QUARTERLY FINANCIAL REPORT AS OF MARCH 31ST, 2019

El. En. Group

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17

Capital stock Underwritten and paid: € 2.508.671,36

Registry of Companies in Florence – C.F. 03137680488

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

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financial statement on March 31st 2019)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

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

Enrico Romagnoli

Independent auditors

Deloitte & Touche S.p.a

EL.EN. GROUP

QUARTERLY MANAGEMENT REPORT

AS OF MARCH 31st 2019

Quarterly report

Introduction

This quarterly report as of March 31st 2019 for the El.En. Group was drawn up in compliance with the Regulations of the Italian Stock Market for the companies that are quoted in the STAR segment (art. 2.2.3, sub-section 3) which requires the publication of a quarterly report within 45 days after the end of each quarter, as per Notice 7587 of April 21st 2016 issued by the Borsa Italiana. Consequently, as stated in the above mentioned Notice, in relation to the contents of the quarterly report for the quarter ending March 31st 2019, we have made reference to sub-section 5 of art. 154-ter of Legislative Decree February 24th 1998 no. 58. This document also contains the information previously inserted in the preceding quarterly reports.

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

The results as of March 31st 2019 are shown in comparative form with those for the same quarter last year. All amounts are expressed in thousands of Euros unless otherwise indicated.

Alternative Non-GAAP measures

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

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

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

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

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

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

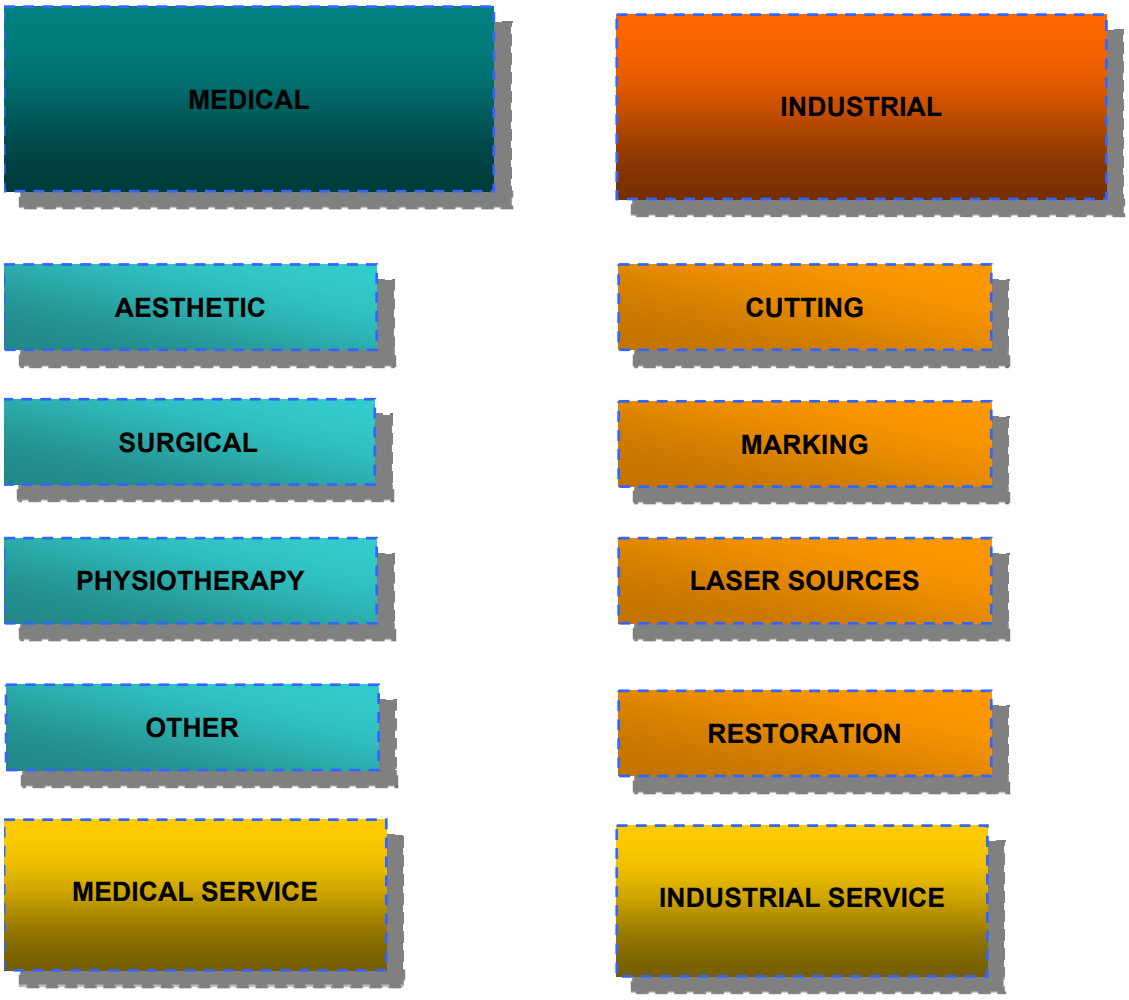
DESCRIPTION OF THE ACTIVITIES OF THE GROUP

El.En was founded in 1981 and arose from the intuition of a university professor and one of his students. The Company developed over the years and became a multi-faceted, dynamic industrial group specialized in the manufacture, research and development, distribution and sale of laser systems.
The founders, Leonardo Masotti and his wife, Barbara Bazzocchi, and Ing. Gabriele Clementi, have always conducted the company and are still part of the top management.
The laser, an acronym for "**Light Amplification by Stimulated Emission of Radiation**" is a fascinating technology invented in 1960 and represents the fulcrum of the technology of the Group. This luminous emission with its unique characteristics (monochromaticity, consistency, brilliance) found and is still finding a growing number of applications which have given rise to its own specific industrial sectors and in others has radically changed the way in which they operate. Telecomunications, sensoristics, printers, lithographs, numerous processes in industrial manufacturing, numerous medical and aesthetic applications have been able to benefit from the innovations made available by the versatility, precision and reliability of laser systems. As Prof. Gérard Mourou - Nobel prize for physics in 2018 for the invention of chirped pulse amplification or CPA, which was later used to create ultra-short high intensity laser impulses (terawatt) - pointed out during his visit in January 2019 to the headquarters of Quanta System Spa in Samarate (VA), "the best is yet to come"! Scientific research and applied industrial research will continue to find innovative applications for laser technology from which we can all benefit directly or indirectly.

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

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

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



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

The division of the Group into numerous different companies also reflects the strategy for the distribution of the products and for the organization of the activities for research and development and marketing. El.En. is one of the most successful groups on our market, thanks to a series of acquisitions concluded over the years, in particular, in the medical sector (DEKA, Asclepion, Quanta System and Asa).

Following an approach that is unique and original for our sector, each company that has entered the Group has maintained its own special characteristics for the type and segment of the product, with brands and distribution networks that are independent from the other companies of the Group and represent a real business unit. Each one has been able to take advantage of the cross-fertilization which the individual research units has had on the others and has made their own elective technologies available to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.
While we recognize the importance that the multi-brand and multi-R&D has had on the growth of the Group, at the same time we realize the need to increase the coordination between the activities of the different business units of the medical sector and promote the joint activities like distribution in Italy which, under the new brand name of “Renaissance” will unite into a single organization the pre-existing networks of Deka and Quanta System.
An optimal integration of the medical business units is, in fact, one of the objectives of the General Director of El.En. Spa, who took on this role, a new one for the company, on January 1st of 2017.

Although they both use laser technologies and share numerous strategic components and some activities at the R&D and production level, the Medical and Industrial sectors are active on two completely different kinds of markets. Their internal operations are organized in such a way as to satisfy the radically different needs of the clients of the two different

sectors. Moreover, specific dynamics in the demand and expectations for growth that are connected to different key factors correspond to each of the two markets.

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

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

It should also be noted that, in the presence of the excellent outlook for the growth of our markets, the Group has succeeded in acquiring new portions of the market and create new applicative niches thanks to their innovations. The adequacy of the range of products offered, the capacity to continually renew it in order to meet the demands of the market or, even better, create new ones, are the critical factors for our success. The El.En. Group has had and still has, the ability to excel in these activities. The lengthy section in this document dedicated to Research and Development is a demonstration of the importance of these activities for the Group and the particular focus that is directed to dedicating the necessary resources that are needed to guarantee the prosperity of the Group in the years to come.
The first quarter of 2019 confirms the particular focus of the Group on Research and Development and highlights the increase in the resources dedicated to this vital activity.

Group financial highlights

During the first three months of 2019 the El.En. Group registered a consolidated sales volume of 84 million Euros, showing a growth of 20,6% with respect to March 2018 and an EBIT of 5,7 million Euros, showing an increase of 7% with respect to the preceding period.

The first months of the year were characterized by a rapid growth in the sales volume on all of our major markets. The main applicative segments, both in the medical and industrial sectors showed a significant increase in sales with respect to the first quarter of 2018: in the aesthetic segment hair removal and tattoo removal and cellulitis treatment, in the surgical segment urology, in the industrial sector, the cutting of sheet metal, in particular in China. The only applicative segment that showed a setback was that for gynecological applications, with Mona Lisa Touch and Juliet well below the sales volume registered for last year because they were struggling under the negative impact caused by the FDA comments issued in July of 2018, on which we have already commented in the last reports.

The EBIT showed an improvement over that for the first quarter of 2018, but to a lesser degree with respect to the sales volume for which the operating margin decreased from 7,7% in the first quarter of 2018 to 6,8% for this quarter. This drop was caused mainly by the reduction in the gross margin which decreased from 42,7% in the first quarter of 2018 to 39,6% in 2109.

It should be noted that these results, which show both a drop in the operating profits and the sales actually represent a concrete improvement in the current profitability of the Group and are aligned with the forecast that were made at the beginning of the year. The sales margins, in fact, were penalized in comparison, by a decrease in the other revenue derived from government grants and grants for research: 0,5% of the sales volume in this quarter as opposed to the 1,6% in 2018 and 1,4% in the first quarter of 2018. Net of this component, most of which cannot be managed in its timing, the sales margin improved with respect to 2018. The first quarter is always the least favorable of the financial year and, despite the increase in sales volume of 20% with respect to 2018 and the record sales volume for the first quarter, the 84 million in sales volume for the quarter are almost 20 million less than the sales volume for the fourth quarter of 2018 with the relative reduced effect of the operating leverage.

The reduction in the sales margins with respect to the beginning of 2018 reflects the expansion of segments with lower margins like that for sheet metal cutting in China, as well as the drop in the sales volume of Mona Lisa Touch. The success of systems like Onda Coolwaves for body contouring and cellulitis treatments contributed to the improvement of the margins but was not enough to significantly impact the overall sales margins.

The result was a decrease in operating margins which, in any case, was a condition which was forecast for this phase, with the effects of operating leverage which should be fully achieved in the higher levels of sales volume which are expected for the next quarters. Moreover, the quarter registered a significant volume of costs for research and development which comported an increase in staff expenses and operating charges, all of which are expenses aimed at maintaining and consolidating the growth of the Group.

After the slowdown in growth shown in the second half of 2018, the Chinese market for sheet metal cutting applications is now growing again rapidly. The sales volume for our Chinese activities registered an increase of 37% over the first quarter of 2018 and exceeded our forecasts which expected a gradual growth during the year. This fortunate phase is confirmed also by the results obtained by our main competitors on this market which remains extremely dynamic and filled with opportunities. There is also a high level of competition on the market of our suppliers of sources in optical fiber which has had as a result a decrease in the purchase price and is reflected in the selling prices despite the gradual increase in the average power of the systems that are sold. The EBIT showed a decrease with respect to 2018 because of the increase in overhead costs, the decrease in grants for research and the time of year which makes the first quarter the one with the lowest sales volume due to the Chinese new year.

In the surgical sector, the negative effect of the drop in sales volume practically to zero of the Mona Lisa Touch in the United States and the significant reduction of sales in the rest of the world was offset by the great success in the urological sector thanks to the systems produced by Quanta System and distributed both through its own distribution network as well as by OEM. The increase in sales volume for the urological sector was also accompanied by a significant rise in the sales volume of consumables (mono- and multi-use optical fibers).

As mentioned above, the conditions of the markets on which we operate were favorable during this period and in this phase only negative circumstances that are unrelated to our markets but of great impact on the world economy, like the worsening of the so-called customs war between the United States and China, would seem able to interrupt the expected growth.

The chart below shows the results of the income statement for the first quarter of 2019 shown in comparative form with those for the same period last year.

Income Statement	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Revenues	83.865	100,0%	69.552	100,0%	20,58%
Change in inventory of finished goods and WIP	4.172	5,0%	8.158	11,7%	-48,86%
Other revenues and income	444	0,5%	991	1,4%	-55,20%
Value of production	**88.481**	**105,5%**	**78.701**	**113,2%**	**12,43%**
Purchase of raw materials	50.874	60,7%	48.750	70,1%	4,36%
Change in inventory of raw material	(2.558)	-3,0%	(5.335)	-7,7%	-52,06%
Other direct services	6.935	8,3%	5.613	8,1%	23,54%
Gross margin	**33.229**	**39,6%**	**29.672**	**42,7%**	**11,99%**
Other operating services and charges	9.867	11,8%	9.641	13,9%	2,34%
Added value	**23.362**	**27,9%**	**20.031**	**28,8%**	**16,63%**
Staff cost	15.682	18,7%	13.604	19,6%	15,27%
EBITDA	**7.679**	**9,2%**	**6.427**	**9,2%**	**19,49%**
Depreciation, amortization and other accruals	1.954	2,3%	1.079	1,6%	81,01%
EBIT	**5.726**	**6,8%**	**5.348**	**7,7%**	**7,07%**
Net financial income (charges)	783	0,9%	(758)	-1,1%	
Share of profit of associated companies	(74)	-0,1%	44	0,1%	
Other non-operating income (charges)	0	0,0%	(6)	0,0%	
Income (loss) before taxes	**6.435**	**7,7%**	**4.627**	**6,7%**	**39,07%**

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

Net financial position	31/03/2019	31/12/2018
Cash and bank	84.991	80.966
Financial instruments	2.035	1.951
Cash and cash equivalents	**87.027**	**82.917**
Current financial receivables	**383**	**74**
Bank short term loan	(7.286)	(6.720)
Part of financial long term liabilities due within 12 months	(2.757)	(1.318)
Financial short term liabilities	**(10.043)**	**(8.038)**
Net current financial position	**77.366**	**74.954**
Bank long term loan	(6.413)	(5.401)
Other long term financial liabilities - non current part	(9.881)	(7.092)
Financial long term liabilities	**(16.295)**	**(12.493)**
Net financial position	**61.071**	**62.461**

Operational performance

The chart below shows the subdivision of the sales volume for the first three months of 2019 according to the sectors of activity of the Group, compared with the same subdivision for the same period last year

	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Medical	49.814	59,40%	41.706	59,96%	19,44%
Industrial	34.051	40,60%	27.846	40,04%	22,28%
Total revenue	**83.865**	**100,00%**	**69.552**	**100,00%**	**20,58%**

Growth was around 20% in both sectors and was faster in the industrial sector thanks to the rapid expansion of the Chinese market which showed an increase of 22,3%.

The chart below shows the sales volume for this quarter according to geographic distribution.

	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Italy	15.507	18,49%	13.382	19,24%	15,88%
Europe	16.508	19,68%	13.988	20,11%	18,02%
ROW	51.849	61,82%	42.182	60,65%	22,92%
Total revenue	**83.865**	**100,00%**	**69.552**	**100,00%**	**20,58%**

Growth was quite uniform in all geographical areas. In Italy the growth was not as significant as it was in other areas, particularly in the non-European countries, especially China and the United States.

For the medical and aesthetic systems sectors, which represent more than 60% of the sales of the Group, the results in the various segments are shown on the chart below.

	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Aesthetic	25.392	50,97%	21.945	52,62%	15,71%
Surgical	11.147	22,38%	9.399	22,54%	18,60%
Physiotherapy	2.671	5,36%	2.555	6,13%	4,54%
Others	217	0,44%	98	0,24%	120,88%
Total medical systems	**39.428**	**79,15%**	**33.998**	**81,52%**	**15,97%**
Medical service	10.385	20,85%	7.708	18,48%	34,74%
Total medical revenue	**49.814**	**100,00%**	**41.706**	**100,00%**	**19,44%**

The overall growth in the medical sector was close to 20%.

The best results were registered in the sales of after-sales service, merchandise and consumables where the volume of business increased by about 35%. This is a remarkable result which was made possible by the excellent trend of sales for all the types represented in this category: sales of creams and accessories in the aesthetic field, contracts for technical assistance, ordinary maintenance service for the systems already installed, upgrade of IPL systems and, lastly but by now the most important, mono- and multi-use optical fibers for urological applications.

The therapy sector maintains a growth rate and registers a continuity on the market in which our company, business unit and brand name, ASA, has been gradually but steadily expanding for years. In the second quarter of 2019 they began the move of ASA's manufacturing activities to its new headquarters which will soon be completed.

The surgical sector grew by almost 19% thanks mainly to the systems for urological applications, which are both low power (30 Watts) and high power (70 and 100 Watts) for lithotripsy and the treatment of benign hypertrophy of the prostate. In this sector, Quanta System has met with growing success and has increased their volume of production and

sales by collaborating with our partners who are market leaders in the sector of surgical devices and equipment and sell our systems under their own well known brand name and using their own distribution network. The exceptional growth in the urological field allowed the surgical sector to register an increase despite the fact that one of the leading products in the past few years, the Mona Lisa Touch, for the treatment of vaginal atrophy, again in this quarter, showed a reduction in sales volume. The effects of the FDA communication of July 2018 which unexpectedly cast doubt on the effectiveness and safety of our system, practically blocked all sales in the United States and reduced those in the rest of the world. Together with our partner for distribution in the United States, Cynosure, which is now a division of Hologic Inc. we are working on extensive clinical studies conducted in conformity with FDA requirements, which will be the basis for a mid-term relaunching of the application and the system in the USA and the rest of the world.

A new and significant increase in sales was also registered in the sector of aesthetics. Excellent results were achieved in the segment which is the most important for us, hair removal, in which Deka, Quanta System, Asclepion and Esthelogue were able to count on successful products to expand their sales volume. During this quarter, we completed the launching and start of current production of the new Mediostar by Asclepion, which, equipped with the high-performance Monolith hand-pieces, represents the point of reference for hair removal using diode lasers. This system does not diminish the standing of laser systems based on Alexandrite technology like the Thunder MT and the Motus, which are promoted, respectively, by Quanta System and Deka. Good results were also registered by the segment for laser systems for removing tattoos which, in oriental countries are used for anti-aging skin toning techniques. Continued success has also been achieved by the Onda *Coolwaves* system for body contouring and the treatment of cellulitis, whose further development will depend on our obtaining the necessary authorizations for sale on the most important markets. Last week we received this authorization from Anvisa for Brazil, one of the most interesting markets for this technology.

Judging from the start, 2019 will be the year for the recovery of our competitive position and profitability on the Japanese aesthetic market, thanks to new versions of systems dedicated to hair removal and a new system for body shaping which are obtaining excellent results which should comport an economic balance for the distribution on the Japanese market.

The chart below shows, for the sector of industrial applications, the breakdown of the sales volume by market segments.

	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Cutting	25.337	74,41%	20.825	74,79%	21,67%
Marking	4.160	12,22%	3.707	13,31%	12,21%
Laser sources	1.248	3,67%	914	3,28%	36,59%
Conservation	70	0,20%	137	0,49%	-49,04%
Total industrial systems	**30.815**	**90,50%**	**25.583**	**91,87%**	**20,45%**
Industrial service	3.236	9,50%	2.263	8,13%	42,99%
Total industrial revenue	**34.051**	**100,00%**	**27.846**	**100,00%**	**22,28%**

There was a leap forward in the sales volume in all the segments. Laser cutting represents three-fourths of our business in the industrial sector and it exceeded 20% in growth thanks mainly to China, our leading market, where growth was over 30%. In the rest of the world the positions were consolidated.
Laser cutting is now going through a phase of rapid and continual transformation in which the Group has been able to seize the opportunity offered by the increase in the average power, which is to say, productivity and the thickness of sheet metal that can be machined, and in this way was able to quickly acquire substantial new portions of the market. At the base of this success there is the capacity to optimize the management of the systems that have high-powered lasers installed on them and to make available to our clients highly productive instruments which replace the traditional production systems in an increasingly broad range of applicative segments and create new distribution networks that are able to handle the demand. The challenges that we have faced in the last few quarters are related to the sudden reduction of the prices for laser sources which, on one hand, offers new opportunities for growth by expanding the number of potential clients with the reduction of prices and, on the other, increasing the competition on a market which has become increasingly important and attractive.
As far as the Chinese market is concerned it should be noted that, after the decrease in the second half of 2018, which from the outside was seen as a warning signal for a decline in the economy, the market has now gone back to being very lively and continues to show the potential that made the Group decide to consolidate and re-enforce their presence in China by making significant investments in the production and distribution capacity and in research and development aimed at improving the applicative performance of our systems.

Growth was excellent also in the marking sector both on the market for identification systems in which Lasit of Torre Annunziata (NA) operates, as well as the market for decorations where the versatile galvanometric systems produced by Ot-Las of Calenzano predominates.
The results in the segment of laser sources were excellent and their entity, which reflects a particular phase of the market, may continue to grow, although to a lesser extent, for all of 2019.
It should be recalled that for all of the industrial sector 2019 will be the year in which new, expanded operating structures will actually become available. Cutlite Penta and Ot-las will move to their new, enlarged headquarters in Prato; Lasit will expand to the factory that is adjacent to the one they now occupy, the manufacture of industrial laser sources will be re-organized in Calenzano in the buildings previously occupied by Cutlite Penta; in Wenzhou a third factory will become available which will allow them to double their production capacity with respect to that that was available at the beginning of 2017.
The trend in the service sector, the revenue from technical assistance, after-sales assistance and spare parts and the sales of consumables for the RF sources was excellent, and both showed strong growth this quarter thanks to the significant number of plants that are installed.

In the field of restoration the sales volume was not particularly significant. We prefer to call attention to the results obtained by sustaining the work of recovery and conservation of our artistic heritage which are a source of great satisfaction for us and the driving force in our mission to facilitate the development of the Group in the area of social and environmental sustainability. Just yesterday we donated two sophisticated laser systems for restoration to the Uffizi Gallery and during the year we sustained the work of the volunteer group of the Angeli del Bello who, thanks to our technologies, have removed the graffiti from the walls of the Ponte Vecchio in Florence and the bell-tower of San Lorenzo Maggiore in Naples.

The following are comments on the Income Statement:

The gross margin was 33,2 million Euros, an increase of 12% with respect to the 29,6 million on March 31st 2018, thanks to the increase in the sales volume.
The gross margin on sales decreased from 42,7% in the first quarter of 2018 to 39,6% in the first quarter of 2019. Net of the component of other revenue, which in past years included government subsidies and research grants, the margin for the quarter was 39,1%, which is less than the 41,3% for the first quarter of 2018 but greater than the 38,1% for the year 2018. In this quarter, therefore, we have seen a recovery of the margins with respect to the conditions which, due to a less favorable mix of sales, especially in the medical sector, had gradually reduced the margins during last year.

The costs for operating services and charges were 9,9 million Euros showing an increase of 2,3% with respect to the 9,6 million registered on March 31st 2018. The incidence on the sales volume decreased from 13,9% to 11,8% in the first quarter of 2019. About 0,5 million in operating costs in the first quarter of 2019 were reclassified as depreciations in compliance with accounting standard IFRS 16.

Staff costs amounted to 15,7 million Euros, showing an increase of 15,3% with respect to the 13,6 million for the same period last year, with an incidence on the sales volume which registered a decrease from 19,6% on March 31st 2018 to 18,7% on March 31st 2019.

As of March 31st 2019 there were 1.413 employees in the Group, an increase with respect to the 1.368 on December 31st 2018. Most of the new employees were hired by the Chinese subsidiary Penta Laser Equipment (Wenzhou), which is now in a phase of rapid growth.
A large portion of the personnel expenses is directed towards research and development costs, for which the Group receives grants and reimbursements in relation to specific contracts underwritten by the institutions created for this purpose. On account of the stock options/stock based compensation for employees and collaborators, the income statement includes among the staff costs the figurative cost calculated for the stock option plans: for the first quarter, the overall costs were 143 thousand Euros with respect to the 173 thousand Euros booked during the same period last year.

Consequently, the EBITDA amounted to 7,7 million, an increase of 19,5% with respect to the 6,4 million Euros registered on March 31st 2018.

The incidence of the EBITDA on the sales volume remained unchanged at 9,2% , as registered on March 31st 2018.

The costs for amortizations, depreciations and accruals showed an increase and rose from 1,1 million on March 31st 2018 to 2,0 million on March 31st 2019 with an incidence on the sales volume which increased from 1,6% to 2,3%.
The increase is due to both the rise in the number of accruals for bad debts as well as the effect of the significant investments in fixed assets which had already started last year and also to the consequences of the adoption of accounting standard IFRS 16, which has already been described in detail in the explanatory Notes of the consolidated financial

statement on December 31st 2018, so that increased amortizations for an amount of about 0,5 million Euros were registered with the consequent decrease in operating costs, in particular the costs for leases and rentals.

The EBIT therefore amounted to 5,7 million Euros, which is an increase with respect to the 5,3 million Euros registered on March 31st 2018. The incidence on the sales volume was 6,8% and is a decrease with respect to the 7,7% for the same period last year.

The financial income amounted to 783 thousand Euros with respect to the financial charges of 758 thousand Euros shown for the same period last year. The 180 degree reversal in the exchange rates during the two periods determined the difference in the results: the Euro was stronger in relation to the main currencies in 2019 and, on the contrary, was weaker, especially in relation to the US dollar, in 2018.

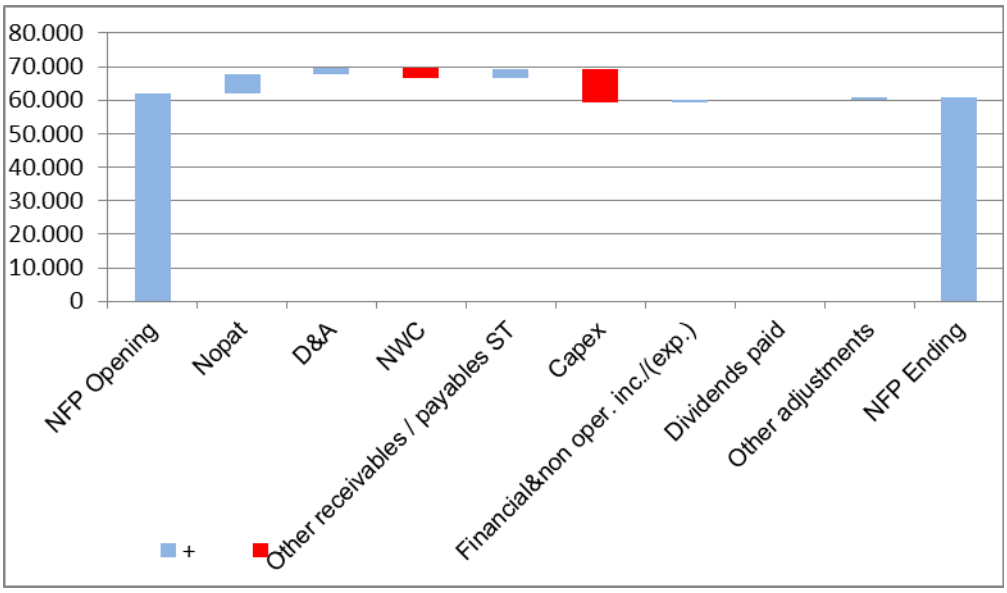
The income before taxes amounted to 6,4 million Euros, much greater than the 4,6 million Euros registered on March 31st 2018.

Financial position and investments

Comments on the net financial position

The net financial position of the Group decreased during this quarter by 1,4 million with respect to the end of 2018.
It should be noted that, starting on January 1st 2019, due to the adoption of accounting standard IFRS 16, financial debts also include the quota of residual debt related to operating leases and rentals which are now entered into accounts using the procedure which had already been adopted with IAS 17. The impact caused by this adoption amounts to about 4,5 million Euros, of which 1,4 entered among the current debts and 3,1 among the non-current debts.
Therefore, applying the same accounting standards, the net financial position has improved by 3,1 million in this quarter, thanks to the contribution of the operating revenue and the reduction of net working capital and despite the investments in technical fixed assets amounting to 4,5 million, as described in detail in the following paragraph.

The graph below shows the determining factors in the variations of the net financial position (data expressed in thousands of Euros).



It should also be recalled that 11,5 million Euros in cash has been invested in financial instruments of an insurance type which, because of their particular characteristics, must be entered among the non-current financial assets; even though they represent a use of cash this amount is not part of the net financial position. At the end of this quarter the fair value of the investment was 12,3 million Euros.

Gross investments made this quarter

The chart below show the gross investments made during this quarter.

	31/03/2019	31/03/2018
Intangible assets	128	61
Tangible assets	4.521	6.947
Financial fixed assets		1
Total	4.649	7.008

The investment plan aimed at the enlargement of the operating structures of the Group has continued, although at a slower pace than it was in early 2018. The investments for the factories this quarter amount to about 3,5 million, 3 million of which for new structures and 0,5 for pre-existing structures.

Research and Development activities

During the first quarter of 2019 we continued our intense activity of Research and Development for the purpose of creating new applications for lasers and for other light sources, both in the medical sector and the industrial sector (which includes applications for the restoration of works of art) and to place on the market products that are innovative because of the performance of the devices and/or the technologies that are used.

In general, for highly technological products in particular, the global market requires that the competition be met by rapidly and continually placing on the market completely new products and innovative versions of old products with new applications or improved performance which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid- to long-term schedules.
In our laboratories we conduct research on new or unsolved problems in medicine and industry and we try to find solutions on the basis of the experience and know-how that we have developed on the interaction between laser light and biological and inert materials. As far as laser lights are concerned, we develop the sources on one hand by making a selection of its spectral content, the methods for generating it and the optimal level of power and, on the other hand, we program its management over time in relation to the laws governing its disbursement and in space as far as the shape and movement of the light beam is concerned.

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

Research which is dedicated to achieving results according to a short-term schedule is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and performance specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification. This mechanism concerns the sector of laser light applications to medicine but also to industry and to the conservation of our cultural and artistic heritage.

The research which is conducted is mainly applied and is basic for some specific subjects generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries.

The El.En. Group is currently one of the few companies in the world that produces such a vast range of laser sources, in terms of the different type of active agent (liquid, solid, semiconductor and gas mixture) with different wave lengths, various power versions and, in some cases, using various manufacturing technologies. Consequently, research and development activity has been directed to many different systems and subsystems and accessories. Without going into excessive detail, a description of the numerous sectors in which the research activities of the Parent Company and some of the subsidiary companies have been involved is given below.

Systems and applications for lasers in medicine

The Parent Company **El.En.**, in collaboration with **DEKA** and, more recently, **Quanta System**, have been active conducting research on biological samples and cell cultures in the laboratory and clinical experiments for applications in the surgical field of devices and sub-systems based on the use of electro-magnetic energy. There are numerous applications in the fields of general surgery, otolaryngology, aesthetic medicine, gynecology, dermatology and skin ulcers.

An application that is extremely important and has already obtained considerable commercial success, is related to urogynecoloy with the Mona Lisa Touch treatment to reduce the effects of the atrophy of the vaginal mucous. The atrophy of the vaginal mucous is a widespread and debilitating condition with interaction with other pathologies and afflicts a high percentage of women in menopause or younger women affected by tumors for which, in order to avoid a re-occurrence, they have used therapies which affect the hormonal balance and cause a kind of premature menopause.

Clinical studies are still being conducted in prestigious centers, in USA and in Italy, and have confirmed that the laser treatment is effective, safe, and without negative collateral effects; further research is in progress to broaden our knowledge about the activating mechanisms in order to develop new applications. We are convinced that this is an extremely important innovation for medicine which will always remain among the basic requirements for the specific therapy. It is our precise intention to remain at the top of the global development of this new therapeutic sector and we will direct and re-enforce the scientific and technological developments in order to maintain and strengthen our position as leaders in the field, in particular now, after the vicissitudes in which the American FDA took a position concerning the methods of distribution of the product in the USA in such a way as to seriously compromise the sales of the product starting in July 2018.

Moreover, we are now receiving confirmation of the exceptional results obtained with the treatment of diabetic feet at several different centers where they have installed CO_2 lasers of the SMARTXIDE Quadro family. In this sector we have introduced the possibility of using laser light for the debridement, that is, the removal of the necrotic tissue which prevents the healing of the ulcers. The treatment of chronic ulcers using lasers is based on the characteristics which we have designed, which are essential in the cleaning phase of the sores in order to reduce the presence of bacteria in the ulcer and greatly reduce the pain suffered by the patient, but also for the bio-stimulation capacity which is activated by the laser light, and which we consider our “cultural heritage” since it is the result of the lengthy research and numerous experiments which we have conducted over the years.

We have concluded the development of the Luxea platform, a complete device for various applications in aesthetic medicine; The device contains the main laser sources used for the various applications. The level of integration and management have been particularly appreciated by the first experimenters. CE certification and certification for non-European countries have been obtained and we have initiated the procedure for obtaining FDA clearance.

For the regeneration of biological tissues we had originally coined the acronym HILT, High Intensity Laser Therapy, which characterized the specific line of our laser products which was assigned to our subsidiary ASA for global distribution; we have recently concluded the development of the new Hiro TT system, the first example of a new approach for the dynamic management of the temperature of the skin and multi-level control of the interface which makes use of advanced graphics, with state-of-the-art LCD capacitors. Sales of the system continue in 2019 with considerable success. We have deposited the request for a European patent.

As part of the FOMEMI Project, (Sensors and instruments with FOtonic technology for minimally invasive Medicine) *Toscana bando unico R&S 2014,* European funds*:* POR FESR 2014-2020**.** Bandi RSI Bando 1. Strategic projects for research and development with El.En. as project leader, which has recently been authorized for financing, we have developed a system for high resolution vision with automatic zoom which will make it possible to obtain films and photographs during the treatment of ulcers. From these images, through the elaboration of the data during the evolution of the wound after the treatments, we will be able to obtain the measurements of the area of the lesion and the segmentation, also in interactive form with the operator, in order to define the regions occupied by the various components that are present and are typical of this pathology.
Moreover, we are now conducting research on a new static illuminator for laser bio-stimulation in collaboration with another technological partner in the FOMEMI project research group. For this project we are also collaborating with a different partner for feasibility studies for a special ergonomic bed to be used during treatment of patients affected by skin ulcers in order to reduce fatigue in both the doctor and the patient during the therapeutic session.

We have continued to gather data for the clinical evaluation of the results and successfully begun sale of an innovative system for “Body Shaping”(reduction of the adipose layer in various parts of the body and already in the first session of treatment there is a noticeable decrease in the “orange peel effect” of the skin caused by cellulitis), We have called the system Onda, based on the use of a form of microwave electro-magnetic energy that is able to reduce the adipocites. The

device is equipped with innovative applicators which have an intrinsic safety feature which prevents the emission of energy when they are not in contact with the skin. The special method of emission has received recognition for PTC patentability.

We have continued the study of a new instrument system for acquiring position and motion data used to guide the operator in the maneuvering of the applicators in order to guarantee the greatest uniformity of treatment in the area involved.
We have concluded work on the development of systems with wave guide coupling for CO_2 lasers for surgical applications and we have started procedures necessary for obtaining CE certification and FDA clearance. The experimental activity is intended to determine the best launching conditions for the laser beam in the hollow wave guide in order to minimize dispersion during transmission.
In collaboration with Quanta System SpA we have completed the development of a real time system for monitoring the skin temperature during the pre-cooling process preceding laser treatments of the skin which will be used for safely managing energy-based treatments.

In the PHOTOBIOLAB created at El.En. for research on the interaction between light and biological tissue, we have conducted experiments on new medical applications in the fields of urologic medicine, results of which are used mainly for the development of DEKA products as well as for the other companies of the Group.
We have applied for new patents at the Italian and some foreign patent offices.

At DEKA they have completed research on the use of lasers for stimulating nano-particles, in collaboration with various partners including Colorobbia (Bitossi Group) which is active in the development and manufacture of nano-particles; this activity is part of the INSIDE project ("*svIluppo di targeting diagNostici e teranoStici basati su nanosIstemi e/o linfociti ingegnerizzati per l'indiviDuazione precoce e il trattamento del mElanoma e della sclerosi multipla*") (Regione Toscana – POR FESR 2014-2020, Bando 1: Strategic Research and Development Projects). As part of this project they have completed the development of a system of induction heating with radio frequency with nano-particles of iron oxide for medical applications and they are now conducting laboratory experiments; the generator is equipped with a electro-magnetic radiation system with a butterfly structure which made it possible to achieve a good level of efficiency.

Moreover, they have continued the development of a system for using a laser to excite nano-particles of gold for use in the diagnosis and therapy of skin tumors (melanomas). As part of this project they have designed and built a laser light system of illumination with our Q-switch source which we developed. The laser illumination system consists of a double bundle of fibers to be integrated into an ultra-sound probe. The system has the purpose of acquiring images from ultrasonic waves emitted by nano-particles of gold after exciting the plasmonic resonance using laser impulses of very brief duration on an appropriate wave length. The particles are destined to be injected and brought inside the lesions in the soft tissues by antibodies designed to adhere selectively to the cancerous cells.

In collaboration with Elesta we are now in the final phase of development of a device for the treatment of tissue with cancerous lesions inside organs with the emission of energy with a diffusive structure fed by optical fiber laser light inserted through the skin by means of an innovative tip for which an international patent has been requested.

At **Quanta System** they are conducting intense research on the development of laser instruments intended for aesthetic medicine and medical therapies in urology. As part of this project they have developed a prototype for a new single-use morcellator for use in urology and which can be released on the market as soon as the necessary authorizations have been obtained.
Now that we have obtained the CE Medical brand and FDA clearance, the 100W holmium laser for BPH applications and for enucleation of the prostate will complete our range of holmium lasers for applications in urology which already includes the 30W model for lithotripsy and the 60W model for lithotripsy and enucleation.

In the field of lithotripsy, for the holmium laser they have developed the technique based on the so-called vapor tunnel effect which offers considerable advantages for the stabilization and effectiveness of the shattering of the stones in the upper excretion tubes.
They have continued experiments on innovative applications in the field of gastroenterology. The evaluation of the effects of the Thulium Laser on the gastric mucous which was undertaken in 2015 gave positive results which made it possible to move on to the study phase on animal models and application on humans.

At **Asclepion** they have continued an updating strategy of all the systems: a new philosophy of user interface, new electronics and new design.
They have developed an automatic recognition system for blood vessels for vascular treatments using a camera, and started experimentation.

They have started standard production of the new model of the Mediostar laser system for hair removal which has substantial technical and aesthetic innovations. Presentation of the new model took place in Rome during the Convention which hosted hundreds of Esthelogue clients and selected international Asclepion clients. They have started development for the integration of other modules for Mediostar and the relative clinical trials.
On the holmium Multipulse Ho 140 laser we are now conducting development and experimentation of innovative solutions to satisfy the market demand for the treatment of kidney stones.
New versions of morcellators have been completed for the requirements of innovation and adaptation to the regulations in some geographical areas.
For the dermatology field, they have completed a new product called Quadrostar for the treatment of psoriasis and vitiligo.

Laser systems and applications for industry

At **El.En.** they have continued experimentation with a sealed 300W CO_2 source based on a new concept.
They have continued the verification experiments on space filters for the shaping of the beam for high-powered sources in the production range. They have continued with the designing of a new z-dynamic with higher dynamic and thermal performance and they have implemented the XY2-100 interface on our scansion heads so that they can be piloted even by third persons and they have worked on the software to increase the elaboration performance of on-the-fly processing variable data.

They have continued experimentation on the first examples of the Blade RF1222 source.
They have continued the development of the emission characteristics of the Blade RF888 source for use in the marking of textiles.
Two new models of laser sources have been added to the catalogue: Blade RF899 as a derivation of the Blade RF888 with a mirror beam path, and Blade RF333 SH derived from Blade RF333 with a shutter with safety functions.

At **Cutlite Penta** they have continued experimentation on a new line of machines that were made last year and, continued the development of cutting heads for laser fibers, introduced methods of control, and continued their close collaboration with Penta Chutian Wuhan and Penta Laser Wenzhou.

In the field of machinery for metal cutting, the new optical, mechanical fluido-dynamic and sensoristic developments of our EVO2 cutting heads made it possible to introduce levels of laser power over 10kw into the range of products.

The constant and considerable efforts directed to the development of software made it possible to fully exploit the potential derived from the high-powers used with significant increases in the performance in terms of productivity and quality and the creation of innovative machinery for bevel cutting 2D and 3D which will be used to create a new line of application for cutting with fiber lasers.
For the range of CO_2 machinery dedicated to cutting plastic materials, they have developed both machines which integrate into the same process flat cutting and the galvanometric scansion technology as well as combined hybrid machines equipped with a double CO_2 and fiber source, both of which are avant-guard solutions which offer the client an extreme flexibility of operation.
They have also continued the development and amplification of a range of machines for making American dies, a field in which Cutlite Penta has always been a world leader.
At Penta Laser Wenzhou they have completed development of a system for cutting metal pipes.

At **Ot-las** they have developed innovative solutions for making micro-pierced sound-proofing panels in large sizes and completed development of the scansion systems on the arms of anthropomorphic robots making OEM assemblies which were used for cutting refrigerator cells. They also integrated on their machines the new source, El.En's CO_2 RF1222 by developing special scansion optical. Moreover, they have continued their research and optimization of processes in the field of leather, textiles and shoes with the consequent improvements in performance and production flexibility.

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

Thousands of Euros	**31/03/2019**	**31/03/2018**
Staff costs and general expenses	2.685	2.179
Equipment	84	41
Costs for testing and prototypes	975	492
Consultancy fees	140	76
Other services	20	12
Intangible assets	7	-
Total	**3.912**	**2.800**

Following the usual company policy, the expense shown in the chart have mostly been entered in the operating costs.

The amount of expenses sustained which greatly increased this quarter, corresponds to about 5% of the consolidated sales volume of the Group. The expenses are mostly sustained by El.En. S.p.A., and amount to 7% of its sales volume.

The companies which have increased the most their expenses for research and development with respect to the first quarter of 2018 were Penta Laser Wenzhou, which is now involved in projects for new systems and integration of high-powered laser sources in systems for cutting sheet metal and pipes and welding systems and Asclepion, which has completed the development of Mediostar with Monolith and is now completing the development of two important systems for surgery and for aesthetics.

Trend of El.En. stock

The graph below shows the performance of the stock:

Other information

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

Significant events which occurred during this quarter

On January 17th 2019 the Shareholders' meeting of El.En. SpA in an ordinary meeting proceeded to authorize the sale of treasury stock on the conditions proposed by the Board of Directors, in compliance with articles 2357 e 2357-*ter* cc. The purchase of treasury stock may be made for the following eventual, concurrent or alternative reasons: as an investment, to stabilize the stock in situations in which there is a scarcity of cash on the stock market, for assignment or distribution to employees and/or collaborators and/or members of the administrating or controlling bodies of the Company or its subsidiaries, for exchanges of equities as part of or on the occasion of operations of a strategic nature. The reasons which are described must be pursued with plans and operations for purchase and selling and/or operations conducted in compliance with the terms and regulations set forth in *Regolamento* UE 596/2014 ("MAR") and with the normal market practice approved by the CONSOB. The authorization has been granted for the purchase, within 18 months of the date of the resolution, in one or more installments, of a maximum number of ordinary shares of the Company, the only category of shares presently issued, which, in any case, may not be more than one fifth of the capital stock. On the date of the resolution, 20% of the capital underwritten and deposited by El.En. was equal to. 3.859.494 shares with a nominal value of 501.734,22 Euros. The purchase of treasury stock must take place respecting the equality of the shareholders in compliance with art. 132 T.U.F. and art. 144-bis *Regolamento Emittenti*. Consequently the administrators may purchase them at the following concurrent and /or alterative conditions where applicable and which will be determined at the moment of each single operation, by means of a public offering for purchase or exchange; on the regular market, with the conditions established by the market practice approved by the CONSOB in compliance with article 13 MAR; at the conditions indicated by art. 5 MAR. The purchase may take place at a price which is not at the minimum less than the nominal value of 0,13 Euros per share and, at the most, greater than 10% more than the official trading price registered on the day preceding the purchase. Moreover, the stock may be sold within ten years of the date of the resolution at a price, or equivalent amount in the case of Company operations, which is not less than 95% of the average official price of the trading registered on the five days preceding the sale. Both the purchases and the sales of treasury stock must take place respecting the present European, delegated and domestic regulations.

Subsequent events

The shareholders' meeting of the parent company El.En. S.p.A., which met today approved the financial statement related to the year 2018 and took the following resolutions:

- to distribute all of the net income to the shareholders;
- to distribute to the shares in circulation on the date that coupon no. 3 comes due on May 27th 2019 – in compliance with art. 2357-ter, second sub-section of the Civil Code – a dividend of 0,40 Euros (zero point forty) gross per share for each share in circulation for an overall amount as of today of Euros 7.718.988,80 assigning the entire net income for the year in the amount of 2.814.039,00 and using for the residual amount of Euros 4.904.949,80 the net income nwhich were not distributed in the preceding years and were accrued in the voluntary reserve called "extraordinary reserve";
- to accrue, where possible, in a special reserve of retained earnings, the residual dividend destined for any treasury stock which may be held by the company on the date that the coupon comes due.

The shareholders' meeting also voted to approve the report on remuneration including the incentive remuneration ex art. 123-*ter* T.U.F. as well as the appointment of the Board of Auditors and the President for the three-year period 2019-2021 and the determining of the relative remuneration.

Current outlook

The favorable start of this year allows us to confirm the guidance for 2019; we trust that we will be able to improve the EBIT for 2018 and achieve a growth in sales volume of over 10%.

For the Board of Directors

The managing director
Ing. Andrea Cangioli

Appendix "A": List of consolidated companies as of March 31st 2019

Subsidiary companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Parent company					
El.En. S.p.A.	Calenzano (ITA)				
Subsidiary compagnie					
Ot-Las S.r.l.	Calenzano (ITA)	96,65%		96,65%	96,65%
Cutlite Penta S.r.l	Calenzano (ITA)		100,00%	100,00%	96,65%
Deka Mela S.r.l.	Calenzano (ITA)	85,00%		85,00%	85,00%
Esthelogue S.r.l.	Calenzano (ITA)	50,00%	50,00%	100,00%	100,00%
Deka Sarl	Lione (FRA)	100,00%		100,00%	100,00%
Lasit S.p.A.	Torre Annunziata (ITA)	70,00%		70,00%	70,00%
Quanta System S.p.A.	Milano (ITA)	100,00%		100,00%	100,00%
Asclepion GmbH	Jena (GER)	50,00%	50,00%	100,00%	100,00%
ASA S.r.l.	Arcugnano (ITA)		60,00%	60,00%	51,00%
BRCT Inc.	New York (USA)	100,00%		100,00%	100,00%
With Us Co., Ltd	Tokyo (JAP)		78,85%	78,85%	78,85%
Deka Japan Co., Ltd	Tokyo (JAP)	55,00%		55,00%	55,00%
Penta-Chutian Laser (Wuhan) Co., Ltd	Wuhan (CHINA)		55,00%	55,00%	53,16%
Penta-Laser Equipment Wenzhou Co., Ltd	Wenzhou (CHINA)		53,53%	53,53%	51,74%
Cutlite do Brasil Ltda	Blumenau (BRASIL)	98,27%		98,27%	98,27%
Pharmonia S.r.l.	Calenzano (ITA)	100,00%		100,00%	100,00%
Deka Medical Inc.	San Francisco (USA)		100,00%	100,00%	100,00%
Penta Laser Europe S.r.l.	Calenzano (ITA)		100,00%	100,00%	51,74%
Merit Due S.r.l.	Calenzano (ITA)		100,00%	100,00%	96,65%

Associated companies

Company name	Headquarters	Percentage held			Consolidated percentage
		Direct	Indirect	Total	
Immobiliare Del.Co. S.r.l.	Solbiate Olona (ITA)	30,00%		30,00%	30,00%
Actis S.r.l.	Calenzano (ITA)	12,00%		12,00%	12,00%
Elesta S.r.l.	Calenzano (ITA)	50,00%		50,00%	50,00%
Chutian (Tiajin) Laser Technologies Co.,Ltd	Tianjin (CHINA)		41,00%	41,00%	21,79%
Quanta Aesthetic Lasers Usa, LLC	Englewood (USA)		19,50%	19,50%	19,50%
Accure LLC	Delaware (USA)		39,44%	39,44%	39,44%

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

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

Calenzano, May 15th 2019

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