising from lease agreements and the related financial liabilities is an estimate by management. The determination of the lease term takes into account the expiry dates of the contract entered into as well as any renewal clauses that the Group deems reasonably certain to be exercised. The incremental borrowing rate is constructed by considering the type of asset being leased, the jurisdiction in which it is acquired, and the currency in which the lease is denominated. Possible changes in reference scenarios and market trends may require revisiting the components described.

• Risk of losing law suits

The Group recognises a liability for ongoing legal and tax disputes and litigation when it believes it is probable that a financial outlay will be incurred and when the amount of resulting losses can be reasonably estimated. Given the uncertainties inherent in the outcome of these proceedings, it is difficult to predict with certainty the disbursement that will result from such disputes, and it is therefore possible that the value of funds for legal proceedings may change as a result of future developments in ongoing proceedings. The Group monitors the status of pending lawsuits and proceedings and consults with its legal and tax advisors.

• Goodwill

Goodwill is tested for impairment at least annually, even in the absence of facts and circumstances requiring such a review.

The procedure for determining the recoverable amount of goodwill involves, in estimating the value in use, assumptions concerning the expected cash flows of the identified *cash generating units* (CGU), making reference to multi-year plans, the determination of an appropriate discount rate (WACC) and long-term growth rate (*g-rate*). Possible changes in reference scenarios and market trends may require revisiting the components described.

The values recorded in the Consolidated Financial Statement passed the *impairment* test performed on 31 December 2024.

• Warranty reserve

The warranty reserve is determined to cover possible technical warranty work on products and is determined on the basis of the Group’s existing commercial agreements.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

• Deferred tax assets and liabilities

Deferred taxes are recognised on temporary differences between book and tax values and on accumulated deficit. Administrators are required to make a discretionary assessment to determine the amount of deferred taxes that may be accounted for, which are recognised to the extent that it is probable that there will be adequate future taxable profits against which temporary differences and tax losses can be utilised.

• Employee benefits – Severance indemnity
Actuarial valuation requires making assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. All recruitment is reviewed annually.

• Fair value measurement
The Group measures financial instruments at fair value at each financial statement closing.
Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the main market of the asset or liability;

or

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

The main or most advantageous market must be accessible to the Group.
The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.
The Group uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level input used for the measurement is classified.
For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the fair value measurement in its entirety) at each financial statement closing.
At each financial statement closing, the Group analyses changes in the values of assets and liabilities for which revaluation or restatement is required under Group accounting standards.
For the purposes of fair value disclosures, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as illustrated above.

• Non-current assets held for sale and discontinues operations
IFRS 5 requires assets and liabilities held for sale to be measured at the lower of book value and fair value less sale costs. In the valuation of the Chinese laser cutting business unit, the fair value was estimated using the framework agreement for trading in place at the date of this document.

Sustainability risks

Highlights on Dual Materiality

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, the Group has detected and identified any risk factors of an environmental nature and monitors the continuous evolution of the regulatory framework, both national and international.

In 2024, the El.En. Group conducted, for the first time, a dual materiality analysis to identify significant impacts, risks and opportunities, assessing both the impact of the Group on the environment and the company (impact materiality) and the influence of ESG factors on the company's performance (financial materiality).

As part of this analysis, the universe of climate risks was identified, which were assessed with the aim of identifying significant and non-significant risks. The analysis of climate risks that emerged from the dual materiality outlined the following universe of transition risks and physical risks (acute and chronic).

Within the scope of transition risks – i.e. the economic, financial and operational risks arising from the transition to a more sustainable, low-carbon economy identified by the Group – the universe of identified risks refers to risks related to the possible introduction of new environmental standards and regulations, market expectations with respect to the use of low-environmental impact energy sources, and the variability of energy prices on the market. In addition, the universe of identified risks also refers to risks related to difficulties in adapting products in terms of innovation, and to the variability in customer demands increasingly aimed at environmentally-friendly products/services. From this point of view, a gradual decarbonisation process is one possible response to these pressures.
In the area of physical risks – i.e., risks arising from progressively changing weather conditions and extreme meteorological events – the universe of identified risks refers to risks related to the Group's exposure to damage to infrastructure, potential disruptions of essential supplies and potential contraction of production capacity. In addition, the universe of identified risks also refers to possible disruptions on electricity grids resulting from extreme weather events – which could be followed by interruptions or decreases in the Group's or third parties' production activities – and to increased energy supply costs related to higher heating or electricity consumption.

Risks related to climate change

Within the universe of identified risks, the risks related to climate change that have emerged as significant for the Group are the physical risks related to the increase in extreme weather events (floods, floods, landslides, storm surges, water bombs, snowstorms), the occurrence of which could lead to a reduction or interruption of business or damage to the Group's infrastructure or those of the operating partners, possibly resulting in business disruption. Such events could lead to an overloading of power grids and blackouts with a decrease in productivity of offices and establishments, as well as possible damage to infrastructure due to the sudden power outage, with consequent possible business interruption. To mitigate these risks, the Parent Company and its Italian subsidiaries have taken out an insurance policy that guarantees coverage for direct damages resulting from extreme weather events such as hurricanes, storms, tempests, wind, hail, floods and earthquakes.

These risks are currently considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates.

In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

At present, the Group has not endorsed a climate transition plan as it requires full understanding of emissions along the entire value chain: in 2024, the Group completed a detailed analysis of its indirect emissions and this will allow it to assess the actions to be implemented and the targets to be set as part of the transition plan. This will make it possible to take targeted and effective measures, promoting convergence between business strategy and decarbonisation goals in a responsible and realistic manner.
The Group will continue to monitor this exposure by specifically assessing the impact on production costs related to the introduction of emission reduction regulations and, if there is a significant impact, the Group will include these assumptions in its estimates.

Other sustainability risks

Within the identified universe of risks, a significant risk was identified related to the failure to monitor/deficient monitoring processes for product anomalies, with possible repercussions on the perception of quality, safety and innovation of our products. The Group assiduously monitors the risks related to the quality and safety of its products and implements numerous actions to minimise this risk by adopting a highly structured quality management system based on rigorous internal and external controls. Our Quality departments carry out constant checks throughout the production chain, through internal audits, supplier inspections and extensive testing of each product before final release. Our quality management system is certified to the highest international standards, and our companies undergo regular audits to renew their certifications, which are indispensable for operating in international markets. To mitigate the risk also from a financial point of view, the Parent company and its Italian and European subsidiaries have taken out

a product liability insurance policy, which covers any claims for damages arising from the use of its products by consumers or other people.
Currently, the risk related to the lack of processes for monitoring product anomalies, with potential repercussions on product quality, safety and innovation, is considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates.

In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

For the sake of completeness, a medium-relevance risk is also reported relating to the difficulty of finding raw materials useful for the production of finished products planned by the Group can be caused either by the scarcity of resources (supply lower than demand) or by political or economic unrest, such as international conflicts, which create disruptions or changes throughout the supply chain. This could cause delays or blockages in supplies, a decrease in the quality of supplies and lead to a reduction or loss of revenues and an increase in procurement costs.

At present, the risk related to the shortage of strategic raw materials is considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which, for the first year of sustainability reporting, allows not reporting this information - and any additional detailed remarks arising therefrom that may affect the assumptions underlying the assessments on financial statements estimates. In view of this assessment, to date the Group has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

ACCOUNTING POLICIES

A) INTANGIBLE ASSETS WITH A FINITE AND INDEFINITE LIFE

Intangible assets are assets with no identifiable physical substance and capable of producing future economic benefits. They are recorded at historical cost of acquisition and stated net of amortisation carried over during the years and charged directly to individual items. The Group uses cost, as an alternative to *fair value*, as the accounting policies for intangible assets. If, regardless of the depreciation already entered, there is a loss in value, the asset will be devalued. If reasons for that devaluation no longer exist in the following years, the value will be restored within the limits of the original value, adjusted only for amortisations.

Intangible assets with a finite useful life are valued at purchase or production cost and amortised on a straight-line basis over their estimated useful life.

Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least an annual recoverability test (*impairment test*). If the recoverable amount is estimated to be less than the relevant book value, it is reduced to the lower recoverable amount. An impairment loss is recognised immediately in the income statement. For goodwill, any devaluations are not subject to subsequent reversals.

An intangible asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal fee and the book value of the asset) is included in the income statement.

Costs incurred internally for the development of new products and services constitute internally generated intangible assets or internally generated tangible assets, as the case may be, and are only capitalised if all of the following conditions are met:

1) the existence of the technical possibility and intention to complete the asset so as to make it available for use or sale;
2) the Group's ability to use or sell the asset;
3) the existence of a market for the products and services resulting from the activity or the usefulness for internal purposes;
4) the ability of the asset to generate future economic benefits;
5) the existence of adequate technical and financial resources to complete the development and sale or internal use of the resulting products and services;
6) the reliability in assessing the costs attributable to the asset during its development.

Capitalised development costs include only those expenses incurred that can be directly attributed to the development process. Research costs are charged to the Income statement in the period in which they are incurred.

Goodwill

Goodwill is initially measured at cost, which emerges as the excess of the sum of the fee paid and the amount recognised for minority interests over the identifiable net assets acquired and liabilities assumed by the Group. If the fee is less than the *fair value* of the net assets of the acquired subsidiary, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each of the identified *cash-generating units* (CGUs) expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. The identification of CGUs coincides with each legal entity.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset shall be included in the book value of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued asset must be determined on the basis of the relative values of the discontinued asset and the retained part of the cash-generating unit.

Goodwill arising from acquisitions made prior to 1 January 2004 is recorded at the value recorded for this purpose in the last consolidated financial statement prepared in accordance with the previous accounting standards (31 December 2003).

Goodwill related to equity investments in associated companies is included in the carrying value of those companies. Should negative goodwill arise, it is immediately recognised in the income statement.

B) TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, including ancillary expenses, net of amortisations and any impairment losses. Ordinary maintenance expenses were fully charged to the income statement. Incremental operation and maintenance costs were attributed to the asset to which they related and amortised according to the residual possibility of utilizing the asset.

The Group uses the cost method, as an alternative to *fair value*, as accounting policies for tangible fixed assets.

The depreciation rates used are as follows:

Description	*Depreciation percentage*
Buildings	
- buildings	3,00%
Plants and machinery	
- generic plants and machinery	10,00%
- specific plants and machinery	10,00%
- other plants and machinery	15,50%
Industrial and commercial equipment	
- miscellaneous and minute equipment	25,00%
- kitchen equipment	25,00%
Other goods	
- motor vehicles	25,00%
- forklift	20,00%
- lightweight constructions	10,00%
- electronic office equipment	20,00%
- furniture	12,00%

An asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefit is expected from its use or disposal. The resulting profit/loss is recognised in the income statement.

C) FINANCIAL CHARGES

Financial charges are recognised as an expense in the year in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

D) LOSSES IN VALUE OF ASSETS

At each reporting date, tangible and intangible assets with a finite life are analysed to identify any indicators of impairment. The recoverable amount of goodwill and intangible assets with indefinite lives, when present, is estimated at each reporting date. If there is an indication of impairment, the recoverable amount is estimated.

The estimated realisable value is the higher of the net sales price and the value in use. In determining the value in use, the expected future cash flows are discounted using a discount rate, which reflects the current market valuation of the cost of money relative to the investment period and the specific risks of the asset. For an asset that does not generate largely independent cash flows, realisable value is determined in relation to the *cash-generating unit* to which that asset belongs. An impairment loss is recognised in the income statement if the carrying amount of the asset, or of the related *cash-generating unit* to which it is allocated, is greater than its estimated realisable value. For assets other than goodwill, impairments are reversed if the reasons for the impairment no longer apply.

E) FINANCIAL ASSETS: EQUITY INVESTMENTS

Financial assets consisting of equity investments in associated companies are valued according to the shareholders' equity method, i.e. at an amount equal to the corresponding fraction of the shareholders' equity resulting from the last financial statements of the companies in question, after deducting dividends and making the adjustments required by the IFRS-compliant principles for preparing the consolidated financial statement to make them consistent with the accounting standards of the parent company.

Joint ventures are accounted for in the consolidated financial statement using the shareholders' equity method from the date on which joint control commences until the date on which it ceases.

Under the shareholders' equity method, an investment in an associate or joint venture is initially recognised at cost. Subsequently, the book value of the equity investment is increased or decreased to recognise the share of the investee's profits and losses realised after the acquisition date.

The Group's share of the operating result of the associate or joint venture is recognised in the consolidated income statement.

The Group assesses at each financial statement date whether there is objective evidence that equity investments in associates or joint ventures are impaired. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the associate or joint venture in its financial statements, and recognises this difference in the consolidated income statement under the "Share of profit of associated companies".

Upon the loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognises the residual investment at fair value. The difference between the carrying value of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and consideration received is recognised in the income statement.

F) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Upon initial recognition, financial assets are classified according to the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them.

Based on their characteristics, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value recognised in statement of comprehensive income (OCI) with reclassification of cumulative profits and losses to the income statement upon sale (debt instruments);
- Financial assets at fair value recognised in statement of comprehensive income (OCI) with no cumulative profits and losses to the income statement upon derecognition (equity instruments);
- Financial assets at fair value through income statement.

Upon initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs.
After initial recognition, the Group measures financial assets at amortised cost, at fair value through the statement of comprehensive income and at fair value through the income statement.

The Group measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets for the purpose of collecting contractual cash flows;
- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Profits and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
The Group's financial assets at amortised cost include accounts receivable and security deposits.

A reclassification of a financial asset only occurs when there is a change in the terms of the contract that significantly alters the otherwise expected cash flows or when the Group changes its business model for managing financial assets. Reclassification must be applied prospectively from the date of reclassification, without the need to restate previously recognised profits, losses and interests.

A financial asset is derecognised in the first place when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Accounts receivable
Receivables are initially recorded at *fair* value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their presumed realisable value by means of an adjustment provision.
The Group determines the impairment on accounts receivable by considering the amount of doubtful receivables, analysing the specific conditions of the Group's customers, any guarantees given in favour of Group companies, appropriately assessing existing disputes and the possibility of recovering overdue receivables, and determining the expected insolvency rate by analysing the average rate of losses on receivables recorded in recent years. The Group recognises a write-down for expected credit losses (ECL).
Receivables in currencies other than the currency of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the year-end exchange rate. The profit or loss from the conversion is charged to the income statement.

Cash and cash equivalents
Included under this heading are cash and bank accounts and other high liquidity short-term financial investments that are readily convertible into cash at no significant risk of variation in value.

Treasury stock
Treasury stock are recognised at cost and deducted from the shareholders' equity. No profit/loss is recognised in the income statement for the purchase, sale, issue or cancellation of treasury stock.

Accounts payable
Accounts payable, the maturity of which falls within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value).

Financial liabilities
Financial liabilities are classified upon initial recognition as “financial liabilities at fair value through income statement”, as “mortgages and loans”, or as “derivatives designated as hedging instruments”.
All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and debts, directly attributable transaction costs.
The Group's financial liabilities include accounts payable and other long-term payables, mortgages and loans, including overdrafts and derivative financial instruments.
For the purposes of subsequent valuation, financial liabilities are classified into two categories:
• Financial liabilities at fair value through income statement
• Financial liabilities at amortised cost (loans and borrowings).
Financial liabilities at fair value through income statement include liabilities held for trading and financial liabilities initially recognised at fair value through income statement.
Profits or losses on liabilities held for trading are recognised in the income statement.
Financial liabilities at amortised cost (loans and borrowings) after initial recognition are measured at amortised cost using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the depreciation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Depreciation at the effective interest rate is included in financial charges in the income statement.

Derivative instruments and accounting of hedging operations for exchange rate and interest rate risks
Fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the profit or loss arising from subsequent changes in the fair value of the hedging instrument is recognised in the profit or loss account. The profit or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognised in the income statement.

Cash flow hedge: where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect the income statement, the effective portion of any profit or loss on the financial instrument is recognised in the shareholders' equity. The cumulative gain or loss is removed from the shareholders' equity and recognised in the income statement in the same period in which the hedged transaction is recognised. The profit or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in the income statement immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative profits and losses, which up to that point have been recognised in shareholders' equity, are recognised in the income statement when the related transaction is realised. If the hedged transaction is no longer considered probable, unrealised profits or losses suspended in shareholders' equity are recognised immediately in the income statement.

Held for trading: these are derivative financial instruments for speculative or trading purposes; they are measured at *fair value* with changes recognised in the income statement.

G) INVENTORIES

Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value.
The costs incurred in bringing each asset to its present location and condition are recognised as follows:

- raw materials: purchase cost calculated using the weighted average cost method;
- finished and semi-finished products: direct material and labour costs and indirect production costs (variable and fixed).

Provisions are also set aside for obsolete or slow-moving materials, finished goods, spare parts and other supplies, taking into account their expected future use and realisable value, as well as other conditions that may generate an excess of the carrying value over the realisable value, also considering the rapid evolution of the technologies underlying the Group's products.

H) EMPLOYEE BENEFITS

SEVERANCE INDEMNITY FUND (TFR).

Until 31 December 2006, the employees' severance indemnity provision (TFR) was considered a defined benefit plan. The regulation of this provision was amended by Law No. 296 of 27 December 2006 (2007 Budget Law) and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this institution is now to be considered a defined benefit plan solely for the portions accrued before 1 January 2007 (and not yet settled in the financial statements), while for the portions accrued after that date it is assimilated to a defined contribution plan.
For defined benefit plans, the amount already accrued is projected to estimate the amount to be paid upon termination of employment and then discounted, using the "*Projected unit credit method*". This actuarial methodology is based on demographic and financial assumptions to make a reasonable estimate of the amount of benefits that each employee has already accrued for his or her services.
Through the actuarial valuation, the *current service cost*, which defines the amount of the rights accrued during the year by employees, is charged to the income statement under "labour cost", and the *interest cost*, which constitutes the notional charge that the company would incur by asking the market for a loan in an amount equal to the severance indemnity, is charged to the "Financial income/expenses".
For defined contribution plans, the Group pays contributions to public or private pension funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, no further obligations arise for the Group. Contributions paid are entered in the income statement under labour costs when due.

STOCK OPTION PLANS

The cost of services rendered by employees and remunerated through stock option plans is determined on the basis of the fair value of options granted to employees at the grant date.

Taking into account the presence of two tranches, with two different vesting and exercise periods, the 2026/2031 plan actually provides for two distinct options. Given the structure of this plan, valorisation of the Fair Value of the plan assigned by El.En. can instead be traced back to a Bermudian option. Bermudian options provide that the option may be exercised at a number of specifically identified dates within the life of the option, usually interspersed with periods when the option cannot be exercised. They are considered a hybrid version between European and American ones, hence their name. To quantify the Fair Value of the Bermudian, we used a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the strike price and requires the estimation of the volatility of the security, the risk free interest rate and the expected dividend rate of the security.

In accordance with the dictates of the International Accounting Standard IFRS2, all significant parameters of the model were estimated by observing the conditions of the financial markets and the performance of the El.En. share on the date the option rights were granted.

I) PROVISIONS FOR LIABILITIES AND CONTINGENCIES

The Group recognises provisions for future risks when, in the presence of a legal or constructive obligation to third parties, it is probable that Group resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Changes in estimates are reflected in the income statement for the period in which the variation occurs.

The Group provides guarantees for general repairs of defects existing at the time of sale, as required by law. Provisions for such guarantees are recognised when the product is sold or the service is rendered to the customer. The initial survey is based on historical experience. The cost estimate for warranty work is reviewed annually.

L) REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers is recognised when control of goods and services is transferred to the customer in an amount that reflects the fee the Group expects to receive in exchange for those goods or services.

Sale of goods

Revenues from the sale of finished goods and merchandise are recognised when control of the goods passes to the customer.

The Group considers whether there are other promises in the contract that represent obligations to do on which a portion of the transaction fee is to be allocated. In determining the price of the sales transaction, the Group considers the effects of any variable prices, significant financing components, non-monetary fee and fee payable to the customer.

Variable prices

If the fee promised in the contract includes a variable amount, the Group estimates the amount of the fee to which it will be entitled in return for the transfer of the goods to the customer.

Variable prices are estimated at the time the contract is entered into and cannot be recognised until it is highly probable that they will be realised.

Volume and other contractual discounts give rise to variable fees.

Financing component

The Group grants payment extensions to customers on sales. If there is a significant financing component to these contracts, in view of the time lag between the date on which the payment is collected from the customer and the transfer of the system, the transaction price for these contracts is discounted, using the implicit interest rate of the contract.

The amount of the promised fee is not adjusted for financial items if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

Installation services

The Group provides installation services that are sold separately or together with the sale of systems to a customer. Installation services do not customise or significantly modify laser equipment.

Contracts providing both the sale of equipment and installation services are composed of two obligations to do, since the equipment and the installation services are both sold separately and are distinct within the contract. Consequently, the Group allocates the transaction price according to the relative stand-alone selling prices of the systems and installation service.

The Group recognises revenues from installation services over time as the customer simultaneously receives and consumes the benefits that are provided.

M) ENTRIES IN FOREIGN CURRENCY

Currency assets and liabilities, with the exception of fixed assets, are recorded at the spot exchange rate on the closing of the financial statements. Realised exchange rate differences or those arising from the conversion of monetary items are recognised in the income statement.

N) GRANTS

Contributions, whether from public bodies or private third parties, are recognised when there is reasonable certainty that they will be received and that the conditions for obtaining them will be met. Contributions received for specific expenses are recognised as other liabilities and credited to the Income statement when the conditions for recognition are met. Grants received in respect of specific assets whose value is recorded under tangible and intangible assets are recognised either as a direct reduction of the assets themselves or under other liabilities, and credited to the Income statement in relation to the depreciation period of the assets to which they relate. Operating contributions are recognised in full in the Income statement when the conditions for recognition are met.

O) LEASE

The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a fee.

Lease and rental agreements are accounted for in accordance with IFRS16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single accounting model. The company adopts the two exemptions provided by the standard in respect of leases relating to “low value” assets and short-term leases (e.g. contracts with a maturity of 12 months or less).

In contracts in which the company is the lessee, a liability is recognised at the lease commencement date for rental payments under the lease and an asset representing the right to use the underlying asset for the lease term (the right of use). The company accounts separately for interest expenses on the lease liability and depreciation of the right to use the asset. The company also remeasures the lease liability upon the occurrence of certain events (e.g. a change in the terms of the lease, a change in future lease payments resulting from a change in an index or rate used to determine those payments). In such cases, the amount of the re-measurement of the lease liability is generally recognised as an adjustment of the right to use the asset.

P) TAXES

Income taxes include current and deferred taxes calculated on the taxable income of group companies. Current taxes represent the estimated amount of income tax calculated on the taxable income for the period. Deferred and prepaid income taxes are calculated on the temporary differences between the asset values and the corresponding values recognised for tax purposes by applying the tax rate in force or substantially in force at the reporting date. Deferred tax assets are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. The recoverability of deferred tax assets is reviewed at each period end.

Q) EARNINGS PER SHARE

Basic earnings per ordinary share is calculated by dividing the portion of the Group's earnings attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. For the purpose of calculating diluted earnings per ordinary share, the weighted average number of shares outstanding is modified by assuming the subscription of all potential shares resulting from the conversion of dilutive stock options.

STOCK OPTION PLANS

El.En. S.p.A.

Below is some information on the stock option plans approved by the parent company El.En. S.p.A., plans designed to provide the Company with an incentive and loyalty instrument.

Plan 2016-2025

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	31/12/2024	31/12/2024	(*)
Plan 2016-2025	31-dic-25	106.149			39.152		66.997	66.997	€ 3,18

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

This plan, taking into account the presence of two tranches that have two different vesting and exercise periods, is conceptually comparable to two separate options that could be defined as "American forward start".
The fair value of an "American forward start" option can be obtained by combining a risk-neutral approach to determine the expected value of the stock at the beginning of the exercise period and then using a binomial tree type model to value the American option.

The following assumptions were made in order to determine the fair value:
risk-free rate: 0,338492%
historical volatility: 0,28489
time interval used for volatility calculation: last trading year

Plan 2026-2031

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	31/12/2024	31/12/2024	
Plan 2026-2031	31-dic-31	1.414.000	-				1.414.000		€ 13,91

This plan, taking into account the presence of two tranches that have two different vesting and exercise periods, is conceptually comparable to two separate options.
The *fair value* was determined using a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the *strike price* and requires the estimation of the volatility of the security, the *risk free* interest rate and the expected dividend rate of the security.

The following assumptions were made in order to determine the fair value:
risk-free rate: 2,9444074%
historical volatility: 0,3709335939
time interval used for volatility calculation: last trading year

During 2024, the average price recorded by the El.En. S.p.A. share was about 10.3 euros.

With regard to the characteristics of the stock option plans, as well as the capital increase approved to service them, please refer to the description in Note (10) to this document.

Information on the Consolidated Statement of financial position - Assets

Non-current assets

Intangible assets (Note 1)

The following changes in intangible assets occurred in the period:

	31/12/2023	Increase	Decrease	Revaluations / Devaluations	Other movements	IFRS5	Depreciation	Translation adjustment	31/12/2024
Goodwill	7.668.039					(4.629.974)		-	3.038.065
Development costs	319.689	304.656			34.428		(345.977)		312.796
Patents and rights to use patents of others	3.426.741	3.310			10.543	(3.420.754)	(12.124)	-	7.716
Concessions, licenses, trade marks and similar rights	732.993	772.705	-		10.842	(402.923)	(325.893)	(1.226)	786.498
Other intangible assets	182.956	322.696			11.260		(193.976)	-	322.936
Intangible assets under construction and advance payments	285.709	146.631			(208.600)				223.740
Total	**12.616.127**	**1.549.998**	**-**	**-**	**(141.527)**	**(8.453.651)**	**(877.970)**	**(1.226)**	**4.691.751**

Goodwill

Goodwill, which is the most significant component of intangible assets, represents the excess of the acquisition cost over the *fair value* of the assets acquired net of current and contingent liabilities assumed. Goodwill is not subject to depreciation and is tested for *impairment* at least annually.

For the purpose of periodic impairment testing, the individual goodwill recorded was allocated to the respective “*cash generating units*” (CGUs) identified. The identification of CGUs coincides with each legal entity and corresponds with the Administrators' vision of their business.

The following table shows the book value of goodwill for each of the “Cash Generating Units”:

CASH GENERATING UNIT (CGU)	**Goodwill 31/12/2024**	**Goodwi 31/12/2023**
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
Shenzhen KBF Laser Tech Co., Ltd		4.629.974
Total	3.038.065	7.668.039

As of 31 December 2024, the recoverable value of the CGUs reported below was tested for *impairment* in order to verify the existence of any impairment losses, by comparing the unit's book value with its value in use, i.e. the present value of the expected future cash flows that are expected to be derived from its continued use and eventual disposal at the end of its useful life. Below are the results of these tests.

Quanta System S.p.A.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of Quanta System S.p.A., covering the 2025-2027 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate “g” of 1.5% ('g' equal to 1.5% as at 31 December 2023).
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates taken into account to formulate the forecasts used in the *impairment* test are consistent with the final data for 2024 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.2% (WACC equal to Euro 9.7% as at 31 December 2023); a long-term growth rate “g” of 1.5%, is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use remain higher than book values even assuming a growth rate “g” of 0.5% and a WACC+1% of 10.2%.

Cutlite Penta S.r.l.: the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of Cutlite Penta, covering the 2025-2027 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate “g” of 1.5% ('g' equal to 1.5% as at 31 December 2023).
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates taken into account to formulate the forecasts used in the *impairment* test are consistent with the final data for 2024 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.2% (WACC equal to Euro 9.7% as at 31 December 2023); a long-term growth rate “g” of 1.5%, is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use remain higher than book values even assuming a growth rate “g” of 0.5% and a WACC+1% of 10.2%.

ASA S.r.l.*:* the value in use was determined using the *Discounted Cash Flow* (DCF) method by discounting the cash flows contained in the business plan, approved by the Board of Directors of ASA S.r.l., covering the 2025-2027 time frame.
In order to determine the value in use of the CGU, the discounted cash flows of the three years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection and multiplying the discounted cash flow by a growth rate “g” of 1.5% ('g' equal to 1.5% as at 31 December 2023).
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The rates used to formulate the forecasts used in the *impairment* test are consistent with the final data for 2024 and the market outlook.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 9.2% (WACC equal to Euro 9.7% as at 31 December 2023); a long-term growth rate “g” of 1.5%, is assumed for cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use remain higher than book values even assuming a growth rate “g” of 0.5% and a WACC+1% of 10.2%.

SHENZHEN KBF LASER TECH CO.,LTD.: The value in use was determined using the Discounted Cash Flow (DCF) method by discounting the cash flows contained in the five-year business plan drawn up by the company and covering the period 2025-2029.
In order to determine the value in use of the CGU, the discounted cash flows of the 5 years of explicit projection were taken into account, summed to a terminal value, equal to the present value of the perpetual annuity calculated by simulating a cash flow situation in the medium to long term considering a marginality equal to that of the last year of explicit projection. Also included in the calculation of value in use were the possible indemnifications provided for in the company purchase agreement in the event of failure to achieve profitability targets in the period 2023/2025. A growth rate 'g' of 0 was considered ('g' being 0% as at 31 December 2023).
The main assumption of the business plan used to perform the *impairment* test relates to the growth rate of turnover over the time frame covered by the plan. The growth rates used to formulate the forecasts used in the impairment test are consistent with the results achieved by the company in the recent past and due to the growth of the order book compared to last year.
These assumptions and the corresponding financial statements were deemed suitable for *impairment testing* by the Board of Directors, which approved the results.
The discount rate applied to prospective cash flows (WACC) is 11,25% (WACC equal to Euro 13.25% as at 31 December 2023); whereas, as described above, a long-term growth rate “g” of 0 was conservatively assumed for the cash flows for the years after the explicit projection period.
Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill.
A sensitivity analysis of the results was also carried out. Values in use are lower than the book values under the assumption of a WACC+1% of 12.25% and a growth rate “g” less than or equal to 0%.

The verification of the compliance of the *impairment test* procedures with the requirements of international financial reporting standards was approved by the parent company's board of directors.

Other intangible assets

The item “development costs” includes costs incurred for the development of prototypes both by the parent company El.En. S.p.A. and its subsidiary Asa Srl.
The item “Patents and rights to use patents of others” relates to the capitalisation of costs incurred for the purchase of patents, especially by the subsidiaries Quanta System SpA and the parent company El.En. S.p.A.
The item “concessions, licences, trademarks and similar rights” includes, among other things, costs incurred particularly by the parent company El.En. and by the subsidiaries Lasit, Quanta, Cutlite Penta and With US for the purchase of software.
The residual item “Other” consists mainly of costs incurred by the parent company El.En. for the development of software.

Tangible fixed assets (Note 2)

Movements in tangible fixed assets are as follows:

Costo	**31/12/2023**	**Increase**	**(Disposals)**	**Revaluation / Devaluation**	**Other movements**	**IFRS5**	**Translation adjustment**	**31/12/2024**
Land and Buildings	82.186.252	267.625			29.499	(36.570.729)	0	45.912.647
Plant and machinery	20.314.858	1.076.425	(4.015)		477.193	0	(9.578)	21.854.883
Industrial and commercial equipment	22.073.039	2.190.155	(469.347)		(98.140)	(3.763.604)	(26.634)	19.905.469
Other assets	17.299.904	1.545.471	(381.615)	2.884	6.316	(2.063.986)	(45.740)	16.363.234
Tangible assets under construction and advance payments	2.710.930	2.938.800			(426.187)	(959.444)	0	4.264.099
Total	144.584.983	8.018.476	(854.977)	2.884	(11.319)	(43.357.763)	(81.952)	108.300.332
Land and Buildings rights of use	21.308.823	1.381.349	(1.141.509)		8.324	(1.093.237)	(80.654)	20.383.096
Plant and machinery right of use	14.050	3.787						17.837
Industrial and commercial equipment right of use	1.041.078	48.975	(12.957)				(8.013)	1.069.083
Other assets right of use	5.229.282	2.303.266	(1.232.793)		(186.719)		(23.214)	6.089.822
Total	27.593.233	3.737.377	(2.387.259)	0	(178.395)	(1.093.237)	(111.881)	27.559.838
Total	**172.178.216**	**11.755.853**	**(3.242.236)**	**2.884**	**(189.714)**	**(44.451.000)**	**(193.833)**	**135.860.170**

Fondo ammortamento	**31/12/2023**	**Depreciation**	**(Disposals)**	**Revaluation / Devaluation**	**Other movements**	**IFRS5**	**Translation adjustment**	**31/12/2024**
Land and Buildings	14.320.070	1.187.233			1	(3.903.922)	0	11.603.382
Plant and machinery	10.382.679	1.770.604	(2.601)		(1)	0	(8.089)	12.142.592
Industrial and commercial equipment	15.471.103	1.792.059	(409.838)		(94.567)	(1.245.872)	(20.346)	15.492.539
Other assets	11.685.096	1.437.396	(330.687)		(62.722)	(1.557.405)	(24.028)	11.147.650
Tangible fixed assets in progress and advances								
Total	51.858.948	6.187.292	(743.126)	0	(157.289)	(6.707.199)	(52.463)	50.386.163
Land and Buildings rights of use	4.469.128	1.377.273	(1.134.670)		740	(501.067)	(64.579)	4.146.825
Plant and machinery right of use	12.098	4.107			1			16.206
Industrial and commercial equipment right of use	837.558	92.405	(12.957)				(7.006)	910.000
Other assets right of use	2.782.083	1.388.456	(1.195.599)		(186.718)		(10.110)	2.778.112
Total	8.100.867	2.862.241	(2.343.226)	0	(185.977)	(501.067)	(81.695)	7.851.143
Total	**59.959.815**	**9.049.533**	**(3.086.352)**	**0**	**(343.266)**	**(7.208.266)**	**(134.158)**	**58.237.306**

Valore netto	**31/12/2023**	**Increase**	**(Disposals)**	**Revaluation / Devaluation / Depreciations**	**Other movements**	**IFRS5**	**Translation adjustment**	**31/12/2024**
Land and Buildings	67.866.182	267.625		(1.187.233)	29.498	(32.666.807)	0	34.309.265
Plant and machinery	9.932.179	1.076.425	(1.414)	(1.770.604)	477.194	0	(1.489)	9.712.291
Industrial and commercial equipment	6.601.936	2.190.155	(59.509)	(1.792.059)	(3.573)	(2.517.732)	(6.288)	4.412.930
Other assets	5.614.808	1.545.471	(50.928)	(1.434.512)	69.038	(506.581)	(21.712)	5.215.584
Tangible assets under construction and advance payments	2.710.930	2.938.800			(426.187)	(959.444)	0	4.264.099
Total	92.726.035	8.018.476	(111.851)	(6.184.408)	145.970	(36.650.564)	(29.489)	57.914.169
Land and Buildings rights of use	16.839.695	1.381.349	(6.839)	(1.377.273)	7.584	(592.170)	(16.075)	16.236.271
Plant and machinery right of use	1.952	3.787		(4.107)	(1)			1.631
Industrial and commercial equipment right of use	203.520	48.975	0	(92.405)			(1.007)	159.083
Other assets right of use	2.447.199	2.303.266	(37.194)	(1.388.456)	(1)		(13.104)	3.311.710
Total	19.492.366	3.737.377	(44.033)	(2.862.241)	7.582	(592.170)	(30.186)	19.708.695
Total	**112.218.401**	**11.755.853**	**(155.884)**	**(9.046.649)**	**153.552**	**(37.242.734)**	**(59.675)**	**77.622.864**

The item "Lands and Buildings" and related rights of use includes:
- the real estate complex in Calenzano (FI), where the parent company El.En. S.p.A. and some subsidiaries operate;
- the real estate complex purchased from Cutlite Penta located in the municipality of Prato for a relocation of production activities to headquarters more in keeping with the volume currently being developed;
- the buildings located in the municipality of Torre Annunziata, of which the first was purchased in 2006 and the second in 2018 and intended for the research, development and production activities of the subsidiary Lasit S.p.A.;
- the building in Jena that, since May 2008, has housed the activities of the subsidiary Asclepion GmbH together with the new building inaugurated by the same subsidiary in September 2019;
- the building located in Samarate (VA), purchased at the end of 2014 by the subsidiary Quanta System S.p.A. in addition to the new building purchased in 2018 by the same company adjacent to the first one;
- the building constructed in 2019 in Arcugnano that houses the activities of the subsidiary ASA srl;
- the building purchased during 2021 by the subsidiary Galli Giovanni Srl;

The increases for the period mostly refer to costs incurred for improvements at the establishments of the subsidiaries Quanta System SpA and Asclepion GmbH.

The item "Plants and machinery" essentially refers to investments made by the parent company El.En. and the subsidiaries Asclepion, Quanta System, Lasit, Asa, Cutlite Penta, and by Galli Giovanni & C. With reference to the latter, it should be noted that in the acquisition year 2019, a Purchase Price Allocation of the amount paid of approximately 400 thousand Euro was made to the Plants and Machinery category.

The item 'Industrial and commercial equipment' refers mainly to El.En. and the subsidiaries Quanta System, Esthelogue, Deka Mela, Lasit and Cutlite Penta. This item also includes the capitalisation of the costs of certain machinery sold to customers under so-called operating leases: these sales, in fact, have been treated as revenues from long-term leases in accordance with IAS/IFRS.

The increases in the category "Other assets" are mainly attributable to new motor vehicles, also due to the application of IFRS16, furniture and fixtures, and electronic machines.

The category "Tangible assets under construction and advance payments" includes costs incurred by the parent company El.En. for improvements it is making to existing buildings, by the subsidiaries Lasit, Quanta System and Cutlite Penta for new buildings currently being built and/or equipped.

As at 31 December 2024, the Group has no commitments related to the completion and/or purchase of the above-mentioned properties.

As of the financial statement closing date, there were no indicators of impairment deriving either from internal sources (company strategies) or external sources (regulatory, economic, technological context in which the Group operates) relating to tangible fixed assets as a whole.

Equity investments (Note 3)

The analysis of the equity investments is as follows:

	31/12/24	31/12/23	Variation	Var.%
Equity investment in associated companies	977.596	1.864.054	(886.458)	-47,56%
Other equity investments	1.033.343	1.061.819	(28.476)	-2,68%
Total	**2.010.939**	**2.925.873**	**(914.934)**	**-31,27%**

In 2023, the balance sheet item Equity investments in associates also included the equity investment in the Chinese company ZheJiang Monochr Laser Intelligent Equipment Co., ltd held by Penta Laser Zhejiang Co., Ltd in the amount of EUR 0.7 million, which was fully written down in 2024. The effect in the consolidated income statement is included in the item Income (Loss) from discontinued operations, in accordance with IFRS 5.

Equity investments in associated companies

For a detailed breakdown of the equity investments held by Group companies in associated companies, please refer to the paragraph on the scope of consolidation.

Please note that the associated companies Immobiliare Del.Co. S.r.l., Elesta S.p.A., are accounted for using the shareholders' equity method.

The financial statement values of equity investments in associated companies are respectively:

Immobiliare Del.Co. S.r.l.:	216 Thousand euro
Actis S.r.l.:	1 Thousand euro
Elesta S.p.A.:	760 Thousand euro
Totale	**977 Thousand euro**

The following table shows some summary data of the associated companies:

Company	Total Assets	Total liabilities	Net income (Loss)	Revenues and other income	Charges and expenses
Actis Active Sensors Srl	401.526	98.757	-11.108	0	11.108
Elesta SpA	5.330.127	2.270.099	133.437	3.486.567	3.353.130
Immobiliare Del.Co. Srl	655.090	731.036	-35.098	169.855	204.953

Equity investments in other companies

"Equity investments in other companies" were measured at *fair value*.
This item is mostly attributable to the shareholding held in "Epica International Inc" for a countervalue of 888 thousand Euro. With regard to the measurement of this investment, the Administrators considered that, as the equity instrument is not listed on a regulated market, and as there is a wide range of possible *fair value* measurements related to different subscriptions, cost represents the best estimate of *fair value* in this range, also in consideration of the average subscription share price.

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

	31/12/2024	31/12/2023	Variation	Var.%
Other non-current assets				
Financial receivables - third parties		314.679	(314.679)	-100,00%
Deferred tax assets	11.299.483	14.347.340	(3.047.857)	-21,24%
Other non-current assets	7.611.590	23.777.759	(16.166.169)	-67,99%
Total	**18.911.073**	**38.439.778**	**(19.528.705)**	**-50,80%**

Deferred tax assets amounted to about 11.299 thousand Euro and mainly refer to the reserve for inventory obsolescence, intercompany profits on end-of-period inventories, the bad debt reserve in excess of the amount deductible for tax purposes, and deferred taxation calculated on the revaluation of certain company assets performed by some Italian companies in accordance with current regulations.
Deferred tax assets are recognised to the extent that it is probable that there will be adequate future taxable profits against which the temporary differences can be utilised.

The decrease in deferred tax assets refers, for about EUR 3.4 million, to the reclassification to assets held for sale made in 2024 in accordance with IFRS 5.

The item “Other non-current assets” relates to temporary investments of liquidity in life insurance policies backed by a segregated management in securities with guaranteed capital and with the possibility of exercising total or partial surrender during the contractual term provided that at least one year has elapsed since the effective date of such policies.
In the second quarter, group companies redeemed policies totalling 16.2 million Euro; therefore, as at 31 December 2024, these investments are held by El.En. SpA for a fair value of 2.4 million Euro and Deka Mela for a fair value of 5.2 million Euro.
Since these are medium-term investments, the companies have decided to classify them as non-current assets, recording the fair value of the policies in the assets and the revaluation of the policies in the income statement, and consequently to exclude them from the net financial position.

Current assets

Inventories (Note 5)

The analysis of inventories is as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Raw materials, consumables and supplies	92.082.351	108.928.185	(16.845.834)	-15,47%
Work in progress and semi finished products	44.354.928	54.147.646	(9.792.718)	-18,09%
Finished products and goods	35.956.525	47.221.297	(11.264.772)	-23,86%
Total	**172.393.804**	**210.297.128**	**(37.903.324)**	**-18,02%**

Inventories of 172,394 thousand Euro were down 18% from 210,297 thousand Euro as at 31 December 2023.

The decrease in inventories refers to the reclassification, in the amount of about 30 million Euro, to assets held for sale made in 2024 in accordance with IFRS5.

Below is an analysis of total inventories, distinguishing the amount of the reserve for inventory obsolescence from the gross value:

	31/12/2024	31/12/2023	Variation	Var.%
Gross amount of Inventory	198.905.861	236.232.669	(37.326.808)	-15,80%
Devaluation provision	(26.512.057)	(25.935.541)	(576.516)	2,22%
Total	**172.393.804**	**210.297.128**	**(37.903.324)**	**-18,02%**

The provision for obsolescence is calculated to align the stock value with its estimated realisable value, recognising obsolescence and slow moving where necessary. The amount of the provision increased by approximately 577 thousand euros compared to 31 December 2023 and its incidence on the gross amount of inventory also increased from 11% at 31 December 2023 to 13.3% at 31 December 2024.

Accounts receivable (Note 6)

Receivables were as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Accounts receivable from third parties	117.664.032	173.034.161	(55.370.129)	-32,00%
Accounts receivable from associated	318.314	348.576	(30.262)	-8,68%
Total	**117.982.346**	**173.382.737**	**(55.400.391)**	**-31,95%**

Accounts receivable from third parties	31/12/2024	31/12/2023	Variation	Var.%
Italy	52.569.243	65.005.647	(12.436.404)	-19,13%
Europe	24.193.443	19.908.148	4.285.295	21,53%
ROW	52.314.237	98.711.887	(46.397.650)	-47,00%
minus: bad debt reserve	(11.412.891)	(10.591.521)	(821.370)	7,75%
Totale	**117.664.032**	**173.034.161**	**(55.370.129)**	**-32,00%**

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

The decrease in account receivable relates to the reclassification to assets held for sale made in 2024 in accordance with IFRS 5 for about EUR 46 million.

Below are the movements in the bad debt reserve:

	31/12/2024
On January 1st	10.591.521
Provision	4.066.349
Amounts utilized and unused amounts reversed	(454.452)
Other movements	258.098
Translation adjustment	(9.122)
At the end of the period	**11.412.891**

The incidence of the bad debt reserve over total receivables from third parties records an increase from 5.8% as at 31 December 2023 to 8.8% as at 31 December 2024.

An analysis of accounts receivable from third parties is given below:

Accounts receivable from third parties	31/12/2024	31/12/2023
To expire	78.121.357	124.789.861
Overdue:		
0-30 days	24.403.295	24.581.735
31-60 days	4.626.886	5.713.429
61-90 days	2.285.300	3.197.344
91-180 days	4.800.598	6.339.880
> 180 days	3.426.596	8.411.912
Total	**117.664.032**	**173.034.161**

We also break down accounts receivable from third parties by currency:

Accounts receivable in:	31/12/2024	31/12/2023
EURO	102.640.563	110.622.423
USD	12.208.440	12.504.062
Other Currencies	2.815.029	49.907.676
Total	**117.664.032**	**173.034.161**

The euro value reported in the table of receivables originally denominated in USD or other currencies (mainly RMB and Yen) represents the currency amount converted at the exchange rates of 31 December 2024 and 31 December 2023.

For a more detailed analysis of accounts receivable from associated companies, please refer to the following chapter on “related parties”.

Tax receivables/Other receivables (Note 7)

The breakdown of Tax receivables and Other receivables is as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Tax receivables				
VAT receivables	8.415.986	11.322.675	(2.906.689)	-25,67%
Income tax receivables	5.404.376	6.231.435	(827.059)	-13,27%
Total	**13.820.362**	**17.554.110**	**(3.733.748)**	**-21,27%**

Current financial receivables				
Financial receivables - third parties	1.002.865	528.753	474.112	89,67%
Financial receivables - associated	331.565	381.565	(50.000)	-13,10%
Total	**1.334.430**	**910.318**	**424.112**	**46,59%**

Other current receivables				
Security deposits	363.683	617.519	(253.836)	-41,11%
Advance payments to suppliers	3.791.348	6.272.414	(2.481.066)	-39,56%
Other receivables	5.912.165	8.619.270	(2.707.105)	-31,41%
Total	**10.067.196**	**15.509.203**	**(5.442.007)**	**-35,09%**

Total current financial receivables and other current receivables	**11.401.626**	**16.419.521**	**(5.017.895)**	**-30,56%**

The year ended with a VAT receivable of over 8 million euros resulting from the Group's intensive export business. Among “income tax receivables” are, for some group companies, credits arising from the difference between the pre-existing tax credit/down payments and the tax liability accrued at the reporting date herein; for some Italian companies, tax credits recognised to support research, development and innovation activities and those replacing benefits recognised in past years in the form of hyper and super depreciation are also recognised.

A more detailed analysis of financial receivables from associated companies can be found in the chapter “Related party disclosures” later in this document.

The item 'Other receivables' refers mostly to prepaid expenses of the various companies.

The decrease in tax receivables, in the amount of about 2 million Euro, and in other receivables, in the amount of about 6 million Euro, relates to the reclassification to assets held for sale made in 2024 in accordance with IFRS 5.

Securities and other current financial assets (Note 8)

	31/12/2024	31/12/2023	Variation	Var.%
Securities and other current financial assets				
Other current financial assets	10.017.016	4.315.184	5.701.832	132,13%
Total	**10.017.016**	**4.315.184**	**5.701.832**	**132,13%**

The amount recorded under “Other current financial assets” consists of mutual investment funds and bonds held by the parent company El.En. SpA and by the subsidiaries Deka Mela and Quanta System in order to temporarily deploy liquidity.

Cash and cash equivalents (Note 9)

Cash and cash equivalents are broken down as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Bank and postal accounts	147.426.583	130.997.028	16.429.555	12,54%
Cash on hand	43.498	43.556	(58)	-0,13%
Total	**147.470.081**	**131.040.584**	**16.429.497**	**12,54%**

Cash and cash equivalents increased by 16 million Euro during the year. For the analysis of changes, please refer to the Cash flow statement.

The variation in cash and cash equivalents was impacted by the reclassification to assets held for sale made in 2024 in accordance with IFRS 5 for about 18 million Euro.

Net financial position as at 31 December 2024

The Group's net financial position as at 31 December 2024 is as follows (in thousands of euros):

	Net financial position	**31/12/24**	**31/12/23**
A	Cash and cash equivalents	147.470	131.041
B	Cash equivalents		
C	Other current financial assets	11.020	4.844
D	**Liquidity (A + B + C)**	**158.490**	**135.885**
E	Current financial debt	(19.858)	(28.442)
F	Current portion of non-current financial debt	(3.389)	(16.245)
G	**Current financial indebtedness (E + F)**	**(23.246)**	**(44.687)**
H	**Net current financial position (D + G)**	**135.244**	**91.198**
I	Non-current financial debt	(13.500)	(18.654)
J	Debt instruments	(9.998)	(10.325)
K	Non-current trade and other payables	(1.186)	(7.633)
L	**Non-current financial indebtedness (I + J + K)**	**(24.684)**	**(36.612)**
M	**Net Financial Position (H + L)**	**110.559**	**54.586**

Cash generation in the financial year 2024 was substantial, bringing the net financial position at year-end to over euro 110 million. For further details, please refer to the Management Report.

The net financial position of Penta Laser Zhejiang Co., Ltd as at 31 December 2023 included in the consolidated net financial position was approximately 5 million Euro. As of 31 December 2024, the net financial position of the company included in the assets held for sale under IFRS5 was approximately 10 million Euro.

Information on the Consolidated Statement of financial position - Liabilities

Capital and reserves

The main components of Shareholders' Equity are as follows:

Share capital (Note 10)

As at 31 December 2024, the share capital of the El.En. Group, coinciding with that of the parent company, was as follows:

Authorized (to stock option plan service)	EURO	2.658.626
Underwritten and deposited	EURO	2.603.962

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

Category	**31/12/23**	**Increase**	**Decrease**	**31/12/24**
No. of Ordinary Shares	79.965.292	156.608		80.121.900
Total	**79.965.292**	**156.608**	**0**	**80.121.900**

The shares are nominal and indivisible; each share grants the right to one vote at all ordinary and extraordinary Shareholders' Meetings as well as other property and administrative rights in accordance with the law and the Articles of Association. At least 5% of the net profit for the year must be allocated to the legal reserve, within the limits of Art. 2430 of the Italian Civil Code. The residue shall be distributed among the shareholders, unless the shareholders' meeting resolves otherwise. The Articles of Association do not provide for the distribution of down payments on dividends. Dividends not collected within five years from the day on which they became payable shall be forfeited in favour of the Company. There are no special clauses in the Articles of Association concerning the shareholders' participation in the remaining assets in the event of liquidation. There are no clauses in the Articles of Association conferring particular privileges.

Capital increases to service stock option plans

The Extraordinary Shareholders' Meeting of the parent company El.En. s.p.a. of 12 May 2016 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.

On 13 September 2016, the Board of Directors of the parent company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (stock option) for the period 2016-2025 ("2016-2025 Stock Option Plan"), following the mandate given to it by the Shareholders' Meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.

The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V, of the Italian Civil Code, the share capital of 104,000.00 Euro through the issue of 800,000 ordinary shares (following the split resolved by the shareholders' meeting of 20 July 2021 no. 3,200,000 ordinary shares) that can be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assigned options under the aforesaid Plan.

The options may be exercised, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.
The Plan will end on 31 December 2025, any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
Following the exercise by some of the beneficiaries of the 2016-2025 Stock Option Plan, the parent company issued 156,608 ordinary shares (post-split) in 2024 for proceeds of about 498 thousand euros including capital increase and share premium.

The Extraordinary Shareholders' Meeting of the parent company El.En. s.p.a. of 15 December 2022 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of 65.000,00 Euro through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023, the Board of Directors of the parent company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (stock option) for the period 2026-2031 ("2026-2031 Stock Option Plan" or "Plan"), following the mandate given to it by the Shareholders' Meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified. The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to 45,955.00 Euro through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assignees of the options under the aforesaid Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal tranches: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031; any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
For further information on the plan, please refer to the detailed information in the Annual Financial Report as at 31 December 2023 in the section "Significant events which occurred during the financial year 2023".

Finally, it should be noted that the market capitalisation of the Company is, in any case, currently higher than the values implied in the consolidated shareholders' equity as of 31 December 2024.

Additional paid in capital (Note 11)

As of 31 December 2024, the additional paid in capital reserve, coinciding with that of the parent company, amounted to 47,822 thousand euros, up from 47,329 thousand euros as of 31 December 2023 following the exercise of the stock options during the year, as mentioned in the previous note.

Other reserves (Note 12)

	31/12/2024	31/12/2023	Variation	Var.%
Legal reserve	537.302	537.302	0	0,00%
Extraordinary reserve	114.679.292	102.563.733	12.115.559	11,81%
Cumulative translation adjustment	(65.763)	(1.667.151)	1.601.388	-96,06%
Stock option/ stock based compensation reserve	8.113.322	6.785.055	1.328.267	19,58%
Special reserve for grants received	426.657	426.657	0	0,00%
Other reserves	(65.415)	(81.032)	15.617	-19,27%
Total	**123.625.395**	**108.564.564**	**15.060.831**	**13,87%**

As at 31 December 2024, the “extraordinary reserve” amounted to 114,679 thousand euros; the increase compared to 31 December 2023 relates to the destination of the net income of the 2023 financial year, as per the resolution passed at the Shareholders' Meeting of the parent company held on 29 April 2024.

The cumulative translation adjustment summarises the effect of exchange rate variation on foreign currency investments. The effects for 2024 are shown in the “comprehensive income (loss)” column of the Shareholders’ Equity statement.

The reserve for “*stock options/stock-based compensation”* includes the balancing entry for the notional costs determined in accordance with IFRS 2 of the Stock option plans granted by El.En. S.p.A.

The special reserve for grants received is to be considered a revenue reserve and is unchanged from 31 December 2023.

The item “Other reserves” mainly includes the reserve for the valuation of the severance indemnity fund in accordance with IAS 19.

Treasury stock (Note 13)

By virtue of the resolutions passed by the Shareholders' Meetings of El.En. spa on 27 April 2021 and 27 April 2023, which are fully described in their respective annual financial reports, as of 31 December 2023, the treasury stock held by the company amounted to 35.970 shares.

On 29 April 2024, the Shareholders’ Meeting of El.En. S.p.A. resolved, after revoking the unused portion of the authorisation granted by the same meeting on 27 April 2023, to allow the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, as already described in the significant events that occurred during the year.
On 31 July 2024, the company announced that it had assigned the General manager 28,500 of the shares held in the portfolio, as an in-kind portion of the 2023 annual remuneration. Therefore, as of 31 December 2024, the treasury stock held by the company amounted to no. 7.470.

Retained earnings / (accumulated deficit) (Note 14)

This item summarises the contribution to the Group’s Shareholders’ Equity of all consolidated companies.

Non-current liabilities

Severance indemnity fund (Note 15)

The following table highlights the movements during the accounting period:

31/12/2023	Provision	(Utilization)	Payments to complementary funds, INPS fund and other movements	31/12/2024
4.758.094	3.212.431	(922.236)	(2.066.934)	4.981.355

The severance indemnity represents the allowance that staff accrue during their working life and is paid to them when they leave.

For the purposes of international accounting standards, the payment of the severance indemnity represents a "long-term benefit following the end of employment"; it is a "defined benefit" obligation that results in the recognition of a liability similar to that arising in defined benefit pension plans.
With regard to companies located in Italy, following the changes made to the severance indemnity by Italian Law 27/12/2006 (and subsequent amendments), only the liability relating to the accrued severance indemnity remaining in the company has been subject to valuation in accordance with IAS 19, since the accrued portion has been paid to a separate entity (supplementary pension fund).
Even for employees who explicitly decided to keep their severance indemnity in the company, the severance indemnity accrued since 1 January 2007 has been paid into the Treasury fund managed by INPS. This provision, based on the 2007 Budget Law, guarantees staff in the private sector the payment of severance indemnity for the portion corresponding to the payments made by them.

The present value of the obligation for the severance indemnity fund remaining in the group companies as at 31 December 2024 was 4,937 thousand euros.

The assumptions adopted in determining the plan are summarised in the table below:

Financial hypotheses	Year 2023	Year 2024
Annual implementation rate	3,15%-2,98%-2,95%-3,08%-3,17% (*)	2,69%-2,78%-2,93%-3,18%-3,38% (***)
Annual inflation rate	2,3%-2,00% (**)	2,00%
Annual increase rate of salaries (including inflation)	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%

(*) 3.15% for the first three years, 2.98% from the fourth to the fifth, 2.95% from the sixth to the seventh, 3.08% from the eighth to the tenth and 3.17% up to the thirtieth year.

(**) 2.3% for the first year, 2% for subsequent years.
(***) 2.69% for the first three years, 2.78% from the fourth to the fifth, 2.93% from the sixth to the seventh, 3.18% from the eighth to the tenth and 3.38% up to the thirtieth year.

To ensure consistency with the source of past valuation returns, the returns that S&P records and publishes on 1Y-3Y, 3Y-5Y, 5Y-7Y, 7Y-10Y and finally 10+Y maturities were used to construct an iBoxx Corporate AA "rate curve" as of 31 December 2024 as summarised in the table above.

The amount recorded in the column "Payment to complementary pension forms, to INPS fund and other movements" of the statement of changes in the severance indemnity fund represents both the portion of severance indemnity paid to complementary pension funds or to the Treasury fund managed by INPS (for the latter with reference to certain Italian group companies), depending on the choices made by employees, and the amount of actuarial losses/gains for the year.

Analysis of deferred tax assets and liabilities (Note 4) (Note 16)

Deferred income taxes are allocated to temporary differences between the assets and liabilities recognised for tax purposes, and those recognised in the financial statement.

The analysis is as follows:

	31/12/2023	Provision	(Utilization)	Other movements	IFRS5	Translation adjustment	31/12/2024
Deferred tax assets on inventory devaluation	4.522.266	671.425	(274.531)	(4)	(31.389)	(9.477)	4.878.290
Deferred tax assets on warranty reserve	1.156.912	71.206	(35.677)		(388.282)	(1.716)	802.443
Deferred tax assets on bad debt reserve	1.092.160	436.707	(13.654)	(1)	(395.580)	568	1.120.200
Deferred tax assets on losses carryforwards	931.794	(12.252)	(205.612)	0		(103.955)	609.975
Deferred tax assets on intercompany profits and consolidation adjust.	1.764.517	(3.425)		0	(4.725)	0	1.756.367
Other deferred tax assets and on IAS adjust.	4.879.691	477.782	(546.987)	(9.952)	(2.617.509)	(50.817)	2.132.208
Total	**14.347.340**	**1.641.443**	**(1.076.461)**	**(9.957)**	**(3.437.485)**	**(165.397)**	**11.299.483**
Deferred tax liability on advance depreciations	124.470						124.470
Deferred tax liability on grants on capital account	127.041		(37.908)				89.133
Other deferred tax liabilities and on IAS adjust.	3.272.207	262.765	(191.867)	(763)	(553.249)	(29.876)	2.759.217
Total	**3.523.718**	**262.765**	**(229.775)**	**(763)**	**(553.249)**	**(29.876)**	**2.972.820**
Net	10.823.622	1.378.678	(846.686)	(9.194)	(2.884.236)	(135.521)	8.326.663

Deferred tax assets amount to about 11,299 thousand euros. The deferred tax assets calculated on the inventory obsolescence and bad debt provisions increased, while the deferred tax asset calculated on the warranty reserve of the various companies decreased. The decrease in receivables for tax loss carry-forwards and other receivables includes the value adjustment of deferred taxation calculated on the revaluations of certain company assets carried out in the past by some Italian companies in compliance with current regulations.
The line for other movements includes deferred taxes on value adjustments made to the severance indemnity fund and recognised directly in *Other Comprehensive Income* ("OCI").

Deferred tax liabilities amounted to 2,973 thousand euros. Changes in other deferred tax liabilities refer, inter alia, to the valuation of certain inventories at LIFO and unrealised exchange rate differences for tax purposes in past years. The decrease in the liability for deferred taxes on contributions is due to the taxation during the year of a portion of the capital contributions received and which, for tax purposes, have been accrued in accordance with current legislation in past years.

Other accruals (Note 17)

The following table highlights the movements during the year:

	31/12/2023	Provision	(Utilization)	Other movements	IFRS5	Translation adjustment	31/12/2024
Reserve for pension costs and similar	1.904.990	327.559	(65.228)	(5.768)			2.161.553
Warranty reserve on the products	6.872.879	296.448	(18.271)	(1)	(3.072.988)	(19.267)	4.058.800
Reserve for risks and charges	4.473.759	937.430	(1.995.274)	8.821	(1.528.487)		1.896.249
Total	**13.251.628**	**1.561.437**	**(2.078.773)**	**3.052**	**(4.601.475)**	**(19.267)**	**8.116.602**

The agents' customer indemnity provision, which is included in the item "reserve for pensions costs and similar", amounted to approximately 1,918 thousand Euro as at 31 December 2024, compared to 1,669 thousand Euro as at 31 December 2023.
According to IAS 37, the amount due is to be calculated using discounting techniques, in order to estimate as best as possible the total cost to be incurred in providing agents with benefits after the end of their employment.

The technical evaluations were carried out on the basis of the assumptions described below:

Financial hypotheses	Year 2023	Year 2024
Annual implementation rate	2,51%-2,58%-2,54%(*)	2,36%-2,42%-2,36%(***)
Annual inflation rate	2,3%-2,00% (**)	2,00%

(*) 2.51% on maturities of 10 years, 2.58% up to 15 years, 2.54% up to 20 years.
(**) 2.3% for the first year, 2% for subsequent years.
(***) 2.36% on maturities of 10 years, 2.42% up to 15 years, 2.36% up to 20 years.

Yields derived from the EUR IRS curve at the valuation date were used to value the liability.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

Contingent liabilities
On 24 April and 4 May 2018, the companies El.En. S.p.A. and Cutlite Penta S.p.A. had received a writ of summons before the Superior Court of Hartford (Connecticut) for product liability for damages that occurred at a customer's plant destroyed by fire. According to the plaintiff, three laser systems manufactured by Cutlite Penta were present at the time of the fire.
El.En. and Cutlite Penta had vehemently rejected any assumption that they were involved, even marginally, in the liability for the event.
The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the financial statement for the year.

Financial debts and liabilities and other non-current liabilities (Note 18)

	31/12/2024	31/12/2023	Variation	Var.%
Financial m/l term debts				
Amounts owed to banks	13.499.717	18.654.197	(5.154.480)	-27,63%
Amounts owed to leasing companies	9.573.735	10.128.428	(554.693)	-5,48%
Amounts owed to other financiers	424.428	196.278	228.150	116,24%
Other non-current liabilities	1.186.464	7.632.624	(6.446.160)	-84,46%
Total	**24.684.344**	**36.611.527**	**(11.927.183)**	**-32,58%**

The decrease in non-current financial liabilities refers, for about 3 million Euro, to the reclassification into liabilities associated with the operations held for sale made in 2024 in accordance with IFRS 5.

Details of amounts owed to banks outstanding as at 31 December 2024 are shown in the table below:

Company	Bank	Currency	Current amount	Non-current amount	First instalment	Last instalment	Interest rate	Terms of payment (monthly, quarterly)	Guarantees
Esthelogue Srl	Intesa San Paolo	Euro	379.859	191.786	28/08/2022	28/05/2028	1,30%	Quarterly instalments	90% from Mediocredito Centrale
Asclepion GmbH	Baudarlehen Deutsche Bank	Euro	444.444	888.892	02/05/2018	31/12/2027	1,40%	Monthly instalments	Mortgage
Asclepion GmbH	Kfw Darlehen CB	Euro	187.500		03/07/2020	30/06/2025	2,00%	Quarterly instalments	-
Asclepion GmbH	Kfw Darlehen DB	Euro	187.500		09/07/2020	30/06/2025	2,00%	Quarterly instalments	-
ASA S.r.l.	Unicredit	Euro	241.973	863.251	30/11/2019	31/05/2029	0,85%	Half-year instalments	Mortgage
ASA S.r.l.	Intesa San Paolo	Euro	757.630	381.719	24/09/2022	24/06/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
With Us Co., Ltd	Milax	Yen	50.000.000	-	25/12/2024	31/01/2025	1,00%	Single instalment	
With Us Co., Ltd	The Shoko Chukin Bank, Ltd. - Tokyo	Yen	7.104.000	66.256.000	05/04/2021	05/04/2035	1,17%	Monthly instalments	Tokyo Credit Guarantee Corporation
With Us Co., Ltd	MUFG Bank, Ltd. - Meguroekimae	Yen	21.420.000	98.235.000	26/08/2023	26/07/2030	0,95%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
With Us Co., Ltd	Higashi-Nippon Bank, Ltd.	Yen	8.326.000		31/03/2022	28/02/2025	0,98%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
With Us Co., Ltd	Mizuho Bank, Ltd.	Yen	12.504.000	23.950.000	10/12/2023	10/12/2027	1,60%	Monthly instalments	Tokyo Credit Guarantee Corporation and President of With Us Co., Ltd.
Cutlite Penta Srl	Intesa San Paolo	Euro	2.200.000	1.650.000	28/10/2021	28/07/2026	Euribor rate 3 months + SPREAD 1,06%	Quarterly instalments	Elen SpA
Cutlite Penta Srl	Intesa San Paolo	Euro	927.040	-	28/10/2022	28/04/2025	1,75%	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	1.333.333	3.666.667	07/11/2024	07/08/2028	4,28%	Quarterly instalments	

Cutlite Penta Srl	Credem	Euro	509.331		04/08/2022	04/07/2025	Euribor rate 3 months + SPREAD 0,85%	Monthly instalments	-
Cutlite Penta Srl	Credem	Euro	993.149	1.207.822	28/03/2024	28/02/2027	3,84%	Monthly instalments	
Cutlite Penta Srl	Intesa San Paolo	Euro	1.666.667	416.667	30/06/2023	31/03/2026	EURIBOR 3 mesi + 0,55% SPREAD coperto con IRS	Quarterly instalments	-
Cutlite Penta Srl	Intesa San Paolo	Euro	1.262.717	636.199	28/08/2022	28/05/2026	1,02%	Quarterly instalments	90% from Mediocredito Centrale
Cutlite Penta Srl	Monte Paschi di Siena	Euro	999.315	1.045.669	31/03/2024	31/12/2026	4,56%	Quarterly instalments	
Cutlite Penta Srl	Monte Paschi di Siena	Euro	887.791	1.395.391	30/06/2024	30/06/2027	3,75% + 0,85%	Quarterly instalments	

Amounts owed to leasing companies already refer from previous years mostly to the subsidiary Cutlite Penta, which purchased under finance lease a new building for the performance of production activities and therefore treated for accounting purposes in accordance with IFRS 16 in place of the already applied IAS 17. The contract signed by Cutlite Penta has a duration of 12 years and expires in January 2031; the outstanding debt as at 31 December 2024 amounts to 2.9 million euros. The company then entered into another leasing contract in 2021 for the purchase of a new building adjacent to the other with a term of 12 years and expiring in January 2033; the remaining debt as at 31 December 2024 amounted to approximately 2.9 million euros.
The other amounts in this item result from the application of IFRS 16 for the first time in the financial year 2019.

The item Other non-current liabilities includes, inter alia, the amount of payables to suppliers due beyond 12 months or with payment terms due beyond one year in the amount of 956 thousand Euro.

As at 31 December 2023, “Other non-current liabilities” included the liability for the earn-out provided for in favour of the former minority shareholder of Penta Laser Zhejiang Co., Ltd as part of the agreement to purchase its shares: this amounted to Renminbi 40 Million (approximately 5 million Euro), to be paid if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the date of purchase, which occurred in November 2019.
Following the negative results achieved by Penta Laser Zhejiang, the suspension of the IPO process and the consequent request for the exit of private equity funds from the capital of the Chinese subsidiary, the management interrupted the IPO process and consequently eliminated the financial liability with recognition of the related financial income in the income statement.

Current liabilities

Financial liabilities (Note 19)

Details of short-term financial liabilities are set out below:

	31/12/2024	31/12/2023	Variation	Var.%
Financial short term debts				
Amounts owed to banks	19.857.631	28.441.900	(8.584.269)	-30,18%
Amounts owed to leasing companies	3.220.823	2.968.064	252.759	8,52%
Amounts owed to other financiers	146.990	13.245.350	(13.098.360)	-98,89%
Total	**23.225.444**	**44.655.314**	**(21.429.870)**	**-47,99%**

	31/12/2024	31/12/2023	Variation	Var.%
Current liabilities for derivative financial instruments	20.915	31.457	(10.542)	-33,51%
Total	**20.915**	**31.457**	**(10.542)**	**-33,51%**

Details of short-term amounts owed to banks are given in the previous note.
Amounts owed to banks are not subject to covenants.

The item "Amounts owed to leasing companies" includes the short-term portions also of the leases described in the previous note.

The item "Amounts owed to other financiers" includes:
- the short-term portions of the loans described in the previous note;
- loan disbursed by Mediocredito to the subsidiary Lasit for a research project for a total of 272 thousand Euro at an annual rate of 0,36% repayable in annual instalments starting from March 2018, last instalment 8 March 2025;
- loans disbursed by BPER to the subsidiary Lasit for the purchase of new equipment for a residual total of 16 thousand euros as at 31 December 2024, which were repaid in staggered instalments, last instalment due on 15 August 2025.

The item "Current liabilities for derivative financial instruments" includes the fair value measurement in accordance with IFRS 9 of the interest rate swap derivative contract to hedge the interest rate on the Intesa San Paolo loan signed in 2023 by the subsidiary Cutlite Penta for 5 million Euro.

The decrease in current financial liabilities refers, for about 21 million Euro, to the reclassification into liabilities directly associated with the assets held for sale made in 2024 in accordance with IFRS 5.

Accounts payable (Note 20)

	31/12/2024	31/12/2023	Variation	Var.%
Accounts payable	90.550.170	153.230.610	(62.680.440)	-40,91%
Total	**90.550.170**	**153.230.610**	**(62.680.440)**	**-40,91%**

The decrease in accounts payable relates, for approximately 57 million Euro, to the reclassification in liabilities directly associated with the assets held for sale made in 2024 in accordance with IFRS 5.

We also report the break down of accounts payable from third parties by currency for the financial year:

Accounts payable in:	**31/12/2024**	**31/12/2023**
EURO	83.751.124	88.534.293
USD	5.378.804	6.484.742
Other Currencies	1.420.242	58.211.578
Total	**90.550.170**	**153.230.610**

The euro value reported in the table of payables originally denominated in USD or other currencies represents the currency amount converted at the exchange rates of 31 December 2024 and at the exchange rate of 31 December 2023.

Income tax payables /Other current payables (Note 21)

The "income tax payables" accrued on certain Group companies amounted to 3,667 thousand euros as at 31 December 2024 and are recorded net of the related down payments paid and withholding taxes incurred.

The breakdown of Other payables is as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Social security debts				
Debts to INPS	5.946.619	5.436.083	510.536	9,39%
Debts to INAIL	412.396	368.908	43.488	11,79%
Debts to other Social Security Institutions	994.228	919.822	74.406	8,09%
Total	**7.353.243**	**6.724.813**	**628.430**	**9,34%**
Other debts				
Debts to the tax authorities for VAT	1.006.657	3.000.334	(1.993.677)	-66,45%
Debts to the treasury for withholdings	4.115.858	3.828.983	286.875	7,49%
Other tax debts	41.943	92.663	(50.720)	-54,74%
Debts to staff for wages and salaries	18.134.521	20.845.134	(2.710.613)	-13,00%
Down payments	12.437.988	30.588.151	(18.150.163)	-59,34%
Other debts to associated companies		1.100.000	(1.100.000)	-100,00%
Other debts	10.136.863	17.165.207	(7.028.344)	-40,95%
Total	**45.873.830**	**76.620.472**	**(30.746.642)**	**-40,13%**
Total social security debts and other debts	**53.227.073**	**83.345.285**	**(30.118.212)**	**-36,14%**

"Debts to staff" include among other things the payable of deferred salaries accrued by employees as at 31 December 2024.

The item "Down payments" mostly represents down payments received from customers for orders in the portfolio and mainly refer to the subsidiaries Deka Mela, Lasit, Quanta System, Cutlite do Brasil and Cutlite Penta.

The item 'other debts' includes deferred income calculated by the various group companies.
The decrease in other payable relates, for approximately 28 million Euro, to the reclassification in liabilities directly associated with the assets held for sale made in 2024 in accordance with IFRS 5.

Debt analysis by maturity

	31/12/24	31/12/24	31/12/24	31/12/23	31/12/23	31/12/23
	<= 1y	>1 y <= 5y	> 5 y	<= 1y	>1 y <= 5y	> 5 y
Amounts owed to banks	19.857.631	12.684.044	815.673	28.441.900	15.361.800	3.292.397
Amounts owed to leasing companies	3.220.823	7.851.162	1.722.573	2.968.064	7.039.600	3.088.830
Liabilities for derivative financial instruments	20.915			31.457		
Amounts owed to other financiers	146.990	424.428		13.245.350	196.278	
Accounts payable	90.550.170	956.217		153.230.610	1.545.280	
Amounts owed to associated companies				1.100.000		
Income tax payables	3.666.738			4.343.983		
Social security debts	7.353.243			6.724.813		
Other debts	45.873.830	230.247		75.520.472	6.087.344	
Totale	**170.690.340**	**22.146.098**	**2.538.246**	**285.606.649**	**30.230.302**	**6.381.227**

Segment reporting under IFRS8

Within the El.En. Group, the segments identified in application of IFRS 8 are those indicated below together with their associated financial statement values. Current and deferred income taxes and certain financial assets and liabilities are not allocated to the segments because, again, they are managed at group level.

31/12/2024		Total	Medical	Industrial
Revenues		567.254	410.401	156.853
Intersectorial revenues		(1.409)		(1.409)
Net Revenues		565.846	410.401	155.444
Other revenues and income		6.833	2.836	3.997
Gross Margin		245.637	190.332	55.305
	Inc.%	*43%*	*46%*	*36%*
Operating charges		167.329	122.548	44.781
EBIT		78.309	67.785	10.524
	Inc.%	*14%*	*17%*	*7%*
Net financial income (charges)		802		
Share of profit of associated companies		23	23	
Other Income (expense) net		4.971		
Income (loss) before taxes		84.104		
Income taxes		21.227		
Income (loss) Continuing operations		62.877		
Income (loss) Discontinued operations		(10.372)		(10.372)
Income (loss) before minority interest		52.505		
Minority interest		892		
Net income (loss)		51.613		

31/12/2023		Total	Medical	Industrial
Revenues		576.421	392.434	183.987
Intersectorial revenues		(410)		(410)
Net Revenues		576.011	392.434	183.577
Other revenues and income		4.793	3.517	1.277
Gross Margin		234.769	184.442	50.327
	Inc.%	*41%*	*47%*	*27%*
Operating charges		156.550	115.069	41.481
EBIT		78.219	69.373	8.846
	Inc.%	*14%*	*18%*	*5%*
Net financial income (charges)		(449)		
Share of profit of associated companies		64	64	
Other Income (expense) net				
Income (loss) before taxes		77.835		
Income taxes		22.600		
Income (loss) Continuing operations		55.235		
Income (loss) Discontinued operations		(5.169)		(5.169)
Income (loss) before minority interest		50.067		
Minority interest		1.827		
Net income (loss)		48.239		

31/12/2024	Total	Medical	Industrial
Assets assigned	670.911	333.215	337.696
Equity investments	1.794	1.620	174
Assets not assigned	68.016		
Total assets	740.721	334.835	337.870
Liabilities assigned	289.983	73.254	216.729
Liabilities not assigned	39.936		
Total liabilities	329.919	73.254	216.729

31/12/2023	Total	Medical	Industrial
Assets assigned	653.367	322.103	331.264
Equity investments	2.695	1.765	930
Assets not assigned	63.148		
Total assets	719.209	323.867	332.194
Liabilities assigned	313.171	81.187	231.985
Liabilities not assigned	30.580		
Total liabilities	343.752	81.187	231.985

31/12/2024	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	(42.970)	1.793	(44.763)
- not assigned	450		
Total	(42.520)	1.793	(44.763)

31/12/2023	Total	Medical	Industrial
Changes in fixed assets:			
- assigned	(1.587)	924	(2.511)
- not assigned	(563)		
Total	(2.150)	924	(2.511)

Information by geographical area

31/12/24	Total	Italy	Europe	Row
Revenue	565.846	107.756	169.062	289.028

31/12/23	Total	Italy	Europe	Row
Revenue	576.011	151.755	154.495	269.761

31/12/24	Total	Italy	Europe	Row
Total Assets	740.721	499.739	59.231	181.751
Total Liabilities	329.919	185.267	18.167	126.485

31/12/23	Total	Italy	Europe	Row
Total Assets	719.209	485.323	61.638	172.249
Total Liabilities	343.752	199.198	22.500	122.053

31/12/24	Total	Italy	Europe	Row
Change in fixed assets	(42.520)	2.337	347	(45.203)

31/12/23	Total	Italy	Europe	Row
Change in fixed assets	(2.150)	691	329	(3.169)

(*) The variation in fixed assets is also affected by the application of IFRS 5 as described above.

Information on the consolidated Income Statement

Revenues (Note 22)

Below is a breakdown of the Group's revenues from contracts with customers as at 31 December 2024 and 2023:

	31/12/24	31/12/23	Variation	Var. %
Total medical systems	330.831.345	322.340.437	8.490.908	2,63%
Total industrial systems	138.487.378	169.357.212	(30.869.834)	-18,23%
Total service	96.526.778	84.313.624	12.213.154	14,49%
Total revenue	**565.845.501**	**576.011.273**	**(10.165.772)**	**-1,76%**

Breakdown of Revenues by geographical areas

Medical sector

	31/12/24	31/12/23	Variation	Var. %
Italy	38.660.620	37.527.671	1.132.949	3,02%
Europe	128.492.215	117.685.833	10.806.382	9,18%
Row	243.248.544	237.220.434	6.028.110	2,54%
Total revenue	**410.401.379**	**392.433.938**	**17.967.441**	**4,58%**

Industrial sector

	31/12/24	31/12/23	Variation	Var. %
Italy	69.095.140	114.227.723	(45.132.583)	-39,51%
Europe	40.569.457	36.809.443	3.760.014	10,21%
Row	45.779.525	32.540.169	13.239.356	40,69%
Total revenue	**155.444.122**	**183.577.335**	**(28.133.213)**	**-15,32%**

Breakdown of revenues based on Revenue Recognition Timing

	31/12/2024	31/12/2023	Variation	Var. %
Goods transferred at a specific time	559.417.727	569.021.445	(9.603.718)	-1,69%
Services transferred over time	6.427.774	6.989.828	(562.054)	-8,04%
Total revenue	**565.845.501**	**576.011.273**	**(10.165.772)**	**-1,76%**

There was an overall decrease in turnover of about 1.8% due to the industrial sector.

For further details, please refer to the Management Report.

Other income (Note 23)

The analysis of other income is as follows:

	31/12/24	31/12/23	Variation	Var. %
Other income due to Insurance refunds	2.237.463	264.431	1.973.032	746,14%
Expense recovery	2.677.943	2.421.039	256.904	10,61%
Capital gains on disposal of fixed assets	159.837	90.788	69.049	76,06%
Other income	1.757.489	2.017.089	(259.600)	-12,87%
Total	**6.832.732**	**4.793.347**	**2.039.385**	**42,55%**

Other income due to Insurance refunds also includes those received in connection with the damage caused by the Campi Bisenzio flood of November 2023.
The item “Expense recovery” refers mostly to the recovery of transport costs.
The item 'Other income' accounts for state grants in the amount of 411 thousand Euro.

Costs for the purchase of goods (Note 24)

The analysis of purchases is as follows:

	31/12/24	31/12/23	Variation	Var. %
Purchases of raw materials and finished products	252.731.533	300.427.983	(47.696.450)	-15,88%
Packaging	4.355.821	3.724.172	631.649	16,96%
Shipping charges on purchases	3.553.790	2.963.390	590.400	19,92%
Other purchase expenses	1.760.287	1.707.953	52.334	3,06%
Other purchases	4.770.918	5.076.884	(305.966)	-6,03%
Total	**267.172.349**	**313.900.382**	**(46.728.033)**	**-14,89%**

Costs for the purchase of goods and related charges as at 31 December 2024 amounted to 267,172 thousand euros compared to 313,900 thousand euros in the previous year, a decrease of 15%. Net of changes in inventories, the incidence of cost of goods was 48.3%, compared to 50.3% in the previous year.

Direct services/operating services and charges (25)

The item is broken down as follows:

	31/12/24	31/12/23	Variation	Var. %
Direct services				
Outsourced processing	27.662.306	26.657.742	1.004.564	3,77%
Technical services on products	4.903.802	6.276.643	(1.372.841)	-21,87%
Shipment charges on sales	4.707.774	5.799.358	(1.091.584)	-18,82%
Sale commissions	13.397.085	15.241.010	(1.843.925)	-12,10%
Royalties	317.700	280.800	36.900	13,14%
Travel expenses for technical assistance	1.211.677	1.065.305	146.372	13,74%
Other direct services	1.468.904	1.119.743	349.161	31,18%
Total	**53.669.248**	**56.440.601**	**(2.771.353)**	**-4,91%**
Other operating services and charges				
Maintenance and technical assistance on equipment	1.484.874	1.881.836	(396.962)	-21,09%
Commercial services and consulting	4.421.216	3.882.031	539.185	13,89%
Legal and administrative services and consulting	1.681.569	1.785.866	(104.297)	-5,84%
Audit fees	268.282	302.957	(34.675)	-11,45%
Insurances	1.620.450	1.265.697	354.753	28,03%
Travel and accommodation expenses	4.870.042	4.052.006	818.036	20,19%
Trade shows	6.584.479	6.047.676	536.803	8,88%
Promotional and advertising fees	4.509.037	4.349.715	159.322	3,66%
Expenses related to real estate	3.955.131	3.875.074	80.057	2,07%
Other taxes	323.077	336.636	(13.559)	-4,03%
Vehicles maintenance expenses	2.091.182	2.048.534	42.648	2,08%
Office supplies	309.808	441.453	(131.645)	-29,82%
Hardware and Software assistance	3.225.357	2.705.914	519.443	19,20%
Bank charges	359.150	351.044	8.106	2,31%
Leases and rentals	2.311.281	2.331.678	(20.397)	-0,87%
Salaries and indemnity to the Board of Directors and Board of Statutory Auditors	3.199.452	3.345.791	(146.339)	-4,37%
Temporary employment	1.458.468	1.791.295	(332.827)	-18,58%
Other charges and services	12.419.340	9.295.576	3.123.764	33,60%
Total	**55.092.195**	**50.090.779**	**5.001.416**	**9,98%**

Operating services and charges amounted to 55,092 thousand euros, up from 50,091 thousand euros as at 31 December 2023.
The increases are mainly in the costs for travel and for trade shows.

In the item “Other charges and services”, the main items refer to technical-scientific consulting in the amount of 3,584 thousand Euro.

With regard to research and development activities and costs, please refer to what has already been described in the Management Report.

Staff costs (Note 26)

This item is broken down as follows:

	31/12/24	31/12/23	Variation	Var. %
Wages and salaries	73.140.511	69.189.747	3.950.764	5,71%
Social security contributions	20.123.494	18.664.141	1.459.353	7,82%
Severance indemnity	3.063.026	2.703.877	359.149	13,28%
Staff costs for stock options/stock based compensation	2.110.769	1.620.759	490.010	30,23%
Other costs	331.859	315.907	15.952	5,05%
Total	**98.769.659**	**92.494.431**	**6.275.228**	**6,78%**

At 98,770 thousand Euro, staff costs were up from 92,494 thousand Euro in the previous financial year.
As at 31 December 2024, "staff costs for stock options/stock-based compensation" includes notional costs for stock options granted by the parent company El.En. SpA to certain group employees.

Depreciation, amortization and other accruals (Note 27)

This item is broken down as follows:

	31/12/24	31/12/23	Variation	Var. %
Amortization of intangible assets	877.970	961.737	(83.767)	-8,71%
Depreciation of tangible assets	6.187.292	5.857.366	329.926	5,63%
Depreciation of tangible assets right of use	2.862.241	2.477.136	385.105	15,55%
Devaluation (Reval.) of intangible and tangible assets	(2.884)	10.684	(13.568)	-126,99%
Accrual for bad debts	4.004.567	2.227.348	1.777.219	79,79%
Accrual for risks and charges	(462.455)	2.430.481	(2.892.936)	-119,03%
Total	**13.466.731**	**13.964.752**	**(498.021)**	**-3,57%**

The negative result in the accrual for risks and charges is mainly due to the reversal of the risk provisions due to the settlement of certain disputes by Asclepion during the year.

Financial income and charges and Exchange gain (loss) (Note 28)

The details of the two items are as follows:

	31/12/24	31/12/23	Variation	Var. %
Financial income				
Interest income on bank and postal accounts	1.938.774	591.447	1.347.327	227,80%
Dividends		19.000	(19.000)	-100,00%
Financial income - associated companies	17.951	16.826	1.125	6,69%
Interest income from current securities and financial assets	75.907	215.398	(139.491)	-64,76%
Capital gain and other income from current securities and financial assets	441.399	277.453	163.946	59,09%
Other financial income	318.635	297.532	21.103	7,09%
Total	**2.792.666**	**1.417.656**	**1.375.010**	**96,99%**
Financial charges				
Interests on bank debts and on short term loans	387.130	246.684	140.446	56,93%
Interests on bank debts and on other m/l term loans	888.669	720.967	167.702	23,26%
Capital losses and other charges on current securities and financial assets		8.875	(8.875)	-100,00%
Other financial charges	879.945	487.747	392.198	80,41%
Total	**2.155.744**	**1.464.273**	**691.471**	**47,22%**
Exchange gain (loss)				
Exchange gains	2.418.342	1.573.036	845.306	53,74%
Exchange losses	(2.252.860)	(1.975.071)	(277.789)	14,06%
Other exchange gain (loss)	0	(2)	2	-100,00%
Total	**165.482**	**(402.037)**	**567.519**	**-141,16%**

“Other income from securities and financial assets” refers mainly to capital gains realised on the redemption of certain insurance policies.
“Interests on bank debts and on short-term loans” refers mainly to overdrafts granted by Credit Institutions to some Italian and foreign subsidiaries.
The item “other financial charges” includes, for about 149 thousand Euro, the recognition of interest expense arising from the application the accounting standard IAS 19, and for 513 thousand Euro the recognition of interest expense for leases arising from the application of IFRS 16.
It should be noted that there is no significant amount of unpaid or uncollected interest.

Other income and charges (Note 29)

	31/12/24	31/12/23	Variation	Var. %
Other charges				
Capital losses on equity investments	29.242		29.242	
Total	**29.242**	**0**	**29.242**	
Other income				
Other non recurring income	5.000.000		5.000.000	
Total	**5.000.000**	**0**	**5.000.000**	

The item "Other income" includes the financial income recognised following the elimination of the financial liability that had been recorded in previous financial years versus the former minority shareholder of Penta Laser Zhejiang Co., Ltd in the amount of Renminbi 40 million (about 5 million Euro), to be paid due to the earn-out clause envisaged by the sale agreement if an IPO of Penta Laser Zhejiang Co., Ltd was carried out within 5 years from the purchase date.
The removal of Private Equity funds from the Penta Zhejiang's equity investment has made it impossible to complete the company's IPO on the Chinese market.

Income taxes (Note 30)

	31/12/24	31/12/23	Variation	Var. %
IRES and other foreign income taxes	20.903.354	20.354.257	549.097	2,70%
Income taxes - IRAP	3.196.482	3.280.711	(84.229)	-2,57%
Prepaid/deferred IRES and income taxes on foreign subsidiaries	(543.090)	(246.081)	(297.009)	120,70%
Prepaid/deferred IRAP taxes	11.098	55.837	(44.739)	-80,12%
Income tax receivable	(446.588)	(760.404)	313.816	-41,27%
Other income tax	(10.987)	(10.987)	0	0,00%
Previous years tax	(1.882.817)	(73.392)	(1.809.425)	2465,43%
Total	**21.227.452**	**22.599.941**	**(1.372.489)**	**-6,07%**

The cost for current and deferred income taxes for the year amounted to 21,227 thousand euros: the overall tax rate was 25.2%, up from 29.0% of last year.

The income tax for the period benefits from the agreement signed by El.En. S.p.A. with the Italian revenue agency in December 2024 on the so-called *Patent Box* for the period 2020/2024.

The following table illustrates the reconciliation between the theoretical tax rate and the effective tax rate, limited to the Corporate Income Tax (IRES) and similar.

	2024	2023
Profit/loss before taxes	84.104.497	77.835.083
Theoretical IRES Aliquot	24,00%	24,00%
Theoretical IRES	20.185.079	18.680.420
Higher (lower) fiscal incidence of the foreign companies with respect to the theoretical aliquot	3.144.746	1.450.494
One time income tax charges (income)	(38.345)	(76.924)
Tax credits	(446.588)	(760.404)
Patent box	(2.654.850)	
Value adjustment (earn out)	(1.200.000)	
Higher (lower) fiscal incidence of Italian companies with respect to the theoretical aliquot	741.269	47.787
Higher (lower) fiscal incidence due to the effects of consolidation	(1.453.610)	(77.980)
Actual IRES	18.277.701	19.263.393
Actual IRES aliquot	21,73%	24,75%

Since the Group's consolidated revenues are less than 750 million Euro, the Group is not subject to Pillar Two regulations.

Earnings per share (Note 31)

The weighted average number of shares outstanding during the year following the exercise of stock options granted and net of treasury stock held was 80,045,721 ordinary shares. Earnings per share as at 31 December 2024 is therefore 0.64 euro. Diluted earnings per share, which also take into account stock options granted, amounted to 0,63 Euro. Earnings per share and diluted earnings per share as of 31 December 2024 from continuing operations are 0.79 Euro and 0.77 Euro, respectively.

Distributed dividends (Note 32)

The Shareholders' Meeting of El.En. SpA held on 29 April 2024 resolved to distribute a dividend, equal to 0,20 (zero comma twenty) Euro gross per outstanding share, to the shares in circulation on the ex-dividend date. The dividend distributed was 16.006.440 Euro.

Other components of the statement of comprehensive income (Note 33)

With reference to 31 December 2024, it should be noted that there are no "Other components of the statement of comprehensive income" worthy of note.

Non-recurring significant, atypical and unusual events and operations (Note 34)

Pursuant to Consob Communication of 28 July 2006 no. DEM/6064293, it should be noted that the Group did not engage in any significant non-recurring, atypical and/or unusual transactions, as defined in the Communication itself, during the year and in the previous year.

Non-recurring events/operations include the financial income already described in Note 28, which contributes positively to both the net income for the period and to the net financial position, as well as to shareholders' equity and cash flows for the period.

Euro/000	Total shareholders' equity	Net income (loss)	Net financial position	Cash flows (*)
Book value	410.802	51.613	110.559	34.939
Earn Out	5.000	5.000	5.000	5.000
Incidence	1,22%	9,69%	4,52%	14,31%

(*) cash flows refer to the increase (or decrease) in cash and cash equivalents during the period

Assets held for sale (Note 35)

On 8 November 2024 El.En. S.p.A. announced that it has signed a framework agreement with the Yangtze Optical Fibre and Cable Joint Stock Limited Company (a joint stock company with limited liability incorporated in the People's Republic of China, hereinafter referred to as "YOFC") for the negotiation of the possible sale to the Chinese company of the majority equity investments of the companies included in the Laser Cutting business unit of El.En. Group for an expected total of 55,3 million Euro.
The subject of the negotiation concerned at first the sale by the Italian company Cutlite Penta of its Brazilian subsidiary Cutlite do Brasil Ltda (hereinafter "Cutlite") and of the group of Chinese subsidiaries of Penta Laser Zhejiang Ltd., Co. with production facilities in Wuhan, Wenzhou, Lin Yi and Shenzhen (hereinafter "PLZ"). According to these initial negotiations, the subsidiary Ot-las S.r.l. would have sold to YOFC directly, or to its subsidiaries, a total of 28.698.288 shares, equal to 59.1837% of the capital, of Penta Laser Zhejiang Ltd, Co. for a consideration of RMB 298.700.000 in cash (equivalent to approximately 38.8 million Euro at the exchange rate of 8 November 2024) and an equity investment in Cutlite Penta of a nominal value of 334,956 Euro, representing 67% of the capital16.5 million Euro in cash. At the same time as the purchase, YOFC would have subscribed a capital increase in Cutlite Penta for a nominal value of 51.256 Euro, paying into the company's coffers a total subscription price of approximately 2,5 million Euro, thus arriving at a 70,0604% share in the company.
Following the completion of the divestment transactions, El.En. Group would have continued to hold an equity investment in the laser cutting division of approximately 19,3% in Penta Laser Zhejiang Ltd., Co. and approximately 30% in Cutlite Penta.
Subsequently, on 2 January 2025, El.En. agreed with YOFC to extend the deadline for the conclusion of the negotiations to 31 March 2025, and also confirmed that Cutlite Penta is, and must remain, an Italian brand, agreeing on the importance of eliminating any doubts as to its identity. To this end, the parties promised to work towards an agreement in which OT-LAS would maintain its position as majority shareholder of Cutlite Penta and in which at the same time, YOFC, as a significant minority shareholder, would contribute through its investments to Cutlite expected rapid growth.

The majority stake in Penta Laser Zhejiang Ltd., Co. is expected to be sold within one year from the financial statement date. As at 31 December 2024, the Chinese laser cutting business unit was classified as an asset held for sale.

Below are the schedules showing assets, liabilities and results held for sale, which thus refer only to the sale of the majority of the Chinese cutting division.

Assets	**2024**
Intangible assets	8.363.532
Tangible assets	39.083.833
Other non-current asstes	4.497.971
Cash and cash equivalents	29.583.783
Other current asstes	82.870.218
Asstes held for sale	**164.399.337**

Liabilities	**2024**
Non-current liabilities	8.913.279
Current liabilities	109.560.362
Liabilities held for sale	**118.473.641**

Income statement	**2024**	**2023**
Revenue	80.035.247	116.278.470
Charges	(87.385.790)	(121.762.026)
EBIT	(7.350.543)	(5.483.556)
Financial income (charges)	(1.431.655)	(1.084.310)
Other charges	(768.041)	(133.016)
Income (loss) before tax	(9.550.239)	(6.700.882)
Income tax	(821.809)	1.532.261
Income (loss) from Continuing operations	**(10.372.048)**	**(5.168.620)**

Cash flow statement	**2024**	**2023**
Cash flow generated by operating activity	6.179.357	(590.917)
Cash flow generated by investing activity	(989.145)	1.328.843
Cash flow generated by financing activity	(12.485.810)	(6.163.316)
Net cash flows	**(7.295.598)**	**(5.425.389)**

Disclosure on related parties (Note 36)

Related parties are identified as defined in international accounting standard IAS 24. In particular, the following parties are considered to be related parties:
- subsidiaries and associated companies;
- the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and, where applicable, the other key management personnel of the parent company;
- the natural persons shareholders of the parent company El.En. S.p.A.;
- legal persons in which a significant shareholding is held by one of the major shareholders of the parent company, a member of the Board of Directors of the parent company, a member of the Board of Statutory Auditors, the General Manager and executives with strategic responsibilities.

One of the Managing directors, a major shareholder of the parent company, owns a 25% stake in Immobiliare del Ciliegio S.r.l., also a shareholder of the parent company.

All ordinary transactions with related parties took place at ordinary market conditions.

In particular, we highlight the following:

Members of the Board of Directors, Board of Statutory Auditors and General Manager of the parent company
Pursuant to Consob Resolution No. 11971/99 (Issuers' Regulation), the fees paid to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and the shareholdings held by them during the year are analytically illustrated in the tables attached to the "Report on the remuneration policy and compensation paid pursuant to Art. 123-*ter* T.U.F. and 84-*quater* Consob Reg. 11971/1999" which is made available within the terms of the law and can be viewed on the website www.elengroup.com - "governance/corporate documents" section.

Subsidiaries
As a rule, mutual transactions and balances between group companies included in the scope of consolidation are eliminated when preparing the consolidated financial statement; therefore, they are not described here.

Associated companies
All debt and credit relationships, all costs and revenues, all loans and any guarantees granted to affiliated companies during the financial year, are set out clearly and in detail.
Transfer prices are established with reference to what normally occurs on the market. These transactions, therefore, reflect the trend in market prices, from which they may slightly differ depending on the Group's business policies.

The following tables analyse the transactions with associated companies during the period, both at the level of trade and at the level of debit and credit balances.

	Financial Receivables		**Accounts receivable**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Actis Srl	30.000		7.847	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA	270.000		310.467	
Total	**331.565**	**-**	**318.314**	**-**

Associated companies:	**Sales**	**Service**	**Total**
Elesta SpA	385.040	86.636	471.676
Total	**385.040**	**86.636**	**471.676**

Associated companies:	Other revenues
Elesta SpA	4.168
Actis Srl	1.200
Total	**5.368**

Associated companies:	Purchase of raw materials	Services	Other	Total
Elesta SpA	14.500			14.500
Total	**14.500**	**-**	**-**	**14.500**

The figures of the tables above refer to transactions concerning the company’s ordinary operations.

The table below shows the impact of related party transactions on the group's economic and financial position.

Impact of related parties transactions	Total	related parties	Inc %
Impact of related parties transactions on the statement of financial position			
Equity investments	2.010.939	977.596	48,61%
Receivables LT	-	-	
Accounts receivable	117.982.346	318.314	0,27%
Other current receivables	11.401.626	331.565	2,91%
Non current financial liabilities	23.497.880	-	0,00%
Current financial liabilities	23.246.359	-	0,00%
Accounts payable	90.550.170	-	0,00%
Other current payables	53.227.073	-	0,00%
Other non current liabilities	1.186.464	-	0,00%
Impact of related parties transactions on the income statement			
Revenues	565.845.501	471.676	0,08%
Other revenues and income	6.832.732	5.368	0,08%
Purchase of raw materials	267.172.349	14.500	0,01%
Direct services	53.669.248	-	0,00%
Operating services and charges	55.092.195	-	0,00%
Financial charges	2.155.744	-	0,00%
Financial income	2.792.666	17.951	0,64%
Income taxes	21.227.452	-	0,00%

Risk factors and procedures for the management of financial risks (Note 37)

Procedures for the management of financial risk

The Group's main financial instruments include current accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the Group has accounts receivable and accounts payable arising from its operations.
The main financial risks the Group is exposed to concern exchange rate, credit, liquidity and interest rate.
In the financial years ended 31 December 2024 and 2023, no changes were made to the objectives, policies and procedures for capital management.

Exchange rate risk

The Group is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.
Since the Parent Company prepares its consolidated financial statements in euros, fluctuations in the exchange rates used to convert the financial statement data of subsidiaries originally expressed in foreign currencies could adversely affect the Group's results, consolidated financial position and consolidated shareholders' equity as expressed in euros in the Group's consolidated financial statements.

Credit risk

As far as business transactions are concerned, the Group deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to revenues and do not require to be appropriately hedged and/or covered by insurances. There are no significant concentrations of credit risk within the Group. The provision for bad debts accrued at the end of the period represents almost 9% of total accounts receivable from third parties. For an analysis of overdue receivables from third parties, please refer to the related note in the Consolidated Financial Statement.

Concerning guarantees given to third parties:

In December 2019, upon completing the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. had provided a guarantee in favour of the selling shareholder for the payment under the earn-out clause of 40 million Renminbi (approximately 5 million euros) in the event of an IPO of Penta Laser Zhejiang within 5 years from the date of purchase.
As already described in the Management Report, since it was not possible to successfully conclude the IPO process by the end of 2024, the guarantee has definitively lapsed.

El.En. SpA issued in July 2021 a surety in favour of Cutlite Penta on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las had issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a possible final judgment sentencing it to pay damages with reference to definitive sentencing in the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-HHD-CV17-6084684-S. In addition, the parent company El.En. spa had also provided a second-level guarantee, should the guarantee provided by Ot-las become operative and Ot-las was found to be in default. The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the financial statement for the year.

In July 2020, Esthelogue obtained a guarantee from Mediocredito Centrale on the 1,5 million euro loan provided by Intesa San Paolo. The guaranteed amount is 1,35 million euro.

In July 2020, Cutlite Penta obtained a guarantee from Mediocredito Centrale on the 5 million euro loan provided by Intesa San Paolo. The guaranteed amount is 4,5 million euro.

The Chinese subsidiary Penta Laser Zhejiang took out mortgages to obtain a credit line of up to RMB 25,1 million, which was entirely used by 31 December 2024. It also granted guarantees to its subsidiary Penta Laser Technology (Shandong) to obtain a credit line of up to RMB 15 million, of which RMB 7,4 million were used by 31 December 2024.

The Chinese subsidiary Penta Laser (Wuhan) took out mortgages and granted receivables as a guarantee to obtain a credit line of up to RMB 10 million, fully used as of 31 December 2024. It also granted guarantees to parent company Penta Laser Zhejiang for RMB 60 million against bills of exchange issued by the latter for payment of supplies to third parties, used for 30 million as of December 31, 2024.

Chinese subsidiary Penta Laser Technology (Shandong) took out mortgages to obtain credit lines of up to RMB 28,5 million, of which 26,9 million had been drawn as at 31 December 2024.

The Chinese subsidiary Shenzhen KBF Laser obtained a guarantee from the General Manager against a credit line of up to RMB 10 million, fully drawn by 31 December 2024.

The subsidiary ASA S.r.l. signed a loan agreement to finance the construction of the new plant by taking out a mortgage for a total value of 4,8 million euro. In June 2020, the company obtained a guarantee from Mediocredito Centrale on the 3 million euro loan obtained from Intesa San Paolo. The guaranteed amount is 2,7 million euro.

The German subsidiary Asclepion signed a loan agreement during 2018 to finance the construction of the new factory, taking out a mortgage for a total value of 4 million euro.

German subsidiary Lasit Laser Deutschland received bank guarantees totalling euro 80 thousand for the purchase of company vehicles and down payments from customers.

Spanish subsidiary Lasit Iberica signed a bank guarantee for euro 38 thousand in favour of a customer for a down payment received on a sale.

Liquidity and interest rate risk
With regard to the Group's exposure to liquidity and interest rate risk, it should be noted that the Group's liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

During 2023, subsidiary Cutlite Penta entered into a forward contract to partially hedge the interest rate risk on a loan.

Operation	Notional value	*Fair value*
Interest rate swap	€2.083.333	-€ 20.915
Total	**€2.083.333**	**-€ 20.915**

Capital management
The objective of capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

Financial Instruments (Note 38)

Fair value

Below is a comparison of the book value and fair value by category of all of the Group's financial instruments:

	Book value 31/12/2024	Book value 31/12/2023	Fair value 31/12/2024	Fair value 31/12/2023
Financial assets				
Equity investments in other companies	1.033.343	1.061.819	1.033.343	1.061.819
Non current financial receivables	0	314.679	0	314.679
Current financial receivables	1.334.430	910.318	1.334.430	910.318
Securities and other non-current financial assets	7.610.516	23.774.613	7.610.516	23.774.613
Securities and other current financial assets	10.017.016	4.315.184	10.017.016	4.315.184
Cash and cash equivalents	147.470.081	131.040.584	147.470.081	131.040.584
Financial debts and liabilities				
Non current financial liabilities	23.497.880	28.978.903	23.497.880	28.978.903
Current financial liabilities	23.246.359	44.686.771	23.246.359	44.686.771

Fair value - hierarchy

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

Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities;
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques using inputs that have a significant effect on recorded fair value that are not based on observable market data.

At 31 December 2024, the Group held the following securities measured at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		6.423.948		6.423.948
Mutual funds/Bonds	3.590.068			3.590.068
Interest rate swap		-20.915		-20.915
Other equity investments			1.062.819	1.062.819
Total	**3.590.068**	**6.403.033**	**1.062.819**	**11.055.920**

Other information (Note 39)

Information on public financing under the Law of 4 August 2017, no. 124 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, as amended, introduced transparency obligations in the system of public financing; in fact, it is provided that companies must disclose in the notes to the annual financial statements and in the consolidated notes to the financial statements, if any, where prepared, information on the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed to them by public administrations and other specifically indicated entities.

Consequently, the consideration for the supply of goods and services relating to transactions carried out within the scope of one's own activity, in the presence of synallagmatic relationships managed according to market rules, the general measures usable by all enterprises falling within the general structure of the reference system defined by the state (e.g. Example ACE), selective economic advantages, received in application of an aid scheme, accessible to all companies that meet certain conditions, on the basis of predetermined general criteria (tax and social security contribution benefits, including for hiring disabled persons), training contributions received from inter-professional provisions, such as Fondimpresa as entities financed by contributions from the companies themselves.

That said, evidence is provided of what is required by the regulations:

Asa srl

Date	no. Contract	Company name	Contract description	Amount
21/03/2007 - renewal 22/04/2024	AGR 00549	Department of Experimental and Clinical Biomedical Sciences, University of Florence	With a contract dated 21/03/2007, a joint laboratory was set up between the Department of Experimental and Clinical Biomedical Sciences of the University of Florence and the company ASA Srl named: *ASACAMPUS JOINT RESEARCH LABORATORY.* The laboratory aims to study the effects of physical stresses, in particular gravitational, mechanical, photomechanical and magnetic fields, at the cellular and molecular level. It has premises and equipment made available by the University of Florence; the company Asa srl provides its staff, space and equipment as indicated in the agreement. As of 2024, a contribution of 1,800.00 Euro per year was agreed to be borne by Asa srl for general operating and maintenance costs.	Value of benefits cannot be quantified

It is also noted, with reference to State aid and *de minimis* aid, that the transparency of the same is safeguarded by the publication, even if it does not follow the cash principle, of the same in the National Register of State Aid, active since August 2017, by the entities granting said aid.

The following table, drawn up pursuant to art. 149-duodecies of the Consob Issuers' Regulation, shows the fees accrued in 2024 for audit and non-audit services rendered by EY spa to the parent company and certain Italian and foreign subsidiaries.

Type of service	Company providing the service	Recipient	notes	2024 Fees (Euro)
Audit	EY S.p.A.	El.En. S.p.A.		70.500
	EY S.p.A.	Italian Subsidiaries		68.500
	EY Network	Foreign Subsidiaries		152.952
Certification services	EY S.p.A.	El.En. S.p.A.	1)	26.800
	EY S.p.A.	Italian Subsidiaries		9.700
	EY Network	Foreign Subsidiaries		-
Other services	EY S.p.A.	El.En. S.p.A.	2)	52.000
	EY S.p.A.	Italian Subsidiaries		-
	EY Network	Foreign Subsidiaries	3)	-
				380.452

(1) Other certification services related to: Summary examination of the Non-Financial Declaration, Review of the Statement of Expenditure on Research and Development.

(2) Examination of the differences between the Group's current DNF reporting and the new reporting requirements introduced by the CSRD.

(3) Interim agreed review procedures

The fees shown in the table, for Italian companies, include the annual adjustment according to the ISTAT (Italian National Statistics Institute) index; they are also net of reimbursements for expenses incurred and the supervisory contribution to Consob.

Average number of employees

	Average of the period	31/12/2024	Average of previous period	31/12/2023	Variation	Var. %
Total	**2.081**	**2.080**	**2.094**	**2.084**	**(4)**	**-0,19%**

SUBSEQUENT EVENTS

At the end of February 2025, the group sold a 46% stake in its Japanese subsidiary Withus, thereby transferring control to the minority shareholders who had founded the company with El.En. in 2007. The direct distribution in Japan of professional beauty systems produced in Italy had been discontinued for several years, and the company now mainly services the installed base and sells locally sourced beauty products. Within this scope, the commercial relationship with the parent company became of secondary importance. Following the financial crisis of Withus' main customers, the accumulated losses and the less than encouraging outlook of the business conducted so far suggested to leave the burden and the opportunity to relaunch Withus' activities on a new basis to the local management. By virtue of the group's 33% residual share, starting from February 2025 the equity investment will be integrated in the consolidated financial statements using the Shareholders' equity method.

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

Declaration of the consolidated financial statement in conformity with Art. 81-ter CONSOB Regulation No. 11971 of 14 May 1999 and later modifications and additions

1. The undersigned Andrea Cangioli, in his capacity as Managing Director, Enrico Romagnoli, in his capacity as Executive officer responsible for the preparation of the financial statements of El.En. S.p.A., attest, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree of 24 February 1998, no. 58:

- the suitability in relation to the characteristics of the company, and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements, during 2024.

2. The following major issues emerged in this regard:

The consolidated financial statement have been prepared in accordance with IAS/IFRS accounting standards, by reclassifying the contribution of the Chinese industrial cutting division into the assets, liabilities and income statement result from discontinued operations, both for the current year and the previous year, due to the ongoing negotiations for the disposal of the division, according to IFRS5.
For more details, see Note 35) entitled 'Assets and liabilities held for sale' in the consolidated notes to the financial statement.

3. It is further attested that:

3.1 the consolidated financial statement as at 31 December 2024:

a) is prepared in accordance with the applicable international financial accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) corresponds to the entries in the accounting books and records;
c) is capable of giving a true and fair view of the assets and liabilities, economic and financial position of the issuer and the group of companies included in the consolidation.

3.2 The Management Report includes a reliable analysis of the development and results of operations, as well as the situation of the issuer and the undertakings included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Calenzano, 13 March 2025

The Managing Director

Mr Andrea Cangioli

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

SEPARATE FINANCIAL STATEMENT OF EL.EN. S.p.A.
AS AT 31 DECEMBER 2024

NOTES TO THE SEPARATE FINANCIAL STATEMENT

Statement of financial position

Assets	Note		31/12/2024		31/12/2023
Intangible assets	1		581.710		407.751
Tangible assets	2		19.642.587		19.944.597
Equity investments	3				
- in subsidiary companies		22.062.318		20.835.254	
- in associated companies		980.397		1.200.328	
- other		1.024.498		1.024.498	
Total Equity investments			24.067.213		23.060.080
Deferred tax assets	4		2.546.684		2.273.777
Other non-current assets	4				
- third parties		2.448.793		13.132.298	
- subsidiary companies		47.442.056		22.950.018	
Total Other non-current assets			49.890.849		36.082.316
Total non current assets			**96.729.043**		**81.768.521**
Inventories	5		49.040.882		46.337.457
Accounts receivable	6				
- third parties		12.552.856		13.984.494	
- subsidiary companies		31.407.599		32.098.550	
- associated companies		318.314		171.678	
Total Accounts Receivable			44.278.769		46.254.722
Tax receivables	7		6.460.176		5.694.106
Other receivables	7				
- third parties		2.237.381		1.236.776	
- subsidiary companies		2.037.588		4.738.719	
- associated companies		331.565		381.565	
Total Other receivables			4.606.534		6.357.060
Securities and other current financial assets	8		5.530.835		-
Cash and cash equivalents	9		43.694.191		32.970.159
Total current assets			**153.611.387**		**137.613.504**
Assets held for sale	33		**1.166.833**		**0**
Total Assets			**251.507.263**		**219.382.025**

Liabilities	Note		31/12/2024		31/12/2023
Share capital	10		2.603.962		2.598.872
Additional paid in capital	11		47.822.126		47.329.202
Other reserves	12		124.918.222		110.231.715
Treasury stock	13		(78.999)		(380.401)
Retained earnings / (accumulated deficit)	14		(980.760)		(935.590)
Net income / (loss)			33.988.152		28.122.000
Total shareholders' equity			**208.272.703**		**186.965.798**
Severance indemnity fund	15		608.595		634.151
Deferred tax liabilities	16		507.537		534.452
Other accruals	17		915.947		850.607
Financial debts and liabilities	18				
- third parties		326.434		190.114	
Total Financial debts and liabilities			326.434		190.114
Other non current liabilities					
Accounts payable third parties - non current		185.949		185.949	
Other payables - non current	18	153.159		543.865	
Total Other non current liabilities			339.108		729.814
Total non current liabilities			**2.697.621**		**2.939.138**
Financial liabilities	19				
- third parties		207.584		145.909	
Total Financial liabilities			207.584		145.909
Accounts payable	20				
- third parties		26.806.754		14.711.363	
- subsidiary companies		1.480.171		877.713	
Total Accounts payable			28.286.925		15.589.076
Income tax payables	21		-		-
Other current payables	21				
- third parties		11.101.128		12.852.810	
- subsidiary companies		941.302		889.294	
Total Other current payables			12.042.430		13.742.104
Total current liabilities			**40.536.939**		**29.477.089**
Liabilities directly associated with the assets held for sale			-		-
Total Liabilities and Shareholders' equity			**251.507.263**		**219.382.025**

Income statement

Income Statement	Note	31/12/2024		31/12/2023	
Revenues	22				
- third parties		71.461.543		67.425.140	
- subsidiary companies		76.231.305		69.877.107	
- associated companies		412.276		406.860	
Total Revenues			148.105.124		137.709.107
Other revenues and income	23				
- third parties		510.956		1.356.066	
- subsidiary companies		735.556		732.498	
- associated companies		4.204		25.174	
Total Other revenues and income			1.250.716		2.113.738
Revenues and income from operating activity			**149.355.840**		**139.822.845**
Purchase of raw materials	24				
- third parties		65.390.944		54.190.616	
- subsidiary companies		4.050.232		2.562.047	
- associated companies		14.500		-	
Total Purchase of raw materials			69.455.676		56.752.663
Changes in inventory of finished goods			(1.437.561)		1.374.636
Change in inventory of raw material			(1.514.963)		3.967.884
Direct services	25				
- third parties		22.747.117		20.450.716	
- subsidiary companies		40.320		56.820	
Total Direct services			22.787.437		20.507.536
Other operating services and charges	25				
- third parties		9.423.294		10.017.632	
- subsidiary companies		138.350		93.875	
Total Other operating services and charges			9.561.644		10.111.507
Staff cost	26		26.875.428		24.368.065
Depreciation, amortization and other accruals	27		3.003.266		2.547.199
EBIT			**20.624.913**		**20.193.355**
Financial charges	28				
- third parties		(48.790)		(35.925)	
- subsidiary companies		29.229		(113.882)	
Total Financial charges			(19.561)		(149.807)
Financial income	28				
- third parties		1.243.899		553.564	
- subsidiary companies		15.444.305		13.397.100	
- associated companies		17.951		16.826	
Total Financial income			16.706.155		13.967.490
Exchange gain (loss)	28		428.221		(205.826)
Other charges	29		(69.932)		-
Other income	29		-		-
Income (loss) before taxes			**37.669.796**		**33.805.212**
Income taxes	30		3.681.644		5.683.212
Net income (loss)			**33.988.152**		**28.122.000**

Statement of comprehensive income

	Note	31/12/2024	31/12/2023
Reported net (loss) income (A)		33.988.152	28.122.000
Other income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		15.617	(28.076)
Total other income/(loss), net of fiscal effects (B)		15.617	(28.076)
Total comprehensive (loss) income (A)+(B)		34.003.769	28.093.924

Cash flow statement

Cash flow statement	Note	31/12/2024	related parties	31/12/2023	related parties
Operating activity					
Income (loss) for the financial period		**33.988.152**		**28.122.000**	
Amortisations and depreciations	27	2.721.449		2.407.174	
Interest income	28	2.771.155		1.312.490	
Interest Expense	28	(27.442)		(36.986)	
Income tax paid		(2.812.273)		(9.255.652)	
Gain/Loss from sale of Securities and Equity investments		40.690	40.690	0	
Stock Option and Share payment loss		1.328.265		1.070.448	
Severance indemnity	15	(5.007)		49.788	
Provisions for risks and charges	17	65.340		(86.695)	
Bad debt reserve	6	190.020	282.517	215.378	175.000
Deferred income tax assets	4	(277.839)		(50.427)	
Deferred income tax liabilities	16	(26.915)		129.151	
Inventories	5	(2.703.425)		5.559.667	
Accounts receivable	6	1.785.933	544.315	6.400.642	8.317.187
Tax receivables / payables	7-21	2.361.502		4.632.925	
Other receivables	7	(3.379.619)	(51.516)	987.943	1.070.636
Accounts payable	20	12.697.849	602.458	(11.721.446)	(541.205)
Other payables	21	(1.987.529)	52.008	2.079.216	849.569
Cash flow generated by operating activity		**46.730.306**		**31.815.616**	
Investment activity					
Tangible assets	2	(2.706.799)		(2.407.558)	
Intangible assets	1	(643.009)		(238.094)	
Equity investments, securities and other financial assets	3-4-8	5.331.911	179.241	(163.908)	(11.421)
Financial receivables	7	(22.133.048)	(21.689.391)	(7.093.024)	(6.851.531)
Cash flow generated by investing activity		**(20.150.945)**		**(9.902.584)**	
Financing activity					
Non current financial liabilities	18	(664.809)		(365.506)	
Current financial liabilities	19	61.675		(31.985)	
Capital increase	10	498.014		405.552	
(Purchase) Sell Treasury shares	13	256.231		88.232	
Dividends paid	31	(16.006.440)		(17.573.198)	
Cash flow generated by financing activity		**(15.855.329)**		**(17.476.905)**	
Change in cumulative translation adjustment reserve and other no monetary changes		**0**		**61.981**	
Increase/(decrease) in cash and cash equivalents		**10.724.032**		**4.498.108**	
Cash and cash equivalents at the beginning of the financial period		**32.970.159**		**28.472.051**	
Cash and cash equivalents at the end of the financial period		**43.694.191**		**32.970.159**	

Total cash and cash equivalents consist of the cash balance and the balance of bank accounts.

Changes in the Shareholders' equity

Total shareholders' equity	31/12/2022	Net income allocation	Dividends distributed	Other movements	Comprehensive income (loss)	31/12/2023
Share capital	2.594.727			4.145		2.598.872
Additional paid in capital	46.927.795			401.407		47.329.202
Legal reserve	537.302					537.302
Treasury stock	-468.633			88.232		-380.401
Other reserves:						
Extraordinary reserve	88.664.601	13.899.132				102.563.733
Special reserve for grants received	426.657					426.657
Other reserves	4.700.402			2.031.697	-28.076	6.704.023
Retained earnings / (accumulated deficit)	-997.571	17.573.198	-17.573.198	61.981		-935.590
Net income / (loss)	31.472.330	-31.472.330			28.122.000	28.122.000
Total shareholders' equity	173.857.610		-17.573.198	2.587.462	28.093.924	186.965.798

Total shareholders' equity	31/12/2023	Net income allocation	Dividends distributed	Other movements	Comprehensive income (loss)	31/12/2024
Share capital	2.598.872			5.090		2.603.962
Additional paid in capital	47.329.202			492.924		47.822.126
Legal reserve	537.302					537.302
Tresury stock	-380.401			301.402		-78.999
Other riserves:						
Extraordinary reserve	102.563.733	12.115.559				114.679.292
Special reserve for grants received	426.657					426.657
Other reserves	6.704.023			2.555.331	15.617	9.274.971
Retained earnings / (accumulated deficit)	-935.590	16.006.441	-16.006.440	-45.171		-980.760
Net income / (loss)	28.122.000	-28.122.000			33.988.152	33.988.152
Total shareholders' equity	186.965.798		-16.006.440	3.309.576	34.003.769	208.272.703

EXPLANATORY NOTES

CORPORATE INFORMATION

El.En. S.p.A. is a joint stock company incorporated and domiciled in Italy. The company's headquarters is in Calenzano (Florence) Via Baldanzese 17.
The ordinary shares are listed on Euronext STAR Milan ("STAR") managed by Borsa Italiana S.p.A.
The financial statements of El.En. S.p.A. were examined and approved by the Board of Directors on 13 March 2025.

The financial statements are drawn up in euros, which is the presentation and functional currency of the company, unless otherwise indicated.

PRINCIPLES AND ACCOUNTING STANDARDS

BASIS OF PREPARATION

The 2024 financial statements, which represent the financial statement of El.En. S.p.A., are prepared in accordance with the historical cost principle, with the exception of certain categories of financial instruments, which have been measured at fair value.
The company has prepared its financial statements on the assumption that the requirement of going concern is maintained.

This financial statement consists of:

- the Statement of Financial Position - The presentation of the statement of financial position is made through the separate disclosure of current and non-current assets and current and non-current liabilities;
- the Income statement - The income statement shows items by nature, as it is considered the one that provides the most explanatory information;
- the Statement of comprehensive income - The statement of comprehensive income statement includes items recognised directly in shareholders' equity when the IFRS allow it;
- the Cash Flow Statement - The cash flow statement presents the cash flows from operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby the income (loss) for the financial period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and expenses or revenues items associated with cash flows from investing or financing activities;
- the Changes in the Shareholders' Equity;
- these Explanatory Notes.

The economic information is provided with reference to the financial year 2024 and the financial year 2023. Financial information is instead provided with reference to 31 December 2024 and 31 December 2023.

EXPRESSION IN ACCORDANCE WITH IFRS

The financial statements as at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The explanatory notes to the financial statements have been supplemented with the additional information required by Consob and the Italian Civil Code. IFRS also includes the International Accounting Standards (IAS) still in force, as well as all interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as the Standing Interpretations Committee ("SIC").

ACCOUNTING STANDARDS AND EVALUATION CRITERIA

The accounting standards adopted in the preparation of these financial statements are consistent with the accounting standards adopted in the preparation of the financial statements as of 31 December 2023, except for the adoption of the new or revised standards of the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, as set forth in the consolidated financial statement of the El.En. Group in the specific chapter entitled "IFRS Accounting standards, amendments and interpretations applied as of 1/1/2024", to which reference should be made.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The company classifies non-current assets as held for sale if their book value will be recovered mainly through a sale transaction, rather than through their continued use. These non-current assets classified as held for sale are measured at the lower of their book value and their fair value less sale costs. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes.
The condition for classification as held for sale is considered met only when the sale is highly likely and the asset is available for immediate sale in its present condition. The actions required to complete the sale should indicate that significant changes in the sale are unlikely to occur or that the sale will be cancelled. Management must be committed to the sale, which should be completed within one year from the date of classification.
Depreciation of property, plants and machinery and intangible assets ceases when they are classified as available for sale.
Assets and liabilities classified as held for sale are presented separately under current items in the financial statement.
Assets held for sale are excluded from the result of operating activities and are presented in the income statement for the year in a single line as Income (loss) from Discontinued operations.
Cash flows from discontinued operations are included in the consolidated cash flow statement and are presented separately in Note 33.

USE OF ESTIMATES

The preparation of the Financial Statement, in application of IFRSs, requires the making of estimates and assumptions that affect the values of assets and liabilities in the financial statements and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ even significantly from the estimates made, given the natural uncertainty surrounding the assumptions and conditions on which the estimates are based. Estimates are used to record provisions for credit risks, stock obsolescence, devaluation of fixed assets and goodwill, and provisions for guarantees or disputes. Estimates and assumptions are reviewed periodically and the effects of any variation are reflected in the income statement.

The main valuation process and the key assumptions used in the process that may have a significant effect on the amounts recognised in the Financial Statement or for which there is a risk that value adjustments to the book value of assets and liabilities may arise in the financial year after the one to which the statement refers, are summarised below.

• Bad debt reserve
The bad debt reserve represents management's best estimate of potential losses on the trade receivables portfolio. The estimate is based on expected losses determined on the basis of historical losses for similar loans, trends in past due loans, an assessment of credit quality and a projection of economic and market conditions. In particular, the company uses a model to calculate ECLs (Expected Credit Loss) for accounts receivable. Provision rates are based on the company's observed days overdue and historical default rates. Historical default rates are updated and changes in estimates are analysed based also on reference scenarios. The assessment of the correlation between historical default rates, forecast economic conditions and ECLs represents a significant estimate. The estimate made by the Administrators, although based on historical and market data, may be subject to changes in the competitive or market environment in which the company operates.

• Reserve for inventory obsolescence
The determination of the inventory write-down provision is a significant estimate by management and is based on assumptions developed to detect the phenomena of obsolescence, slow moving, and possible excess of inventories with respect to the possibility of future use or sale, as well as other conditions that may generate an excess of the book value with respect to the realisable value, also considering the rapid evolution of the technologies underlying the company's products. Stocks of slow-moving raw materials and finished products are periodically analysed on the basis of historical data and the possibility of their sale at lower values than normal market transactions. If these analyses result in the

need to reduce the value of inventories, a special allowance for inventory write-downs is recognised. The value of the reserve for inventory obsolescence is determined on the basis of historical and market data; changes in reference scenarios and market trends may significantly alter the criteria used to determine the underlying estimates.

• Leases

The determination of the value of usage rights arising from lease agreements and the related financial liabilities is an estimate by management. The determination of the lease term takes into account the expiry dates of the contract entered into as well as any renewal clauses that the company deems reasonably certain to be exercised. The *incremental borrowing* rate is constructed by considering the type of asset being leased, the jurisdiction in which it is acquired, and the currency in which the lease is denominated. Possible changes in reference scenarios and market trends may require revisiting the components described.

• Equity investments

The procedure for determining the recoverable amount of equity investments, should there be any evidence of impairment, involves, in estimating the equity value, assumptions concerning the expected cash flows of the identified *cash generating units* (CGU), making reference to plans for the next three years, the determination of an appropriate discount rate (WACC) and long-term growth rate (*g-rate*). Possible changes in reference scenarios and market trends may require revisiting the components described.

• Risk of losing law suits

The company recognises a liability for ongoing legal and tax disputes and litigation when it believes it is probable that a financial outlay will be incurred and when the amount of resulting losses can be reasonably estimated. Given the uncertainties inherent in the outcome of these proceedings, it is difficult to predict with certainty the disbursement that will result from such disputes, and it is therefore possible that the value of funds for legal proceedings may change as a result of future developments in ongoing proceedings. The company monitors the status of pending lawsuits and proceedings and consults with its legal and tax advisors.

• Warranty reserve

The warranty reserve is determined to cover possible technical warranty work on products and is determined on the basis of the Company's existing commercial agreements.
The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

• Deferred tax assets and liabilities

Deferred taxes are recognised on temporary differences between statutory and tax values and on accumulated deficit. Administrators are required to make a discretionary assessment to determine the amount of deferred taxes that may be accounted for and which are recognised to the extent that it is probable that there will be adequate future taxable profits against which temporary differences and tax losses can be utilised.

• Employee Benefits – Severance indemnity

Actuarial valuation requires making assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. All recruitment is reviewed annually.

• *Fair value* measurement

The Company measures financial instruments *at fair value* at each financial statement closing.
Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A *fair value* measurement assumes that the transaction to sell the asset or transfer the liability takes place:

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

The main or most advantageous market must be accessible to the Company.
The *fair value* of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

The Company uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure *fair value*, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which *fair value* is measured or disclosed in the financial statements are categorised according to the *fair value* hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 – measurement techniques for which the input data are not observable for the asset or liability.

The *fair value* measurement is classified entirely in the same level of the *fair value* hierarchy in which the lowest level input used for the measurement is classified.
For assets and liabilities recognised in the financial statements at *fair value* on a recurring basis, the Company determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the *fair value* measurement in its entirety) at each financial statement closing.
At each financial statement closing, the Company analyses changes in the values of assets and liabilities for which revaluation or restatement is required under accounting standards.
For the purposes of *fair value* disclosures, the Company determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the *fair value* hierarchy as illustrated above.

• Non-current assets held for sale and discontinues operations
IFRS 5 requires assets and liabilities held for sale to be measured at the lower of book value and fair value less sale costs. In the valuation of the Chinese laser cutting business unit, the fair value was estimated using the framework agreement for trading in place at the date of this document.

Sustainability risks

Highlights on Dual Materiality

Consistently with the priorities defined by the European Securities and Market Authority (ESMA) during 2024, in continuity with the path embarked on in 2023, El.En. has detected and identified any risk factors of an environmental nature and monitors the continuous evolution of the regulatory framework, both national and international.

In 2024, El.En. conducted, for the entire Group and for the first time, a dual materiality analysis to identify significant impacts, risks and opportunities, assessing both the impact on the environment and the company (impact materiality) and the influence of ESG factors on the company's performance (financial materiality).

As part of this analysis, the universe of climate risks was identified, which were assessed with the aim of identifying significant and non-significant risks. The analysis of climate risks that emerged from the dual materiality outlined the following universe of transition risks and physical risks (acute and chronic).
Within the scope of transition risks – i.e. the economic, financial and operational risks arising from the transition to a more sustainable, low-carbon economy identified – the universe of identified risks refers to risks related to the possible introduction of new environmental standards and regulations, market expectations with respect to the use of low-environmental impact energy sources, and the variability of energy prices on the market. In addition, the universe of identified risks also refers to risks related to difficulties in adapting products in terms of innovation, and to the variability in customer demands increasingly aimed at environmentally-friendly products/services. From this point of view, a gradual decarbonisation process is one possible response to these pressures.
In the area of physical risks – i.e., risks arising from progressively changing weather conditions and extreme meteorological events – the universe of identified risks refers to risks related to exposure to damage to infrastructure, potential disruptions of essential supplies and potential contraction of production capacity. In addition, the universe of identified risks also refers to possible disruptions on electricity grids resulting from extreme weather events – which could be followed by interruptions or decreases in the Company's or third parties' production activities – and to increased energy supply costs related to higher heating or electricity consumption.

Risks related to climate change

Within the universe of identified risks, the risks related to climate change that have emerged as significant are the physical risks related to the increase in extreme weather events (floods, floods, landslides, storm surges, water bombs, snowstorms), the occurrence of which could lead to a reduction or interruption of business or damage to the infrastructure or those of the operating partners, possibly resulting in business disruption. Such events could lead to an overloading of power grids and blackouts with a decrease in productivity of offices and establishments, as well as possible damage to infrastructure due to the sudden power outage, with consequent possible business interruption. To mitigate these risks, the Company and its Italian subsidiaries have taken out an insurance policy that guarantees coverage for direct damages resulting from extreme weather events such as hurricanes, storms, tempests, wind, hail, floods and earthquakes.

These risks are currently considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which makes it possible to rule out this information in the first sustainability reporting year - and any additional detailed remarks arising therefrom that can affect the assumptions underlying the assessments of financial statements estimates.

In view of this assessment, to date El.En. has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

At present, the El.En. Group has not adopted a climate transition plan, as it requires a full understanding of emissions along the entire value chain: a detailed analysis of indirect emissions for the entire Group was completed in 2024, and will allow an assessment of the actions to be implemented and the targets to be set as part of the transition plan. This will make it possible to take targeted and effective measures, promoting convergence between business strategy and decarbonisation goals in a responsible and realistic manner.
The Group will continue to monitor this exposure by specifically assessing the impact on production costs related to the introduction of emission reduction regulations and, if there is a significant impact, the Group will include these assumptions in its estimates.

Other sustainability risks

Within the identified universe of risks, a significant risk was identified related to the failure to monitor/deficient monitoring processes for product anomalies, with possible repercussions on the perception of quality, safety and innovation of our products. El.En. thoroughly monitors the risks related to the quality and safety of its products and implements numerous actions to minimise this risk by adopting a highly structured quality management system based on rigorous internal and external controls. Our Quality department carries out constant checks throughout the production chain, through internal audits, supplier inspections and extensive testing of each product before final release. Our quality management system is certified to the highest international standards, and the Company undergoes regular audits to renew certifications, which are indispensable for operating in international markets. To mitigate the risk also from a financial point of view, El.En. and its Italian and European subsidiaries have taken out a product liability insurance policy, which covers any claims for damages arising from the use of its products by consumers or other people. Currently, the risk related to the lack of processes for monitoring product anomalies, with potential repercussions on product quality, safety and innovation, is considered to be significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which makes it possible to rule out this information in the first sustainability reporting year - and any additional detailed remarks arising therefrom that can affect the assumptions underlying the assessments of financial statements estimates.

In view of this assessment, to date El.En. has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

For the sake of completeness, a medium-relevance risk is also reported relating to the difficulty of finding raw materials useful for the production of finished products planned by the Group can be caused either by the scarcity of resources (supply lower than demand) or by political or economic unrest, such as international conflicts, which create disruptions or changes throughout the supply chain. This could cause delays or blockages in supplies, a decrease in the quality of supplies and lead to a reduction or loss of revenues and an increase in procurement costs.

At present, the risk related to the shortage of strategic raw materials is considered significant in the medium to long term. Therefore, there are no significant assessments of this fiscal year's financial statements estimates. The analyses performed will be updated annually, including those on the expected financial effects - in light of the phase-in deadline, which makes it possible to rule out this information in the first sustainability reporting year - and any additional detailed remarks arising therefrom that can affect the assumptions underlying the assessments of financial statements estimates. In view of this assessment, to date El.En. has not envisaged any significant changes in its business model and corporate strategy (for further details please refer to Chapter SBM-3 Significant Impacts, Risks and Opportunities and their Interaction with the Strategy and Business Model of Sustainability Statement).

ACCOUNTING POLICIES

A) INTANGIBLE ASSETS WITH FINITE AND INDEFINITE LIVES

Intangible assets are assets with no identifiable physical substance and capable of producing future economic benefits. They are recorded at historical cost of acquisition and stated net of amortisation carried over during the years and charged directly to individual items. The company uses cost, as an alternative to *fair value*, as the accounting policies for intangible assets. If, regardless of the depreciation already entered, there is a loss in value, the asset will be devalued. If reasons for that devaluation no longer exist in the following years, the value will be restored within the limits of the original value, adjusted only for amortisations.
Intangible assets with a finite useful life are valued at purchase or production cost and amortised on a straight-line basis over their estimated useful life.
Goodwill and other assets with an indefinite useful life are not subject to systematic depreciation, but are subject to at least an annual recoverability test (*impairment test*). If the recoverable amount is estimated to be less than the relevant book value, it is reduced to the lower recoverable amount. An impairment loss is recognised immediately in the income statement. For goodwill, any devaluations are not subject to subsequent reversals.
An intangible asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal fee and the book value of the asset) is included in the income statement.
Costs incurred internally for the development of new products and services constitute internally generated intangible assets or internally generated tangible assets, as the case may be, and are only capitalised if all of the following conditions are met:
1) the existence of the technical possibility and intention to complete the asset so as to make it available for use or sale;
2) the company's ability to use or sell the asset;
3) the existence of a market for the products and services resulting from the activity or the usefulness for internal purposes;
4) the ability of the asset to generate future economic benefits;
5) the existence of adequate technical and financial resources to complete the development and sale or internal use of the resulting products and services;
6) the reliability in assessing the costs attributable to the asset during its development.
Capitalised development costs include only those expenses incurred that can be directly attributed to the development process. Research costs are charged to the Income statement in the period in which they are incurred.

B) TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at purchase or production cost, including ancillary expenses, net of amortisations and any impairment losses. Ordinary maintenance expenses were fully charged to the income statement. Incremental operation and maintenance costs were attributed to the asset to which they related and amortised according to the residual possibility of utilizing the asset.
The Company uses the cost method, as an alternative to *fair value*, as accounting policies for tangible fixed assets.
The depreciation rates used are as follows:

Description	*Depreciation percentage*
Buildings	
- buildings	3,00%
Plants and machinery	
- generic plants and machinery	10,00%
- specific plants and machinery	10,00%
- other plants and machinery	15,50%
Industrial and commercial equipment	
- miscellaneous and minute equipment	25,00%
- kitchen equipment	25,00%
Other goods	
- motor vehicles	25,00%
- forklift	20,00%
- lightweight constructions	10,00%
- electronic office equipment	20,00%
- furniture	12,00%

An asset is derecognised on disposal (i.e., on the date the purchaser obtains control of it) or when no future economic benefit is expected from its use or disposal. The resulting profit/loss is recognised in the income statement.

C) FINANCIAL CHARGES

Financial charges are recognised as an expense in the year in which they are incurred. Financial charges consist of interest and other costs that an entity incurs in connection with obtaining financing.

D) LOSSES IN VALUE OF ASSETS

At each reporting date, tangible and intangible assets with a finite life are analysed to identify any indicators of impairment. The recoverable amount of intangible assets with indefinite lives, when present, is estimated at each reporting date. If there is an indication of impairment, the recoverable amount is estimated.

The estimated realisable value is the higher of the net sales price and the value in use. In determining the value in use, the expected future cash flows are discounted using a discount rate, which reflects the current market valuation of the cost of money relative to the investment period and the specific risks of the asset. For an asset that does not generate largely independent cash flows, realisable value is determined in relation to the *cash-generating unit* to which that asset belongs. An impairment loss is recognised in the income statement if the carrying amount of the asset, or of the related *cash-generating unit* to which it is allocated, is greater than its estimated realisable value. For assets other than goodwill, impairments are reversed if the reasons for the impairment no longer apply.

E) FINANCIAL ASSETS: EQUITY INVESTMENTS

According to IAS 27, equity investments in subsidiaries, jointly controlled entities and associates not classified as held for sale (IFRS 5) must be accounted for at cost or in accordance with IFRS 9. In the financial statement of El.En. S.p.A., the cost criterion was adopted. Since the prerequisites were met, the consolidated financial statement was drawn up.

With regard to equity investments in subsidiaries, where there is objective evidence of impairment, recoverability is tested by comparing the carrying amount of the investment with the relevant recoverable amount represented by the higher of *fair value*, net of disposal costs, and value in use. The Company determines the value in use by discounting the expected cash flows from the investment. Expected cash flows are determined on the basis of reasonable and demonstrable assumptions representative of the best estimate of future economic conditions, giving greater weight to external indications. Discounting is performed at a rate that reflects current market assessments of the time value of money and asset-specific risks not reflected in cash flow estimates. When the reasons for previously recognised devaluation cease to apply, equity investments are revalued to the extent of the devaluation made, with the effect recognised in the income statement.

With reference to 2024, there are no subsidiaries with lasting impairment indicators.

F) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Upon initial recognition, financial assets are classified according to the contractual cash flow characteristics of the financial assets and the business model the company uses to manage them.

Based on their characteristics, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at *fair value* recognised in statement of comprehensive income (OCI) with reclassification of cumulative profits and losses to the income statement upon sale (debt instruments);
- Financial assets at *fair value* recognised in statement of comprehensive income (OCI) with no cumulative profits and losses to the income statement upon derecognition (equity instruments);
- Financial assets at *fair value* through income statement.

Upon initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through income statement, transaction costs.

After initial recognition, the company measures financial assets at amortised cost, at fair value through other the statement of comprehensive income and at fair value through the income statement.

The company measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is owned as part of a business model whose objective is the ownership of financial assets for the purpose of collecting contractual cash flows;

- the contractual terms of the financial asset provide for cash flows at certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Profits and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
The company's financial assets at amortised cost include accounts receivable and security deposits.

A reclassification of a financial asset only occurs when there is a change in the terms of the contract that significantly alters the otherwise expected cash flows or when the company changes its business model for managing financial assets. Reclassification must be applied prospectively from the date of reclassification, without the need to restate previously recognised profits, losses and interests.

A financial asset is derecognised in the first place when:

- the rights to receive cash flows from the asset are extinguished, or
- the company has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Accounts receivable
Receivables are initially recorded at *fair* value, which corresponds to their nominal value, and subsequently measured at amortised cost and reduced in the event of impairment. In addition, they are adjusted to their presumed realisable value by means of an adjustment provision.
The Company determines the impairment on accounts receivable by considering the amount of doubtful receivables, analysing the specific conditions of the Company's customers, any guarantees given in favour of the Company, appropriately assessing existing disputes and the possibility of recovering overdue receivables, and determining the expected insolvency rate by analysing the average rate of losses on receivables recorded in recent years. The Company recognises a write-down for expected credit losses (ECL).
Receivables in currencies other than the currency of account are recorded at the exchange rate on the day of the transaction and subsequently converted at the year-end exchange rate. The profit or loss from the conversion is charged to the income statement.

Cash and cash equivalents
This heading includes cash and bank accounts and other high liquidity short-term financial investments, that are readily convertible into cash at no significant risk of variation in value.

Treasury stock
Treasury stock are recognised at cost and deducted from the shareholders' equity. No profit/loss is recognised in the income statement for the purchase, sale, issue or cancellation of treasury stock.

Accounts payable
Accounts payable, the maturity of which falls within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value).

Financial liabilities
Financial liabilities are classified upon initial recognition as “financial liabilities at *fair value* through income statement”, as “mortgages and loans”, or as “derivatives designated as hedging instruments”.
All financial liabilities are initially recognised at *fair value* plus, in the case of mortgages, loans and debts, directly attributable transaction costs.
The Company's financial liabilities include accounts payable and other long-term payables, mortgages and loans, including overdrafts and derivative financial instruments.
For the purposes of subsequent valuation, financial liabilities are classified into two categories:
• Financial liabilities at fair value through income statement;
• Financial liabilities at amortised cost (loans and borrowings).
Financial liabilities at *fair value* through income statement include liabilities held for trading and financial liabilities initially recognised at *fair value* through income statement.
Profits or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities at amortised cost (loans and borrowings) after initial recognition are measured at amortised cost using the effective interest rate method. Profits and losses are recognised in the income statement when the liability is extinguished, as well as through the depreciation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Depreciation at the effective interest rate is included in financial charges in the income statement.

Derivative instruments and accounting of hedging operations for exchange rate and interest rate risks
Fair value hedge: if a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the profit or loss arising from subsequent changes in the fair value of the hedging instrument is recognised in the profit or loss account. The profit or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognised in the income statement.

Cash flow hedge: where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect the income statement, the effective portion of any profit or loss on the financial instrument is recognised in the shareholders' equity. The cumulative gain or loss is removed from the shareholders' equity and recognised in the income statement in the same period in which the hedged transaction is recognised. The profit or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in the income statement immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative profits and losses, which up to that point have been recognised in shareholders' equity, are recognised in the income statement when the related transaction is realised. If the hedged transaction is no longer considered probable, unrealised profits or losses suspended in shareholders' equity are recognised immediately in the income statement.

Held for trading: these are derivative financial instruments for speculative or trading purposes; they are measured at *fair value* with changes recognised in the income statement.

G) INVENTORIES
Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value.
The costs incurred in bringing each asset to its present location and condition are recognised as follows:
- raw materials: purchase cost calculated using the weighted average cost method;
- finished and semi-finished products: direct material and labour costs and indirect production costs (variable and fixed).

Write-down provisions are also set aside for obsolete or slow-moving materials, finished goods, spare parts and other supplies, taking into account their expected future use and realisable value.

H) EMPLOYEE BENEFITS
SEVERANCE INDEMNITY FUND (TFR).
Until 31 December 2006, the employees' severance indemnity provision (TFR) was considered a defined benefit plan. The regulation of this provision was amended by Law No. 296 of 27 December 2006 ("2007 Budget Law") and subsequent Decrees and Regulations issued in early 2007. In light of these changes, and in particular with reference to companies with at least 50 employees, this institution is now to be considered a defined benefit plan solely for the portions accrued before 1 January 2007 (and not yet settled in the financial statements), while for the portions accrued after that date it is assimilated to a defined contribution plan.
For defined benefit plans, the amount already accrued is projected to estimate the amount to be paid upon termination of employment and then discounted, using the "*Projected unit credit method*". This actuarial methodology is based on demographic and financial assumptions to make a reasonable estimate of the amount of benefits that each employee has already accrued for his or her services.
Through the actuarial valuation, the current service cost, which defines the amount of the rights accrued during the year by employees, is charged to the income statement under "labour cost", and the interest cost, which constitutes the notional charge that the company would incur by asking the market for a loan in an amount equal to the severance indemnity, is charged to the "Financial income/expenses".
For defined contribution plans, the company pays contributions to public or private pension funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, no further obligations arise for the company. Contributions paid are entered in the income statement under labour costs when due.

STOCK OPTION PLANS
The cost of services rendered by employees and remunerated through *stock option* plans is determined on the basis of the *fair value* of options granted to employees at the grant date.

Taking into account the presence of two tranches, with two different vesting and exercise periods, the 2026/2031 plan actually provides for two distinct options. Given the structure of this plan, valorisation of the Fair Value of the plan assigned by El.En. can instead be traced back to a Bermudian option. Bermudian options provide that the option may be exercised at a number of specifically identified dates within the life of the option, usually interspersed with periods when the option cannot be exercised. They are considered a hybrid version between European and American ones, hence their name. To quantify the Fair Value of the Bermudian, we used a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the strike price and requires the estimation of the volatility of the security, the risk free interest rate and the expected dividend rate of the security.

In accordance with the dictates of the International Accounting Standard IFRS2, all significant parameters of the model were estimated by observing the conditions of the financial markets and the performance of the El.En. share on the date the option rights were granted.

I) PROVISIONS FOR LIABILITIES AND CONTINGENCIES
The company recognises provisions for future risks when, in the presence of a legal or constructive obligation to third parties, it is probable that company resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Changes in estimates are reflected in the income statement for the period in which the variation occurs.
The Company provides guarantees for general repairs of defects existing at the time of sale, as required by law. Provisions for such guarantees are recognised when the product is sold or the service is rendered to the customer. The initial survey is based on historical experience. The cost estimate for warranty work is reviewed annually.

L) REVENUE FROM CONTRACTS WITH CUSTOMERS
Revenues from contracts with customers is recognised when control of goods and services is transferred to the customer in an amount that reflects the fee the company expects to receive in exchange for those goods or services.

Sale of goods
Revenues from the sale of finished goods and merchandise are recognised when control of the goods passes to the customer.
The Company considers whether there are other promises in the contract that represent obligations to do on which a portion of the transaction fee is to be allocated. In determining the price of the sales transaction, the Company considers the effects of any variable prices, significant financing components, non-monetary fee and fee payable to the customer.

Variable prices
If the fee promised in the contract includes a variable amount, the company estimates the amount of the fee to which it will be entitled in return for the transfer of the goods to the customer.
Variable prices are estimated at the time the contract is entered into and cannot be recognised until it is highly probable that they will be realised.
Volume and other contractual discounts give rise to variable fees.

Financing component
The company grants payment extensions to customers on sales. If there is a significant financing component to these contracts, in view of the time lag between the date on which the payment is collected from the customer and the transfer of the system, the transaction price for these contracts is discounted, using the implicit interest rate of the contract.
The amount of the promised fee is not adjusted for financial items if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

Installation services
The company provides installation services that are sold separately or together with the sale of systems to a customer. Installation services do not customise or significantly modify laser equipment.
Contracts providing both the sale of equipment and installation services are composed of two obligations to do, since the equipment and the installation services are both sold separately and are distinct within the contract. Consequently,

the company allocates the transaction price according to the relative stand-alone selling prices of the systems and installation service.
The company recognises revenues from installation services over time as the customer simultaneously receives and consumes the benefits that are provided.

M) ENTRIES IN FOREIGN CURRENCY
Currency assets and liabilities, with the exception of fixed assets, are recorded at the spot exchange rate on the closing of the financial statements. Realised exchange rate differences or those arising from the conversion of monetary items are recognised in the income statement.

N) GRANTS
Contributions, whether from public bodies or private third parties, are recognised when there is reasonable certainty that they will be received and that the conditions for obtaining them will be met. Contributions received for specific expenses are recognised as other liabilities and credited to the Income statement when the conditions for recognition are met. Grants received in respect of specific assets whose value is recorded under tangible and intangible assets are recognised either as a direct reduction of the assets themselves or under other liabilities, and credited to the Income statement in relation to the depreciation period of the assets to which they relate. Operating contributions are recognised in full in the Income statement when the conditions for recognition are met.

O) LEASE
The Company assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a fee.
Lease and rental agreements are accounted for in accordance with IFRS 16, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single accounting model. The company adopts the two exemptions provided by the standard in respect of leases relating to “low value” assets and short-term leases (e.g. contracts with a maturity of 12 months or less).
In contracts in which the company is the lessee, a liability is recognised at the lease commencement date for rental payments under the lease and an asset representing the right to use the underlying asset for the lease term (the right of use). The company accounts separately for interest expenses on the lease liability and depreciation of the right to use the asset. The company also remeasures the lease liability upon the occurrence of certain events (e.g. a change in the terms of the lease, a change in future lease payments resulting from a change in an index or rate used to determine those payments). In such cases, the amount of the re-measurement of the lease liability is generally recognised as an adjustment of the right to use the asset.

P) TAXES
Income taxes include current and deferred taxes calculated on the company's taxable income. Current taxes represent the estimated amount of income tax calculated on the taxable income for the period. Deferred and prepaid income taxes are calculated on the temporary differences between the asset values and the corresponding values recognised for tax purposes by applying the tax rate in force or substantially in force at the reporting date. Deferred tax assets are recognised when their recovery is probable, i.e. when it is expected that sufficient taxable income will be available in the future to recover the asset. The recoverability of deferred tax assets is reviewed at each period end.

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NEW AND AMENDED STANDARDS AND INTERPRETATIONS WHICH ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2024

With regard to the accounting standards, amendments and interpretations applicable from 1 January 2024, please refer to the corresponding section of the consolidated financial statement.

STOCK OPTION PLANS

El.En. S.p.A.

Below is some information on the stock option plans approved by El.En. S.p.A., plans designed to provide the Company with an incentive and loyalty instrument.

Plan 2016-2025

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	31/12/2024	31/12/2024	(*)
Plan 2016-2025	31-dic-25	106.149			39.152		66.997	66.997	€ 3,18

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

This plan, taking into account the presence of two tranches that have two different vesting and exercise periods, is conceptually comparable to two separate options that could be defined as "American forward start".
The *fair value* of an "*American forward start*" option can be obtained by combining a *risk-neutral* approach to determine the expected value of the stock at the beginning of the *exercise period* and then using a *binomial tree* type model to value the American option.

The following assumptions were made in order to determine the *fair value*:
risk-free rate: 0,338492%
historical volatility: 0,28489
time interval used for volatility calculation: last trading year

Plan 2026-2031

	Max. expiration date	Outstanding options	Options issued	Options cancelled	Options exercised	Expired option not exercised	Outstanding options	Exercisable options	Exercise price
		01/01/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	01/01/2024 - 31/12/2024	31/12/2024	31/12/2024	
Plan 2026-2031	31-dic-31	1.414.000	-				1.414.000		€ 13,91

This plan, taking into account the presence of two tranches that have two different vesting and exercise periods, is conceptually comparable to two separate options.
The *fair value* was determined using a binomial model from the assignment date to the maturity date. The model takes into account the value of the security underlying the option at the time of assignment, the *strike price* and requires the estimation of the volatility of the security, the *risk free* interest rate and the expected dividend rate of the security.

The following assumptions were made in order to determine the *fair value*:
risk-free rate: 2,9444074%
historical volatility: 0,3709335939
time interval used for volatility calculation: last trading year

During 2024, the average price recorded by the El.En. S.p.A. share was about 10.3 euros.

With regard to the characteristics of the stock option plans, as well as the capital increase approved to service them, please refer to the description in Note (10) to this document.

Information on the Statement of financial position - Assets

Non-current assets

Intangible assets (Note 1)

The following changes in intangible assets occurred in the period:

	31/12/2023	Increase	Decrease	Revaluation / Devaluation	Other movements	Depreciation	31/12/2024
Development costs	281.821	249.099			(12.407)	(280.225)	238.288
Patents and rights to use patents of others	3.332					(3.332)	-
Concessions, licenses, trade marks and similar rights	13.463	128.713				(53.673)	88.503
Other intangible assets	96.675	269.060			11.260	(131.820)	245.175
Intangible assets under construction and advance payments	12.460	8.544			(11.260)		9.744
Total	**407.751**	**655.416**	**-**	**-**	**(12.407)**	**(469.050)**	**581.710**

The item "development costs" includes the costs incurred for the development of new prototypes, while the item "concessions, licences, trademarks and similar rights" includes the costs incurred for the purchase of new software licences. The item "other intangible assets" mostly includes the capitalisation of the total costs incurred for the development of a software project dedicated to the quality management system and for the implementation of a new software platform to prepare the consolidated financial statements and reporting.

Tangible fixed assets (Note 2)

Movements in tangible fixed assets during the year were as follows:

Cost	31/12/2023	Increase	(Disposals)	Revaluation / Devaluation	Other movements	31/12/2024
Land and Buildings	18.323.102				(1.946.350)	16.376.752
Plant and machinery	7.643.290	144.729			(261.307)	7.526.712
Industrial and commercial equipment	7.905.767	616.097	(82.070)		(45.609)	8.394.185
Other assets	4.318.210	439.881	(64.621)		(62.642)	4.630.828
Tangible assets under construction and advance payments	925.440	1.506.724			(7.193)	2.424.971
Total	39.115.809	2.707.431	(146.691)	0	(2.323.101)	39.353.448
Land and Buildings rights of use	55.878					55.878
Plant and machinery right of use	14.050	3.787				17.837
Industrial and commercial equipment right of use	31.893					31.893
Other assets right of use	739.501	406.636			(173.887)	972.250
Total	841.322	410.423	0	0	(173.887)	1.077.858
Total	**39.957.131**	**3.117.854**	**(146.691)**	**0**	**(2.496.988)**	**40.431.306**

Accumulated depreciation	31/12/2023	Depreciation	(Disposals)	Revaluation / Devaluation	Other movements	31/12/2024
Land and Buildings	6.061.362	454.031			(779.517)	5.735.876
Plant and machinery	4.075.999	554.648			(268.501)	4.362.146
Industrial and commercial equipment	6.690.383	597.839	(82.070)		(45.297)	7.160.855
Other assets	2.672.165	430.844	(64.621)		(62.321)	2.976.067
Tangible assets under construction and advance payments						
Total	19.499.909	2.037.362	(146.691)	0	(1.155.636)	20.234.944
Land and Buildings rights of use	36.002	9.958			1	45.961
Plant and machinery right of use	12.098	4.107			1	16.206
Industrial and commercial equipment right of use	14.115	5.337				19.452
Other assets right of use	450.410	195.635			(173.889)	472.156
Total	512.625	215.037	0	0	(173.887)	553.775
Total	**20.012.534**	**2.252.399**	**(146.691)**	**0**	**(1.329.523)**	**20.788.719**

Net value	31/12/2023	Increase	(Disposals)	Revaluation / Devaluation / Depreciations	Other movements	31/12/2024
Land and Buildings	12.261.740			(454.031)	(1.166.833)	10.640.876
Plant and machinery	3.567.291	144.729		(554.648)	7.194	3.164.566
Industrial and commercial equipment	1.215.384	616.097		(597.839)	(312)	1.233.330
Other assets	1.646.045	439.881		(430.844)	(321)	1.654.761
Tangible assets under construction and advance payments	925.440	1.506.724			(7.193)	2.424.971
Total	19.615.900	2.707.431	0	(2.037.362)	(1.167.465)	19.118.504
Land and Buildings rights of use	19.876			(9.958)	(1)	9.917
Plant and machinery right of use	1.952	3.787		(4.107)	(1)	1.631
Industrial and commercial equipment right of use	17.778			(5.337)		12.441
Other assets right of use	289.091	406.636		(195.635)	2	500.094
Total	328.697	410.423	0	(215.037)	0	524.083
Total	**19.944.597**	**3.117.854**	**0**	**(2.252.399)**	**(1.167.465)**	**19.642.587**

The item “Lands and Buildings” and related rights of use includes the real estate complex in Via Baldanzese in Calenzano (FI) where the Company and the subsidiary companies Deka M.E.L.A. S.r.l., Esthelogue S.r.l., Pharmonia S.r.l. and Merit Due S.r.l. currently operate, the real estate complexes in Via Dante Alighieri also in Calenzano, the third of which was acquired last year. As at 31 December 2024, the property located in the municipality of Torre Annunziata, purchased in 2006 and used for the research, development and production activities of the subsidiary Lasit S.p.A., was reclassified as an asset held for sale, which will take place in early 2025.

The increases recorded in the Plants and Machinery and Equipment categories relate to the restructuring processes concerning the facilities for production activities.

The increases in the item “Other assets” and related rights of use specifically concern the purchase of motor vehicles, furniture and fixtures, and electronic machines.

Amounts recorded under the item “Tangible assets under construction and advance payments” mostly refer to further improvement and renovation works in progress at the date of this financial statement, which are carried out at the real estate complex in Via Baldanzese in Calenzano.

The “Other movements” column of the various items includes: transfers made to the respective categories from fixed assets under construction upon completion of the work, scrapping and/or demolition carried out on certain categories of assets and, for the item Lands and Buildings, the reclassification as assets held for sale of the Torre Annunziata building.

As of the financial statement closing date, there were no indicators of impairment deriving either from internal sources (company strategies) or external sources (regulatory, economic, technological context) relating to tangible fixed assets as a whole.

Equity investments (Note 3)

Equity investments in subsidiaries

Company name	Headquarters	Percentage held	Book value	Equity 31/12/2024	Result 31/12/2024	Share of equity	Difference
Ot-Las S.r.l.	Calenzano (ITA)	98,89%	3.789.073	27.240.940	4.274.102	26.937.204	23.148.131
Deka Mela S.r.l.	Calenzano (ITA)	85,00%	1.695.541	27.375.258	4.249.218	23.268.969	21.573.428
Esthelogue S.r.l.	Calenzano (ITA)	50,00%	3.614.880	7.550.299	(468.453)	3.775.150	160.270
Deka Sarl	Lione (FRA)	100,00%	81.100	1.094.875	382.079	1.094.875	1.013.775
Lasit S.p.A.	Torre Annunziata (ITA)	70,00%	1.182.046	16.553.439	1.843.717	11.587.407	10.405.361
Quanta System S.p.A.	Milano (ITA)	100,00%	9.033.639	92.546.745	26.766.471	92.546.745	83.513.106
Asclepion GmbH	Jena (GER)	50,00%	1.445.007	43.140.685	3.886.505	21.570.343	20.125.336
BRCT Inc.	New York (USA)	100,00%	1.128.446	(143.025)	(20.869)	(143.025)	(1.271.471)
Pharmonia S.r.l.	Calenzano (ITA)	100,00%	50.000	225.412	(50.833)	225.412	175.412
Deka Japan Co., Ltd	Tokyo (JAP)	55,00%	42.586	1.526.291	181.430	839.460	796.874
Total			22.062.318	217.110.919	41.043.367	181.702.540	159.640.222

Differences between investments and the share of shareholders' equity of the investees are not considered indicators of impairment. Specifically, please note that for the company BRCT Inc. one should consider that it holds equity investments valued at cost and whose valuation at fair value would substantially align the shareholders' equity value with the book value of the investment.

Equity investments in associated companies

Company name	Headquarters	Percentage held	Book value	Equity 31/12/2024	Result 31/12/2024	Share of equity	Difference
Actis S.r.l.	Calenzano (ITA)	12,00%	1.240	302.768	(11.108)	36.332	35.092
Immobiliare Del.Co. S.r.l.	Solbiate Olona (ITA)	30,00%	233.510	(75.945)	(35.098)	(22.784)	(256.294)
Elesta S.p.A.	Calenzano (ITA)	24,86%	745.647	3.060.028	133.437	760.754	15.107
Total			980.397	3.286.851	87.231	774.302	(206.095)

The figures for the associated company "Immobiliare Del.Co. S.r.l.", show a difference between the purchase cost and the corresponding share of shareholders' equity attributable to the higher implicit value of the lands and buildings owned, as also emerged at the time of the voluntary revaluation of these buildings carried out by the associated company in accordance with Italian Legislative Decree 185/08.

The following table shows some summary data of the associated companies:

Company	Total Assets	Total liabilities	Net income (Loss)	Revenues and other income	Charges and expenses
Actis Active Sensors Srl	401.526	98.757	-11.108	0	11.108
Elesta SpA	5.330.127	2.270.099	133.437	3.486.567	3.353.130
Immobiliare Del.Co. Srl	655.090	731.036	-35.098	169.855	204.953

Equity investments - balance composition

	31/12/2023			Movements of the period			31/12/2024		
	Cost	Reval./(Deval.)	Balance	Changes	Reval./(Deval.)	Other movements	Balance	Reval./(Deval.)	Cost
- in subsidiaries									
Ot-Las S.r.l.	3.784.372	(309.746)	3.474.626	314.447			3.789.073	(309.746)	4.098.819
Deka Mela S.r.l.	1.605.183		1.605.183	90.358			1.695.541		1.695.541
Esthelogue S.r.l.	5.394.476	(1.815.739)	3.578.737	36.143			3.614.880	(1.815.739)	5.430.619
Deka Sarl	3.774.641	(3.738.720)	35.921	45.179			81.100	(3.738.720)	3.819.820
Lasit S.p.A.	1.145.902		1.145.902	36.144			1.182.046		1.182.046
Quanta System S.p.A.	8.455.347		8.455.347	578.292			9.033.639		9.033.639
Asclepion GmbH	1.318.506		1.318.506	126.501			1.445.007		1.445.007
BRCT Inc.	1.128.446		1.128.446				1.128.446		1.128.446
Pharmonia S.r.l.	50.000		50.000				50.000		50.000
Deka Japan Co., Ltd	42.586		42.586				42.586		42.586
Total	26.699.459	(5.864.205)	20.835.254	1.227.064	0	0	22.062.318	(5.864.205)	27.926.523

	31/12/2023			Movements of the period			31/12/2024		
	Cost	Reval./(Deval.)	Balance	Changes	Reval./(Deval.)	Other movements	Balance	Reval./(Deval.)	Cost
- in associated companies									
Actis S.r.l.	1.240		1.240				1.240		1.240
Immobiliare Del.Co. S.r.l.	274.200		274.200		(40.690)		233.510	(40.690)	274.200
Elesta S.p.A.	1.553.636	(628.748)	924.888	(179.241)			745.647	(628.748)	1.374.395
Total	1.829.076	(628.748)	1.200.328	(179.241)	(40.690)	0	980.397	(669.438)	1.649.835

	31/12/2023			Movements of the period			31/12/2024		
	Cost	Reval./(Deval.)	Balance	Changes	Reval./(Deval.)	Other movements	Balance	Reval./(Deval.)	Cost
- in other companies									
Concept Laser Solutions GmbH	19.000		19.000				19.000		19.000
Consorzio Energie Firenze	1.000		1.000				1.000		1.000
CALEF	3.402		3.402				3.402		3.402
R&S	516		516				516		516
R.T.M. S.p.A.	364.686	(364.686)	0				0	(364.686)	364.686
Hunkeler.it S.r.l.	112.100		112.100				112.100		112.100
EPICA International Inc.	888.480		888.480				888.480		888.480
Total	1.389.184	(364.686)	1.024.498	0	0	0	1.024.498	(364.686)	1.389.184

The item "equity investments in other companies" is mostly attributable to the shareholding held in "Epica International Inc" for a counter-value of 888 thousand euros. With regard to the measurement of this investment, the Administrators considered that, as the equity instrument is not listed on a regulated market, and as there is a wide range of possible *fair value* measurements related to different subscriptions, cost represents the best estimate of *fair value* in this range, also in consideration of the average subscription share price.

Financial charges recognised within amounts stated under assets

No financial charge was attributed to asset items.

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

	31/12/2024	31/12/2023	Variation	Var.%
Other non-current assets				
Financial receivables - subsidiaries	47.442.056	22.950.018	24.492.038	106,72%
Deferred tax assets	2.546.684	2.273.777	272.907	12,00%
Other non-current assets	2.448.793	13.132.298	(10.683.505)	-81,35%
Total	**52.437.533**	**38.356.093**	**14.081.440**	**36,71%**

Financial receivables from subsidiaries refer to the loan disbursed in 2020 to the subsidiary Otlas S.r.l. for a total of 19 million euros, repayable in semi-annual instalments in arrears, at an annual ECB rate + 0.25%, disbursed for the purpose of acquiring minority interests in the subsidiary Penta Laser Zhejiang Co, Ltd, to the loan disbursed precisely to Otlas S.r.l. during the year for a total of €24.7 million, repayable in semi-annual instalments in arrears, at the annual ECB rate + 0.25%, from 2027 disbursed for the purpose of repurchasing the shares of Cutlite Penta S.r.l., and to the loan disbursed during 2023 to the subsidiary Esthelogue S.r.l. for a total of 4 million euros, repayable in semi-annual instalments in arrears, at the annual ECB rate + 0.25%.
The conditions applied to such loans are also specified in note (7).

The item "Other non-current assets" relates to temporary investments of liquidity, made in previous years by the company in life insurance policies underlying a segregated management in securities with guaranteed capital and with the possibility of exercising total or partial surrender during the contractual term provided that at least one year has elapsed since the inception of the policies. In the second quarter of the year, the company redeemed part of the policies for 10.6 million euros.

Since it is a medium-term investment, the company has decided to classify it as an asset in non-current assets, recording the fair value of the policies as an asset and the revaluation of the same in the income statement, and consequently to exclude it from the net financial position.

For an analysis of "Deferred tax assets", please refer to the chapter below on "Deferred tax assets and liabilities".

Current assets

Inventories (Note 5)

The analysis of inventories is as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Raw materials, consumables and supplies	28.351.047	26.836.084	1.514.963	5,65%
Work in progress and semi finished products	15.959.143	14.850.854	1.108.289	7,46%
Finished products and goods	4.730.692	4.650.519	80.173	1,72%
Total	**49.040.882**	**46.337.457**	**2.703.425**	**5,83%**

The value of inventories showed an increase of 5.8% compared to the same period last year.

It should be noted, however, that the values expressed above are net of the write-down provision, as shown in the table below:

	31/12/2024	31/12/2023	Variation	Var.%
Gross amount of Inventory	57.837.782	54.464.247	3.373.535	6,19%
Devaluation provision	(8.796.900)	(8.126.790)	(670.110)	8,25%
Total	**49.040.882**	**46.337.457**	**2.703.425**	**5,83%**

The write-down provision is calculated to align the stock value with its estimated realisable value, recognising obsolescence and slow moving where necessary. The amount of the provision increased by approximately 670 thousand euros compared to 31 December 2023 and its effect on the gross amount of inventory increased from 15% in 2023 to 15.2% in 2024.

Accounts receivable (Note 6)

Receivables were as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Accounts receivable from third parties	12.552.856	13.984.494	(1.431.638)	-10,24%
Accounts receivable from subsidiaries	31.407.599	32.098.550	(690.951)	-2,15%
Accounts receivable from associated	318.314	171.678	146.636	85,41%
Total	**44.278.769**	**46.254.722**	**(1.975.953)**	**-4,27%**

Accounts receivable from third parties	31/12/2024	31/12/2023	Variation	Var.%
Italy	2.360.108	4.166.211	(1.806.103)	-43,35%
Europe	3.991.498	1.569.202	2.422.296	154,36%
ROW	6.462.281	8.602.609	(2.140.328)	-24,88%
minus: bad debt reserve	(261.031)	(353.528)	92.497	-26,16%
Total	**12.552.856**	**13.984.494**	**(1.431.638)**	**-10,24%**

Accounts receivable from subsidiaries and associated companies are related to typical management operations.

Below are the movements in the bad debt reserve set aside for accounts receivable from third parties occurred during the financial year:

	31/12/2024
On January 1st	353.528
Provision	(60.000)
Amounts utilized and unused amounts reversed	(32.497)
At the end of the period	**261.031**

The breakdown of accounts receivable from third parties by currency is shown below:

Accounts receivable in:	31/12/2024	31/12/2023
EURO	6.918.008	6.290.098
USD	5.634.848	7.694.396
Total	**12.552.856**	**13.984.494**

The euro value reported in the table for receivables originally denominated in USD represents the currency amount converted at the exchange rates of 31 December 2024 and 31 December 2023, respectively.

We also report the analysis of accounts receivable from third parties and subsidiaries for the financial year 2024 and for the financial year 2023:

Accounts receivable from third parties	31/12/2024	31/12/2023
To expire	8.304.555	9.003.067
Overdue:		
0-30 days	3.240.037	2.745.819
31-60 days	546.459	815.909
61-90 days	59.147	147.879
91-180 days	329.545	1.153.909
> 180 days	73.113	117.911
Total	**12.552.856**	**13.984.494**

Accounts receivable from subsidiaries	31/12/2024	31/12/2023
To expire	17.255.360	16.320.984
Overdue:		
0-30 days	1.024.416	4.627.982
31-60 days	272.612	694.746
61-90 days	436.836	705.618
91-180 days	1.219.585	2.183.508
> 180 days	11.198.790	7.565.712
Total	**31.407.599**	**32.098.550**

For a more detailed analysis of accounts receivable to subsidiaries and associated companies, please refer to the chapter on “related parties”.

Tax receivables/Other receivables (Note 7)

The breakdown of tax receivables and other receivables is as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Tax receivables				
VAT receivables	2.794.330	1.659.945	1.134.385	68,34%
Income tax receivables	3.665.846	4.034.161	(368.315)	-9,13%
Total	**6.460.176**	**5.694.106**	**766.070**	**13,45%**

Current financial receivables				
Financial receivables - third parties	714.128	270.471	443.657	164,03%
Financial receivables - subsidiaries	2.028.110	4.738.719	(2.710.609)	-57,20%
Financial receivables - associated	331.565	381.565	(50.000)	-13,10%
Total	**3.073.803**	**5.390.755**	**(2.316.952)**	**-42,98%**

Other current receivables				
Security deposits	7.631	32.138	(24.507)	-76,26%
Advance payments to suppliers	267.965	313.502	(45.537)	-14,53%
Other receivables	1.247.657	620.665	626.992	101,02%
Other receivables from subsidiary companies	9.478		9.478	
Total	**1.532.731**	**966.305**	**566.426**	**58,62%**

Total current financial receivables and other current receivables	**4.606.534**	**6.357.060**	**(1.750.526)**	**-27,54%**

The amount entered under "tax receivables" relating to the VAT receivables derives from the share of exports that characterises the company's revenues.
"Income tax receivables" include tax credits recognised to support research, development and innovation activities and those replacing benefits recognised in past years in the form of hyper and super depreciation. This item also includes tax credits arising from the payment of advances in excess of the year-end tax liability, which benefited from the agreement signed by the company with the Revenue Agency in December for the renewal of the tax credit on patents (Patent Box) for the 2020/2024 period.

Financial receivables relate to loans to subsidiaries and associated companies to meet normal operating needs. The main loans granted to subsidiaries including those indicated in Note (4) are as follows:

Group companies	m/l term amount (/1000)	Short term amount (/1000)	Currency	Annual interest rate
Otlas Srl	42.750	-	Euro	BCE + 0,25%
Elesta SpA	-	270	Euro	BCE + 1%
Esthelogue Srl	4.125	1.365	Euro	BCE + 1% (on 1.665 thousand euro), + 0,25% (on 4 million)
Pharmonia Srl	-	50	Euro	BCE + 0,25%
BRCT Inc.	-	613	USD	2,50%

For further details on financial receivables to subsidiaries and affiliated companies, please refer to the chapter on "related parties" below.

The item "other receivables from subsidiaries" recognised under "other current receivables" relates to receivables claimed by the parent company from Otlas S.r.l., as part of joining the national fiscal consolidation (procedure pursuant to articles 117 et seq. of the Income Tax Consolidation Act and the implementing Italian Ministerial Decree of 1 June 2018).

Securities and other current financial assets (Note 8)

	31/12/2024	31/12/2023	Variation	Var.%
Securities and other current financial assets				
Other current financial assets	5.530.835		5.530.835	
Total	**5.530.835**	**0**	**5.530.835**	

This item includes investments made during the year in government securities and mutual funds.

Cash and cash equivalents (Note 9)

Cash and cash equivalents are broken down as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Bank and postal accounts	43.690.532	32.965.617	10.724.915	32,53%
Cash on hand	3.659	4.542	(883)	-19,44%
Total	**43.694.191**	**32.970.159**	**10.724.032**	**32,53%**

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

Net financial position as at 31 December 2024

The net financial position as at 31 December 2024 is broken down as follows (in thousands of euros):

	Net financial position	31/12/2024	31/12/2023
A	Cash and cash equivalents	43.694	32.970
B	Cash equivalents		
C	Other current financial assets	6.245	270
D	**Liquidity (A + B + C)**	**49.939**	**33.241**
E	Current financial debt	(6)	(3)
F	Current portion of non-current financial debt	(202)	(143)
G	**Current financial indebtedness (E + F)**	**(208)**	**(146)**
H	**Net current financial position (D + G)**	**49.732**	**33.095**
I	Non-current financial debt		
J	Debt instruments	(326)	(190)
K	Non-current trade and other payables	(339)	(730)
L	**Non-current financial indebtedness (I + J + K)**	**(666)**	**(920)**
M	**Net Financial Position (H + L)**	**49.066**	**32.175**

The net financial position increased by about 16.9 million euros. During the year, 10.6 million euros of investments in medium- and long-term insurance-type financial instruments were liquidated, which, due to their nature, were recorded under non-current financial assets and thus excluded from the net financial position in the past. At the end of the year, the fair value of the residual investment was 2.4 million euros, recognised in non-current assets.

Excluded from the net financial position are financial receivables from subsidiaries and associates in the amount of 49,802 thousand euros, as they are related to financial support policies of group companies (for details see the disclosure on related parties).
In continuity with past practice, it was deemed appropriate not to include these loans in the net financial position shown above.

Information on the Statement of financial position - Liabilities

Capital and Reserves

The main shareholders' equity items are as follows:

Share capital (Note 10)

As at 31 December 2024, the share capital of El.En. was:

Authorized (to stock option plan service)	EURO	2.658.626
Underwritten and deposited	EURO	2.603.962

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

Category	**31/12/2023**	**Increase**	**Decrease**	**31/12/2024**
No. of Ordinary Shares	79.965.292	156.608		80.121.900
Total	**79.965.292**	**156.608**	**0**	**80.121.900**

The shares are nominal and indivisible; each share grants the right to one vote at all ordinary and extraordinary Shareholders' Meetings as well as other property and administrative rights in accordance with the law and the Articles of Association. At least 5% of the net income for the year must be allocated to the legal reserve, within the limits of Article 2430 of the Italian Civil Code. The residue shall be distributed among the shareholders, unless the shareholders' meeting resolves otherwise. The Articles of Association do not provide for the distribution of down payments on dividends. Dividends not collected within five years from the day on which they became payable shall be forfeited in favour of the Company. There are no special clauses in the Articles of Association concerning the shareholders' participation in the remaining assets in the event of liquidation. There are no clauses in the Articles of Association conferring particular privileges.

Capital increases to service stock option plans
The Extraordinary Shareholders' Meeting of El.En. s.p.a. of 12 May 2016 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 104,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2016-2025 stock option plan.
On 13 September 2016, the Board of Directors of the company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2016-2025 ("2016-2025 Stock Option Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.
The Board also proceeded to exercise, in full and for the sole purpose of the Plan, the power conferred upon it pursuant to Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V, of the Italian Civil Code, the share capital of Euro 104,000.00 through the issue of 800,000 ordinary shares (following the split resolved by the shareholders' meeting of 20 July 2021 no. 3,200,000 ordinary shares) that can be subscribed by administrators, collaborators and employees of El.En. S.p.A. and its subsidiaries, who are assigned options under the aforesaid Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulations definitively approved on 13 September by the beneficiaries in two equal tranches: the first from 14 September 2019 until 31 December 2025; the second from 14 September 2020 until 31 December 2025.

The Plan will end on 31 December 2025; any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.
Following the exercise by some of the beneficiaries of the 2016-2025 Stock Option Plan, the company issued 156,608 ordinary shares (post-split) in 2024 for proceeds of 498 thousand euros including capital increase and share premium.

The Extraordinary Shareholders' Meeting of El.En. s.p.a. of 15 December 2022 resolved to empower the Board of Directors, pursuant to and for the purposes of Art. 2443, paragraph II, of the Italian Civil Code, to increase, also in several instalments and also in divisible form, within five years from the date of the resolution, the share capital up to the maximum nominal amount of Euro 65,000.00 through the issue of new shares to be allocated to the subscription of the beneficiaries of the 2026-2031 stock option plan.
On 15 March 2023, the Board of directors of the company, at the proposal of the Remuneration Committee, resolved on the implementation of the share incentive plan (*stock option*) for the period 2026-2031 ("2026-2031 *Stock Option* Plan" or "Plan"), following the mandate given to it by the shareholders' meeting mentioned above: the beneficiaries of the plan, the quantities of options granted, the exercise windows, the subscription price were identified.
The Board also proceeded to exercise, in part and for the sole purpose of the Plan, the power conferred on it under Art. 2443, paragraph II, of the Italian Civil Code, by the same shareholders' meeting, to increase, for consideration, in divisible form and with the exclusion of option rights pursuant to Art. 2441, paragraph V of the Italian Civil Code, the share capital up to 45,955.00 Euro through the issue of 1,414,000 ordinary shares that may be subscribed by administrators, collaborators and employees of El.En. s.p.a. and its subsidiaries, who are assignees of the options under the aforesaid Plan.
The options may be exercised, in accordance with the terms and conditions set forth in the plan regulation definitively approved on the same date, by the beneficiaries in two equal *tranches*: the first from 1 April 2026 to 31 December 2031; the second from 1 April 2027 to 31 December 2031.
The Plan will end on 31 December 2031; any options not exercised on that date will be definitively forfeited, and the capital will be deemed to be definitively increased for the amount actually subscribed and paid up on that date.

Finally, it should be noted that the market capitalisation of the Company is currently higher than the values implied in the shareholders' equity at year end.

Additional paid in capital (Note 11)

As at 31 December 2024, the additional paid in capital reserve amounted to 47,822 thousand euros, up from 47,329 thousand euros as at 31 December 2023 as a result of the stock options exercised during the year, as mentioned in the previous note.

Other reserves (Note 12)

	31/12/2024	31/12/2023	Variation	Var.%
Legal reserve	537.302	537.302	0	0,00%
Extraordinary reserve	114.679.292	102.563.733	12.115.559	11,81%
Stock option/ stock based compensation reserve	9.340.386	6.785.055	2.555.331	37,66%
Special reserve for grants received	426.657	426.657	0	0,00%
Other reserves	(65.415)	(81.032)	15.617	-19,27%
Total	**124.918.222**	**110.231.715**	**14.686.507**	**13,32%**

As at 31 December 2024, the "extraordinary reserve" amounted to 114,679 thousand euros; the increase compared to 31 December 2023 relates to the destination of the net income of the 2023 financial year, as per the resolution passed at the Shareholders' Meeting of the company held on 29 April 2024.

The reserve for "*stock options/stock-based compensation*" includes the balancing entry for the notional costs determined in accordance with IFRS 2 of the *Stock option* plans granted by the company.

The special reserve for grants received is to be considered a revenue reserve and is unchanged from 31 December 2023.

The item "other reserves" includes, inter alia, the reserve for the valuation of the severance indemnity fund in accordance with IAS 19.

Treasury stock (13)

By virtue of the resolutions passed by the Shareholders' Meeting of El.En. spa on 27 April 2021 and 27 April 2023, fully described in their respective annual financial reports, as at 31 December 2023, the treasury stock held by the company amounted to 35,970.

On 29 April 2024, the Shareholders' Meeting of El.En. S.p.A. resolved to authorise the Board of Directors to purchase treasury stock within 18 months from the date of the resolution, following revocation for the unused portion of the authorisation granted by the same Shareholders' Meeting on 27 April 2023, as already described in the significant events of the year.
On 31 July 2024, the company announced that it had assigned to the General Manager 28,500 of the shares held in the portfolio as an in-kind portion of the 2023 annual remuneration. Therefore, as at 31 December 2024, the treasury stock held by the company amounted to 7,470.

Retained earnings / (accumulated deficit) (Note 14)

This item includes, among other things, the adjustments to shareholders' equity resulting from the adoption of international accounting standards and the recognition of a reserve for realised capital gains/losses following the movement of treasury stock held by the company.

Availability and distribution of reserves

SHAREHOLDERS' EQUITY:	31/12/2024	Possibility of utilisation	Portion available	Utilised in the previous two periods for covering losses	Utilised in the previous two periods for other purposes
Share capital	2.603.962				
Additional paid in capital	47.822.126	ABC	47.822.126		
Legal reserve	537.302	B	537.302		
Other reserves:					
Extraordinary reserve	114.679.292	ABC	114.679.292		15.958.902
Treasury shares	-78.999		-78.999		
Reserve for contribution on capital account	426.657	ABC	426.657		
Retained earnings	-980.760	ABC	-980.760		
Other reserves	9.274.971	AB	13.392		
			162.419.009	**0**	**15.958.902**
Portion not distributable			238.288		
Portion distributable			**162.180.721**		

Legend: A) increase in capital; B) for covering losses; C) for distribution to partners

Non-current liabilities

Severance indemnity fund (Note 15)

The following table highlights the movements that occurred during the accounting period:

31/12/2023	Provision	(Utilization)	Payments to complementary funds, INPS fund and other movements	31/12/2024
634.151	993.866	(326.532)	(692.890)	608.595

The severance indemnity represents the allowance that staff accrue during their working life and is paid to them when they leave.

For the purposes of international financial accounting standards, the payment of the severance indemnity represents a "long-term benefit following the end of employment"; it is a "defined benefit" obligation that results in the recognition of a liability similar to that arising in defined benefit pension plans.
Following the changes made to the severance indemnity by Law 27/12/2006 (and subsequent amendments), only the liability relating to the accrued severance indemnity remaining in the company has been valued for the purposes of IAS 19, since the accrued portion has been paid to a separate entity (supplementary pension fund). Even for employees who explicitly decided to keep their severance indemnity in the company, the severance indemnity accrued since 1 January 2007 has been paid into the Treasury fund managed by Inps. This provision, based on the 2007 Budget Law guarantees employees in the private sector the payment of severance indemnity for the portion corresponding to the payments made to them.

The present value of the obligation for the severance indemnity fund remaining in the company as at 31 December 2024 was 654 thousand euros.

The assumptions adopted in determining the plan are summarised in the table below:

Financial hypotheses	Year 2023	Year 2024
Annual implementation rate	3,15%-2,98%-2,95%-3,08%-3,17% (*)	2,69%-2,78%-2,93%-3,18%-3,38% (***)
Annual inflation rate	2,3%-2,00% (**)	2,00%
Annual increase rate of salaries (including inflation)	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%	Executives 3,00% White collar workers 3,00% Blue collar workers 3,00%

(*) 3.15% for the first three years, 2.98% from the fourth to the fifth, 2.95% from the sixth to the seventh, 3.08% from the eighth to the tenth and 3.17% up to the thirtieth year.

(**) 2.3% for the first year, 2% for subsequent years.
(***) 2.69% for the first three years, 2.78% from the fourth to the fifth, 2.93% from the sixth to the seventh, 3.18% from the eighth to the tenth and 3.38% up to the thirtieth year.

To ensure consistency with the source of past valuation returns, the returns that S&P records and publishes on 1Y-3Y, 3Y-5Y, 5Y-7Y, 7Y-10Y and finally 10+Y maturities were used to construct an iBoxx Corporate AA "rate curve" as at 31 December 2024 as summarised in the table above.

Analysis of deferred tax assets and liabilities (Note 4) (Note 16)

Deferred income taxes are allocated to temporary differences between the assets and liabilities recognised for tax purposes, and those recognised in the financial statement.

The analysis is as follows:

	31/12/2023	Provision	(Utilization)	Other movements	31/12/2024
Deferred tax assets on inventory devaluation	1.911.355	156.153			2.067.508
Deferred tax assets on warranty reserve	165.600	26.328			191.928
Other deferred tax assets and on IAS adjust.	196.822	95.359		(4.933)	287.248
Total	**2.273.777**	**277.840**	**0**	**(4.933)**	**2.546.684**
Deferred tax liability on advance depreciations	124.470				124.470
Deferred tax liability on grants on capital account	127.042		(36.536)		90.506
Other deferred tax liabilities and on IAS adjust.	282.940	9.621			292.561
Total	**534.452**	**9.621**	**(36.536)**	**0**	**507.537**
Net	1.739.325	268.219	36.536	(4.933)	2.039.147

Deferred tax assets amount to about 2.5 million euros. The main changes during the year include the increase in deferred tax assets calculated on the inventory write-down, and the warranty reserve.

Deferred tax assets are recognised to the extent that it is probable that there will be adequate future taxable profits against which the temporary differences can be utilised. In this regard, the Company estimates the likely timing and amount of future taxable profits.

Deferred tax liabilities mostly refer to the different valuation of inventory for tax purposes (LIFO) compared to the valuation for statutory purposes adopted for the financial statements (weighted average cost).

The column other movements includes, among other things, deferred taxes on value adjustments made to the severance indemnity fund and recognised directly in *Other Comprehensive Income* (“OCI”).

Other accruals (Note 17)

The following table highlights the movements during the year:

	31/12/2023	Provision	(Utilization)	Other movements	31/12/2024
Reserve for pension costs and similar	91.006	25.541	(21.632)	2.131	97.046
Warranty reserve on the products	690.001	109.700			799.701
Reserve for risks and charges	69.600	19.200	(69.600)		19.200
Total	**850.607**	**154.441**	**(91.232)**	**2.131**	**915.947**

The item “reserve for pension costs and similar” includes the provision for administrators' severance indemnity (TFM) and the provision for agents' customer indemnity.

According to IAS 37, the amount due to agents is to be calculated using discounting techniques in order to estimate, as best as possible, the total cost to be incurred in providing benefits after the end of their employment.

The technical evaluations were carried out on the basis of the assumptions described below:

Financial hypotheses	Year 2023	Year 2024
Annual implementation rate Annual inflation rate	2,51%-2,58%-2,54%(*) 2,3%-2,00% (**)	2,36%-2,42%-2,36%(***) 2,00%

(*) 2.51% on maturities of 10 years, 2.58% up to 15 years, 2.54% up to 20 years.
(**) 2.3% for the first year, 2% for subsequent years.
(***) 2.36% on maturities of 10 years, 2.42% up to 15 years, 2.36% up to 20 years.

Yields derived from the EUR IRS curve at the valuation date were used to value the liability.

The warranty reserve is estimated on the basis of the costs for spare parts and warranty service incurred during the period, adjusted for the sales volumes of the financial year and the average years of warranty granted, which differ according to the sector.

Contingent liabilities
On 24 April and 4 May 2018, the companies El.En. S.p.A. and Cutlite Penta S.r.l. had received a writ of summons before the Superior Court of Hartford (Connecticut) for product liability for damages that occurred at a customer's plant destroyed by fire. According to the plaintiff, three laser systems manufactured by Cutlite Penta were present at the time of the fire.
El.En. and Cutlite Penta had vehemently rejected any assumption that they were involved, even marginally, in the liability for the event.
During the year, the dispute was settled out of court, at the expense of product liability insurance with no charge to the two companies for indemnification or legal fees, except for the deductible, a small amount fully expensed in the financial statement for the year.

Financial debts and liabilities (Note 18)

Payables are listed in detail below:

	31/12/2024	31/12/2023	Variation	Var.%
Financial m/l term debts				
Amounts owed to leasing companies	326.434	190.114	136.320	71,70%
Other non-current liabilities	339.108	729.814	(390.706)	-53,54%
Total	**665.542**	**919.928**	**(254.386)**	**-27,65%**

The amount recorded under the item "Amounts owed to leasing companies" derives from the application of accounting standard IFRS 16.

The amount recorded under "Other non-current liabilities" refers to payables to suppliers and other liabilities that are due after 12 months or are due for payment after one year.

Current liabilities

Financial liabilities (Note 19)

	31/12/2024	31/12/2023	Variation	Var.%
Financial short term debts				
Amounts owed to banks	5.604	2.565	3.039	118,48%
Amounts owed to leasing companies	201.980	143.344	58.636	40,91%
Total	**207.584**	**145.909**	**61.675**	**42,27%**

The item "amounts owed to leasing companies" includes the short-term portions of payables described in the previous note.

Accounts payable (Note 20)

	31/12/2024	31/12/2023	Variation	Var.%
Accounts payable	26.806.754	14.711.363	12.095.391	82,22%
Amounts owed to subsidiary companies	1.480.171	877.713	602.458	68,64%
Total	**28.286.925**	**15.589.076**	**12.697.849**	**81,45%**

For a more detailed analysis of accounts payable to subsidiaries and associated companies, please refer to the chapter on "related parties".

We also break down accounts payable from third parties by currency:

Accounts payable in:	**31/12/2024**	**31/12/2023**
EURO	24.332.549	13.087.964
USD	2.442.805	1.585.384
Other Currencies	31.400	38.015
Total	**26.806.754**	**14.711.363**

The euro value reported in the table of payables originally denominated in USD or other currencies represents the currency amount converted at the exchange rates of 31 December 2024 and 31 December 2023, respectively.

Income tax payables /Other current payables (Note 21)

"Income tax payables" were zero as at 31 December 2024, as more down payments were made than payables and are therefore recorded as a reduction of the same down payments in note (7).

Other payables were broken down as follows:

	31/12/2024	31/12/2023	Variation	Var.%
Social security debts				
Debts to INPS	2.324.923	2.062.145	262.778	12,74%
Debts to INAIL	154.999	134.778	20.221	15,00%
Debts to other Social Security Institutions	251.065	215.525	35.540	16,49%
Total	**2.730.987**	**2.412.448**	**318.539**	**13,20%**
Other debts				
Debts to the treasury for withholdings	1.566.638	1.254.311	312.327	24,90%
Other tax debts	3.827	855	2.972	347,60%
Debts to staff for wages and salaries	5.230.060	4.628.298	601.762	13,00%
Down payments	439.255	2.918.961	(2.479.706)	-84,95%
Other debts to subsidiary companies	941.302	889.294	52.008	5,85%
Other debts	1.130.361	1.637.937	(507.576)	-30,99%
Total	**9.311.443**	**11.329.656**	**(2.018.213)**	**-17,81%**
Total social security debts and other debts	**12.042.430**	**13.742.104**	**(1.699.674)**	**-12,37%**

"Debts to staff" include among other things the payable of deferred salaries accrued by employees as at 31 December 2024.

The item "other debts to subsidiaries" relates to the parent company's payables to Deka Mela S.r.l., Otlas S.r.l., and Esthelogue S.r.l. accrued as part of the adhesion to the national fiscal consolidation scheme (procedure pursuant to articles 117 et seq. of the Income Tax Consolidation Act and the implementing Italian Ministerial Decree of 1 June 2018).

The item down payments includes 279 thousand euros for down payments received on the 'AIRCARE AI-augmented Robotics for CAncer point of caRE' research project started in July 2024.

Analysis of debts by maturity

	31/12/2024	31/12/2024	31/12/2024	31/12/2023	31/12/2023	31/12/2023
	<= 1y	>1 y <= 5y	> 5 y	<= 1y	>1 y <= 5y	> 5 y
Amounts owed to banks	5.604			2.565		
Amounts owed to leasing companies	201.980	326.434		143.344	187.382	2.732
Accounts payable	26.806.754	185.949		14.711.363	185.949	
Amounts owed to subsidiary companies	2.421.473			1.767.007		
Income tax payables	0					
Social security debts	2.730.987			2.412.448		
Other debts	8.370.141	153.159		10.440.362	543.865	
Total	**40.536.939**	**665.542**	**0**	**29.477.089**	**917.196**	**2.732**

Information on the Income Statement

Revenues (Note 22)

Below is a breakdown of the company's revenues from contracts with customers as at 31 December 2024 and 2023:

	31/12/2024	31/12/2023	Variation	Var. %
Total medical systems	116.633.674	107.386.270	9.247.404	8,61%
Total industrial systems	7.269.469	8.351.757	(1.082.288)	-12,96%
Total service	24.201.981	21.971.080	2.230.901	10,15%
Total sales	**148.105.124**	**137.709.107**	**10.396.017**	**7,55%**

Breakdown of Revenues by geographical areas

Medical sector

	31/12/2024	31/12/2023	Variation	Var. %
Italy	67.323.012	60.146.822	7.176.190	11,93%
Europe	23.603.777	16.137.389	7.466.388	46,27%
Row	42.394.851	45.290.742	(2.895.891)	-6,39%
Total revenue	**133.321.640**	**121.574.953**	**11.746.687**	**9,66%**

Industrial sector

	31/12/2024	31/12/2023	Variation	Var. %
Italy	9.089.894	12.045.400	(2.955.506)	-24,54%
Europe	4.551.665	2.584.990	1.966.675	76,08%
Row	1.141.925	1.503.764	(361.839)	-24,06%
Total revenue	**14.783.484**	**16.134.154**	**(1.350.670)**	**-8,37%**

Breakdown of revenues based on Revenue Recognition Timing

	31/12/2024	31/12/2023	Variation	Var. %
Goods transferred at a specific time	147.548.204	137.346.378	10.201.826	7,43%
Services transferred over time	556.920	362.729	194.191	53,54%
Total revenue	**148.105.124**	**137.709.107**	**10.396.017**	**7,55%**

The company recorded revenues of 148.1 million euros, an increase of 7.6 per cent compared to 2023.

The company reported a recovery in revenues in 2024 compared to 2023, although it failed to return to the record levels marked in 2022. While the medical sector performed very well (close to +10%), the weakness of the Italian market for machinery for the manufacturing sector meant that revenues in the sector fell again in 2024.

Other income (Note 23)

The analysis of other income is as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Other income due to Insurance refunds	128.056	12.021	116.035	965,27%
Expense recovery	234.264	198.689	35.575	17,90%
Capital gains on disposal of fixed assets	48.242	71.596	(23.354)	-32,62%
Other income	840.154	1.831.432	(991.278)	-54,13%
Total	**1.250.716**	**2.113.738**	**(863.022)**	**-40,83%**

There was a decrease in income during the year, mostly referring to the item Other income. Please note that this item includes income in 2023 of about 562 thousand euros as a contribution to the research project called "SVATT: Development and pre-clinical validation of a THERANOSTIC treatment for melanoma tumours based on the use of immune system cells, T Cells, reinforced by loading with magnetic nanoparticles allowing the delivery of specific drugs, the application of localised hyperthermia, and advanced MRI diagnostics" granted by the Ministry of Economic Development now Ministry of Enterprise and Made in Italy.

Costs for the purchase of goods (Note 24)

The analysis of purchases is as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Purchases of raw materials and finished products	66.950.448	54.596.422	12.354.026	22,63%
Packaging	1.299.498	1.196.888	102.610	8,57%
Shipping charges on purchases	653.950	421.314	232.636	55,22%
Other purchase expenses	469.365	426.564	42.801	10,03%
Other purchases	82.415	111.475	(29.060)	-26,07%
Total	**69.455.676**	**56.752.663**	**12.703.013**	**22,38%**

Direct services/operating services and charges (25)

The item is broken down as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Direct services				
Outsourced processing	21.350.820	19.185.399	2.165.421	11,29%
Technical services on products	197.787	189.652	8.135	4,29%
Shipment charges on sales	491.758	406.889	84.869	20,86%
Sale commissions	91.511	74.940	16.571	22,11%
Royalties	317.700	280.800	36.900	13,14%
Travel expenses for technical assistance	171.963	152.470	19.493	12,78%
Other direct services	165.898	217.386	(51.488)	-23,69%
Total	**22.787.437**	**20.507.536**	**2.279.901**	**11,12%**
Other operating services and charges				
Maintenance and technical assistance on equipment	635.734	847.096	(211.362)	-24,95%
Commercial services and consulting	329.329	268.230	61.099	22,78%
Legal and administrative services and consulting	368.962	366.696	2.266	0,62%
Audit fees	108.583	101.760	6.823	6,70%
Insurances	411.415	330.948	80.467	24,31%
Travel and accommodation expenses	512.831	442.556	70.275	15,88%
Trade shows	93.360	205.758	(112.398)	-54,63%
Promotional and advertising fees	190.560	205.837	(15.277)	-7,42%
Expenses related to real estate	1.146.615	1.171.531	(24.916)	-2,13%
Other taxes	112.376	109.674	2.702	2,46%
Vehicles maintenance expenses	442.382	403.894	38.488	9,53%
Office supplies	64.555	62.381	2.174	3,49%
Hardware and Software assistance	873.899	647.132	226.767	35,04%
Bank charges	53.682	68.449	(14.767)	-21,57%
Leases and rentals	291.142	284.235	6.907	2,43%
Salaries and indemnity to the Board of Directors and Board of Statutory Auditors	1.208.413	1.027.887	180.526	17,56%
Temporary employment		145.978	(145.978)	-100,00%
Other charges and services	2.717.806	3.421.465	(703.659)	-20,57%
Total	**9.561.644**	**10.111.507**	**(549.863)**	**-5,44%**

Operating services and charges amounted to 9,562 thousand euros, down from 10,112 thousand euros last year. The decrease was mostly due to costs for maintenance of the Calenzano plant, for trade shows, and for temporary employment.

The item “other charges and services” includes costs for stock options to directors and associates in the amount of 434 thousand euros, and costs for technical-scientific consultancy and studies and research totalling 475 thousand euros. With regard to research and development activities and costs, please refer to what has already been described in the consolidated Management Report.

Staff costs (Note 26)

Staff costs are broken down as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Wages and salaries	19.310.692	17.628.829	1.681.863	9,54%
Social security contributions	5.697.672	5.205.140	492.532	9,46%
Severance indemnity	972.518	865.964	106.554	12,30%
Staff costs for stock options/stock based compensation	894.546	668.132	226.414	33,89%
Total	**26.875.428**	**24.368.065**	**2.507.363**	**10,29%**

At 26.875 thousand euros, staff costs were up from 24.368 thousand euros in the previous financial year. The increase is also due to the increase in the workforce from 329 as at 31 December 2023 to 353 as at 31 December 2024.
During the year, notional costs of 895 thousand euros were also recognised for the granting of stock options to employees.

Depreciation, amortization and other accruals (Note 27)

The item is broken down as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Amortization of intangible assets	469.050	295.597	173.453	58,68%
Depreciation of tangible assets	2.037.362	1.928.081	109.281	5,67%
Depreciation of tangible assets right of use	215.037	183.496	31.541	17,19%
Accrual for bad debts	222.517	231.625	(9.108)	-3,93%
Accrual for risks and charges	59.300	(91.600)	150.900	-164,74%
Total	**3.003.266**	**2.547.199**	**456.067**	**17,90%**

Financial income and charges and Exchange gain (loss) (Note 28)

The item is broken down as follows:

	31/12/2024	31/12/2023	Variation	Var. %
Financial income				
Interest income on bank and postal accounts	1.031.614	401.075	630.539	157,21%
Dividends	13.935.000	12.655.000	1.280.000	10,11%
Financial income - subsidiary companies	1.509.305	742.100	767.205	103,38%
Financial income - associated companies	17.951	16.826	1.125	6,69%
Interest income from current securities and financial assets	43.083	152.488	(109.405)	-71,75%
Capital gain and other income from current securities and financial assets	170.516		170.516	0,00%
Other financial income	(1.314)	1	(1.315)	
Total	**16.706.155**	**13.967.490**	**2.738.665**	**19,61%**
Financial charges				
Financial charges - subsidiary companies	(29.229)	113.882	(143.111)	-125,67%
Other financial charges	48.790	35.925	12.865	35,81%
Total	**19.561**	**149.807**	**(130.246)**	**-86,94%**
Exchange gain (loss)				
Exchange gains	1.045.337	589.306	456.031	77,38%
Exchange losses	(617.116)	(795.132)	178.016	-22,39%
Total	**428.221**	**(205.826)**	**634.047**	**-308,05%**

During the year, dividends from subsidiaries in the amount of 13,935 thousand euros were recognised, distributed by the subsidiaries Deka Mela, Quanta System and Lasit.

Interest income on securities and financial assets relate to liquidity investments.

The item “other financial charges” includes the recognition of interest expenses resulting from the application of the accounting standard IAS 19 to the severance indemnity of about 21 thousand euros.

Other income and charges (Note 29)

	31/12/2024	31/12/2023	Variation	Var. %
Other charges				
Capital losses on equity investments	29.242		29.242	
Devaluation of equity investments	40.690		40.690	
Total	**69.932**	**0**	**69.932**	
Other income				
Capital gains on equity investments				
Decrease of the reserve for losses in group companies				
Other non recurring income				
Total	**0**	**0**	**0**	

The item 'Capital losses on equity investments' relates to the capital loss recorded following the partial sale of shares in the associate Elesta S.p.A..

The item 'Devaluation of equity investments' relates to the value adjustment of the associate Immobiliare Del.Co S.r.l..

Income taxes (Note 30)

	31/12/2024	31/12/2023	Variation	Var. %
IRES and other foreign income taxes	4.723.829	4.751.745	(27.916)	-0,59%
Income taxes - IRAP	764.230	937.029	(172.799)	-18,44%
Deferred income taxes - IRES and for foreign companies	(293.340)	76.075	(369.415)	-485,59%
Deferred income taxes - IRAP	(11.415)	2.648	(14.063)	-531,08%
Income tax receivable	(81.309)	(364.627)	283.318	-77,70%
Charges (Income) for IRES from tax consolidation	429.108	234.548	194.560	82,95%
Other income tax	(4.987)	(4.987)	0	0,00%
Previous years tax	(1.844.472)	50.781	(1.895.253)	
Total	**3.681.644**	**5.683.212**	**(2.001.568)**	**-35,22%**

The tax cost for the year was 3,682 thousand euros compared to 5,683 thousand euros last year.
The tax rate for the year was 9.8%, down from 16.8% last year. The income tax for the year benefited from the agreement signed by the company with the revenue agency for the renewal of the so-called Tax credit on patents (Patent Box) for the period 2020/2024.

The following table illustrates the reconciliation between the theoretical tax rate and the effective tax rate, limited to the Corporate Income Tax (IRES).

	2024	2023
Profit/loss before taxes	37.669.796	33.805.212
Theoretical IRES Aliquot	24,00%	24,00%
Theoretical IRES	9.040.751	8.113.251
One time income tax charges		50.781
Tax credit	(81.309)	(364.627)
Charges (income) for IRES from fiscal consolidation	429.108	234.548
Patent box	(2.654.850)	
Dividends	(3.177.180)	(2.885.340)
Higher (lower) fiscal incidence with respect to the theoretical aliquot	(369.862)	(405.078)
Actual IRES	3.186.658	4.743.535
Actual IRES aliquot	8,46%	14,03%

The breakdown of deferred taxes is set out in the previous note (16). Income taxes include the balance for the financial period.

Distributed dividends (Note 31)

The Shareholders' Meeting of El.En. SpA held on 29 April 2024 resolved to distribute a dividend, equal to 0,20 (zero comma twenty) Euro gross per outstanding share, to the shares in circulation on the ex-dividend date. The dividend distributed was 16.006.440 Euro.

Non-recurring significant, atypical and unusual events and operations (Note 32)

For the financial year 2024 and for the same period last year, the Company did not enter into any significant non-recurring, atypical and/or unusual transactions pursuant to Consob Communication of 28 July 2006, no. DEM/6064293.

Assets held for sale (Note 33)

Assets held for sale include the net book value of the property located in the municipality of Torre Annunziata, which is scheduled to be sold to the subsidiary Lasit in 2025.

Disclosure on related parties (Note 34)

Related parties are identified as defined in international accounting standard IAS 24. In particular, the following parties are considered to be related parties:
- subsidiaries and associated companies;
- the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and, where applicable, the other executives with strategic responsibilities;
- the natural persons shareholders of El.En. S.p.A.;
- legal persons in which a significant shareholding is held by one of the major shareholders of El.En. S.p.A., a member of the Board of Directors, a member of the Board of Statutory Auditors, the General Manager and executives with strategic responsibilities.

One of the Managing directors, a major shareholder of El.En. S.p.A, owns a 25% stake in Immobiliare del Ciliegio S.r.l., also a shareholder of the company.

All ordinary transactions with related parties took place at ordinary market conditions.

In particular, we highlight the following:

Members of the Board of Directors, Board of Statutory Auditors and General Manager
Pursuant to Consob Resolution No. 11971/99 (Issuers' Regulation), the fees paid to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and the equity investments held by them during the year are analytically illustrated in the tables attached to the "Report on Remuneration and remuneration paid pursuant to Art. 123-*ter* T.U.F. and 84-*quater* Consob Reg. 11971/1999" which is made available within the terms of the law and can be viewed on the website www.elengroup.com - "governance/corporate documents" section.

Subsidiaries and associated companies
El.En. S.p.A. controls a Group of companies operating in the same laser macro sector, each of which has its own application niche and a particular market function.
The integration of the various products and services offered by the Group generates frequent commercial transactions between the Group companies. The subject of most intercompany business relations is the production by El.En. S.p.A. of medium- and high-power CO_2 laser sources, which constitute a fundamental element for the production of Ot-las S.r.l. (formerly Cutlite Penta S.r.l.) and Lasit S.p.A.. Other intercompany business relations consist of the production of medical laser equipment by El.En. S.p.A., which, in part, are sold to Deka M.E.L.A. S.r.l., to Esthelogue S.r.l., to Deka Sarl, to ASA S.r.l. and to Asclepion Laser Technologies GmbH, which, in turn, distribute them.
Transfer prices are established with reference to what normally occurs on the market. These intercompany transactions, therefore, reflect the trend in market prices, from which they may slightly differ depending on the company's business policies.
It should be noted that in October 2002 El.En. S.p.A. acquired, free of charge, from Deka Mela S.r.l. the licence to use the trademark of the same name for the marketing of laser equipment produced by El.En. for the medical and aesthetic dental sector in some European and non-European countries.

The following tables analyse the transactions with subsidiaries and associated companies during the period, both at the level of trade and at the level of debit and credit balances.

	Financial receivables		Other receivables		Accounts receivable	
Subsidiary companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Asclepion Laser Technologies GmbH					1.717.309	
Deka MELA Srl					12.621.313	
Otlas Srl		42.750.000			4.064.581	
Cutlite Penta Srl			9.478	567.056	9.026.446	
Esthelogue Srl	1.365.000	4.125.000			1.175.458	
Deka Sarl					2.097.886	
BRCT Inc.	613.110				65.163	
Lasit Spa					103.067	
Quanta System SpA					150.955	
ASA Srl					283.935	
Penta-Laser (Wuhan) Co., Ltd					942.909	
Pharmonia Srl	50.000				1.681	
- Fondo Svalutazione Crediti					-843.104	
Total	**2.028.110**	**46.875.000**	**9.478**	**567.056**	**31.407.599**	**0**

	Financial Receivables		Accounts Receivable	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Actis Srl	30.000		7.847	
Immobiliare Del.Co. Srl	31.565			
Elesta SpA	270.000		310.467	
Total	**331.565**	**-**	**318.314**	**-**

	Financial payables		Other payables		Accounts Payable	
Subsidiary companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Asclepion Laser Technologies GmbH					7.285	
Deka MELA Srl			439.943		67.288	
Otlas Srl			260.731		70.043	
Cutlite Penta Srl					2.979	
Esthelogue Srl			240.628		4.457	
Deka Sarl					1.670	
Lasit Spa					576.254	
Quanta System SpA					525.837	
ASA Srl					550	
Penta-Laser (Wuhan) Co., Ltd					23.516	
Penta Laser Zhejiang Co., Ltd					200.292	
Total			**941.303**		**1.480.171**	

Subsidiary companies:	**Purchase raw materials**	**Services**	**Other**	**Total**
Deka MELA Srl	85.740	136.680		222.420
Otlas Srl	57.412			57.412
Cutlite Penta SpA	984	3.205		4.189
Esthelogue Srl	11.633	1.171		12.804
Deka Sarl		1.670		1.670
Lasit Spa	971.563	5.350		976.913
Quanta System SpA	2.699.343	27.500		2.726.843
Asclepion Laser Technolohies GmbH	209.016	3.094		212.110
With Us Co Ltd	14.541			14.541
Total	**4.050.232**	**178.670**	**-**	**4.228.902**

Associated companies:	**Purchase raw materials**	**Services**	**Other**	**Total**
Elesta SpA	14.500			14.500
Total	**14.500**	**-**	**-**	**14.500**

Subsidiary companies:	Sales	Services	Total
Deka MELA Srl	58.956.666	2.295.923	61.252.589
Otlas Srl	1.203.619	119.221	1.322.840
Cutlite Penta SpA	1.116.123	660.491	1.776.614
Esthelogue Srl	2.217.674	252.876	2.470.550
Deka Sarl	2.951.374	20.959	2.972.333
Lasit SpA	210.803		210.803
Asclepion Laser Technologies GmbH	4.042.891	274.908	4.317.799
Quanta System SpA	705.719	146.704	852.423
ASA S.r.l.	840.797	3.986	844.783
Penta-Laser (Wuhan) Co., Ltd	117.391		117.391
Penta Laser Zhejiang Co., Ltd	81.030		81.030
Cutlite do Brasil Ltda	10.150		10.150
Pharmonia Srl		2.000	2.000
Total	**72.454.237**	**3.777.068**	**76.231.305**

Associated companies:	Sales	Services	Total
Elesta SpA	325.640	86.635	412.276
Total	**325.640**	**86.635**	**412.276**

Subsidiary companies:	Other revenues
Deka MELA Srl	461.261
Otlas Srl	3.683
Cutlite Penta SpA	33.363
Esthelogue Srl	48.940
Deka Sarl	35.273
Lasit Spa	105.555
Asclepion Laser Technologies GmbH	47.482
Total	**735.556**

Associated companies:	Other revenues
Elesta SpA	3.004
Actis Srl	1.200
Total	**4.204**

The figures of the tables above refer to transactions concerning the company’s ordinary operations.

Other income mainly refers to rentals charged respectively to Deka M.E.L.A. S.r.l., Esthelogue S.r.l. for the portions of the Calenzano plant occupied by them and to Lasit S.p.A. for the Torre Annunziata plant.
“Financial income” for approximately 1,509 thousand euros were also accounted, concerning interest income on loans granted to subsidiaries.

Lastly, the amounts due to the tax-consolidated companies, Ot-las S.r.l., Deka M.E.L.A. S.r.l., and Esthelogue S.r.l. are recorded under “Other payables”.

The table below shows the impact of related party transactions on the company's economic and financial situation.

Impact of related parties transactions	**Total**	**related parties**	**Inc %**
Impact of related parties transactions on the statement of financial position			
Equity investments	24.067.213	23.042.715	95,74%
Receivables LT	47.442.056	47.442.056	100,00%
Accounts receivable	44.278.769	31.725.913	71,65%
Other current receivables	4.606.534	2.369.153	51,43%
Non current financial liabilities	326.434		0,00%
Current financial liabilities	207.584		0,00%
Accounts payable	28.286.925	1.480.171	5,23%
Other current payables	12.042.430	941.302	7,82%
Other non current liabilities	339.108		0,00%
Impact of related parties transactions on the income statement			
Revenues	148.105.124	76.643.581	51,75%
Other revenues and income	1.250.716	739.760	59,15%
Purchase of raw materials	69.455.676	4.064.732	5,85%
Direct services	22.787.437	40.320	0,18%
Operating services and charges	9.561.644	138.350	1,45%
Financial charges	19.561	(29.229)	-149,42%
Financial income	16.706.155	15.462.256	92,55%
Income taxes	3.681.644	-	0,00%

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

The main risk elements to which the company is exposed are described below.

Financial risk management procedures
The company's main financial instruments include bank accounts and short-term deposits, short-term and long-term financial liabilities, financial leases, securities and hedging derivatives.
Besides these, the company has accounts payable and payables from its operations.
The main financial risks the company is exposed to concern exchange rate, credit, liquidity and interest rate.
In the financial years ended 31 December 2024 and 2023, no changes were made to the objectives, policies and procedures for capital management.

Exchange rate risk
The company is exposed to the risk of fluctuations in the exchange rates of the currencies in which some commercial and financial transactions are carried out. Said risks are monitored by management who implement the necessary measures to limit the risk.

Credit risk
As far as business transactions are concerned, the company deals with counterparts on which the appropriate checks are carried out prior. Furthermore, the balance of receivables is monitored during the financial year so that the amount of loss exposure is not significant. Historically recorded losses on receivables are therefore low in relation to revenues and do not require to be appropriately hedged and/or covered by insurances.
The bad debt reserve on accounts receivable from third parties, set aside at the end of the year, represented about 2% of total receivables. For an analysis of overdue receivables from third parties and subsidiaries, see Note (6).

As for loan receivables, they mostly refer to loans granted to associated companies and subsidiaries.

Concerning guarantees given to third parties:

In December 2019, upon the completion of the purchase of the minority shares of Penta Laser Zhejiang Co., Ltd by Ot-las S.r.l., El.En. S.p.A. had provided a guarantee in favour of the selling shareholder for the eventual payment under the *earn-out* clause of 40 million Renminbi (approximately 5 million Euro) in the event of an IPO of Penta Laser Zhejiang within 5 years from the date of purchase.
As already described in the Management Report, since it was not possible to successfully conclude the IPO process by the end of 2024, the guarantee has definitively lapsed.

El.En. SpA issued in July 2021 a surety in favour of Cutlite Penta S.r.l. on the 11 million euro loan granted by Intesa San Paolo.

During the 2022 financial year, Ot-las S.r.l. had issued a guarantee, for a maximum of USD 25 million, in favour of Penta laser Zhejiang and its subsidiary Cutlite Penta S.r.l. for the payment of any amount that the latter may be required to pay, in excess of the amount paid by the insurance company, by virtue of a possible final judgment sentencing it to pay damages with reference to definitive sentencing in the lawsuit pending in the United States before the Superior Court of Hartford Complex file no. X03-HHD-CV17-6084684-S; El.En. S.p.A. had also provided a second-level guarantee, should the guarantee provided by Ot-las S.r.l. become operative and Ot-las found to be in default. The dispute was settled out of court, at the expense of product liability insurance with no charge to the group for indemnification or legal fees, except for the deductible, a small amount fully expensed in the financial statement for the year.

Liquidity and interest rate risk
With regard to the company's exposure to liquidity and interest rate risk, it should be noted its liquidity is still high, sufficient to cover existing indebtedness and with a largely positive net financial position. That is why said risks are deemed to be adequately covered.

Capital management

The objective of capital management is to ensure that a low level of indebtedness is maintained and that a proper capital structure is in place to support the business and ensure an adequate Equity/Indebtedness ratio.

Financial Instruments (Note 36)

Fair value

Below is a comparison of the book value and fair value by category of all of the Company's financial instruments.

	Book value 31/12/2024	Book value 31/12/2023	Fair value 31/12/2024	Fair value 31/12/2023
Financial assets				
Equity investments in other companies	1.024.498	1.024.498	1.024.498	1.024.498
Non current financial receivables	47.442.056	22.950.018	47.442.056	22.950.018
Current financial receivables	3.073.803	5.390.755	3.073.803	5.390.755
Securities and other non-current financial assets	2.448.793	13.132.298	2.448.793	13.132.298
Securities and other current financial assets	5.530.835	0	5.530.835	0
Cash and cash equivalents	43.694.191	32.970.159	43.694.191	32.970.159
Financial debts and liabilities				
Non current financial liabilities	326.434	190.114	326.434	190.114
Current financial liabilities	207.584	145.909	207.584	145.909

Fair value - hierarchy

The company uses the following hierarchy to determine and document the fair value of financial instruments based on measurement techniques:

Level 1: quoted prices (unadjusted) in an active market for identical assets or liabilities.
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques using inputs that have a significant effect on recorded fair value that are not based on observable market data.
At 31 December 2024, the company held the following securities measured at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		3.006.470		3.006.470
Mutual funds/Bonds	2.524.365			2.524.365
Other equity investments			1.024.498	1.024.498
Total	**2.524.365**	**3.006.470**	**1.024.498**	**6.555.333**

Other information (Note 37)

Remuneration of Directors and Statutory Auditors

	31/12/2024	31/12/2023	Variation	Var. %
Remuneration of directors	1.112.473	931.947	180.526	19,37%
Remuneration of statutory auditors	76.440	76.440	0	0,00%
Total	**1.188.913**	**1.008.387**	**180.526**	**17,90%**

Information on public financing under the Law of 4 August 2017, no. 124 ("Annual Market and Competition Law")

Law no. 124 of 4 August 2017, as amended, introduced transparency obligations in the system of public financing; in fact, it is provided that companies must disclose in the notes to the annual financial statements and in the consolidated notes to the financial statements, if any, where prepared, information on the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and without consideration, remuneration or compensation, actually disbursed to them by public administrations and other specifically indicated entities.
Consequently, the consideration for the supply of goods and services relating to transactions carried out within the scope of one's own activity, in the presence of synallagmatic relationships managed according to market rules, the general measures usable by all enterprises falling within the general structure of the reference system defined by the state (e.g. ACE), selective economic advantages, received in application of an aid scheme, accessible to all companies that meet certain conditions, on the basis of predetermined general criteria (tax and social security contribution benefits, including for hiring disabled persons), training contributions received from inter-professional provisions, such as Fondimpresa as entities financed by contributions from the companies themselves.
El.En. spa did not receive any advantage falling within the range of those provided for by the legislation in question.
It is also noted, with reference to State aid and *de minimis* aid, that the transparency of the same is safeguarded by the publication, even if it does not follow the cash principle, of the same in the National Register of State Aid, active since August 2017, by the entities granting said aid.

Information pursuant to art. 149-duodecies of the Consob Issuers' Regulation

The following table, drawn up pursuant to art. *149-duodecies* of the Consob Issuers' Regulation, shows the fees for the year 2024 for audit services.

Type of service	Company providing the service	Receiver	notes	2024 Fees (euros)
Audit	EY S.p.A.	El.En. S.p.A.		70.500
Certification services	EY S.p.A.	El.En. S.p.A.	1)	26,800
Other services	EY S.p.A.	El.En. S.p.A.	2)	52,000
				149,300

(1) Other certification services related to: Summary examination of the Non-Financial Declaration, Review of the Statement of Expenditure on Research and Development.

(2) Examination of the differences between the Group's current DNF reporting and the new reporting requirements introduced by the CSRD.

The amounts specified are shown net of refunds for the expenses incurred and of the supervisory contribution to CONSOB (It. Commission for Companies and the Stock Exchange).

Average number of employees broken down by category

	Average of the period	31/12/2024	Average of previous period	31/12/2023	Variation	Var. %
Executives	19	20	17	17	3	17,65%
Middle managers	12	12	13	12	-	0,00%
White collar workers	156	169	147	143	26	18,18%
Blue collar workers	155	152	150	157	(5)	-3,18%
Total	**341**	**353**	**327**	**329**	**24**	**7,29%**

For The Board of Directors
The Managing Director – Mr. Andrea Cangioli

Declaration of the financial statement in conformity with Art. 81-ter CONSOB Regulation No. 11971 of 14 May 1999 and later modifications and additions

1. The undersigned Andrea Cangioli, in his capacity as Managing Director, Enrico Romagnoli, in his capacity as executive officer responsible for the preparation of the financial statements of El.En. S.p.A., attest, also taking into account the provisions of Art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree of 24 February 1998, no.58:
   - the suitability in relation to the characteristics of the company, and
   - the effective application of the administrative and accounting procedures for the preparation of the separate financial statement, during 2024.

2. No major issues emerged in this regard

3. It is further attested that:

3.1 the separate financial statement as at 31 December 2024:

a) is prepared in accordance with the applicable international financial accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the entries in the accounting books and records;

c) is capable of giving a true and fair view of the assets and liabilities, economic and financial position of the issuer.

3.2 the Management Report includes a reliable analysis of the development and results of operations, as well as the situation of the issuer and the undertakings included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Calenzano, 13 March 2025

The Managing Director

The Executive officer responsible for the preparation of the financial statements

Mr Andrea Cangioli

Mr. Enrico Romagnoli