

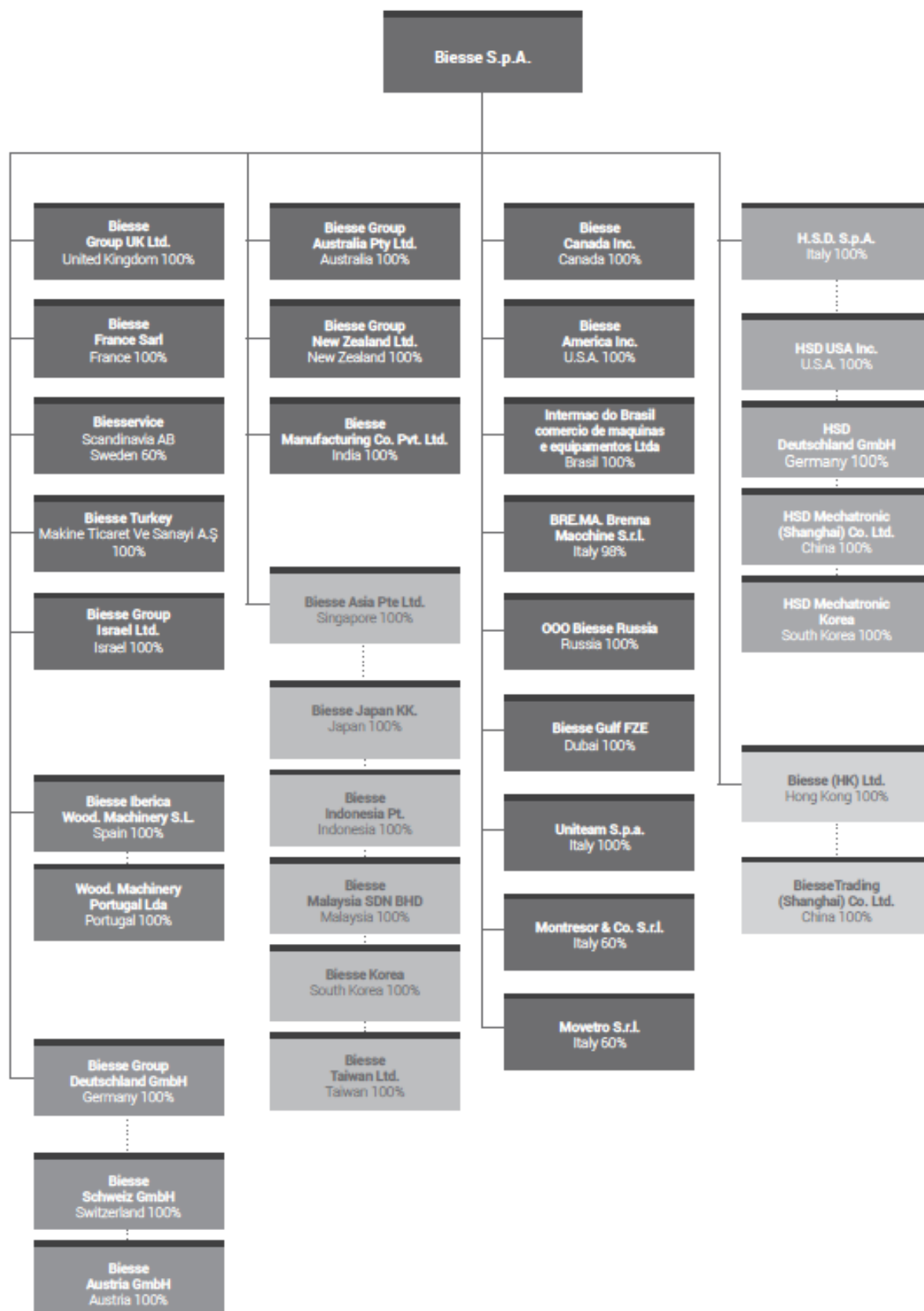


**QUARTERLY
REPORT
ON OPERATIONS
AS AT 30 SEPTEMBER 2021**

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GROUP STRUCTURE



Note: the different colours represent the subgroups of the control chain

GROUP PROFILE

The Biesse Group is a leading multinational in the processing of wood, glass, stone, plastic and metal. It designs, makes and distributes machinery, integrated systems and software for manufacturers of furnishings, windows and doors, building components, boats and planes. It spends around 7% of annual turnover in research and development and has filed over 200 patents. It operates through 35 branches, 300 select agents and resellers and exports around 85% of its production. Among its customers are the most prestigious brands in Italian and international design. It was founded in Pesaro in 1969 by Giancarlo Selci and since June 2001 it has been listed in the STAR segment managed by Borsa Italiana. It now has more than 4,000 employees distributed across the main production and distribution sites located in Pesaro, Gradara, Padua, Villafranca (province of Verona), Thiene (province of Vicenza), Alzate Brianza (province of Como), Bangalore and the branches/representative offices in Europe, North America, Latin America, Middle and Far East Asia, and Oceania.

INTRODUCTION

The Biesse Group's consolidated quarterly report as at 30 September 2021, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

- Accounting standards and recognition criteria are consistent with those of the Financial Statements as at 31 December 2020, to which reference should be made. Furthermore, it should be noted that:
- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30/09/2021, adjusted, where necessary, to align them with the Group's accounting policies.

Compared with the financial statements for the year ended 31 December 2020, the consolidation scope changed following the establishment of the new commercial branch, Biesse Japan KK, which is a subsidiary of Biesse Asia Pte Ltd and operates in marketing and post-sales assistance for the Group's machinery. In addition, in April 2021 the Group sold the equity investment in Dongguan Korex Machinery Co. Ltd. In April, the subsidiary Biesse Group Israel Ltd (currently not operational) was incorporated. Finally, the merger of the subsidiaries Viet Italia S.r.l. and Bsoft S.r.l. into the Parent Biesse S.p.A. was completed on 30 June 2021.

ALTERNATIVE PERFORMANCE INDICATORS

Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to enable a better assessment of the Group's performance. The criterion applied by the Group to set these indicators might not be the same as that adopted by other groups and the indicators might not be comparable with those set by the latter. These performance indicators, which were set in compliance with the Guidelines on performance indicators issued by ESMA/2015/1415 and adopted by CONSOB with its communication no. 92543 of 3 December 2015, refer only to performance in the accounting period covered by this Quarterly Report on Operations and the periods used for comparison.

The performance indicators must be considered as complementary and do not replace of the information prepared in accordance with the IFRS. Hereafter is a description of the main indicators adopted.

- Value Added: this indicator is defined as the Profit (Loss) for the period before income taxes, finance income

and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions for risks and charges, costs and revenues arising from transactions that are considered by Management as non-recurring relative to the Group's ordinary operations, as well as personnel expense.

- Adjusted EBITDA (*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted*): this indicator is defined as the Profit (Loss) for the period before income taxes, finance income and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions for risks and charges, as well as costs and revenues arising from transactions that are considered by Management as non-recurring relative to the Group's ordinary operations.
- Adjusted EBIT (*Adjusted Earnings Before Interest and Taxes*): this indicator is defined as the Profit (Loss) for the period before income taxes, finance income and expense, exchange rate gains and losses, impairment losses on fixed assets, as well as costs and revenues arising from transactions that are considered by Management as non-recurring relative to the Group's ordinary operations.
- Net Operating Working Capital: this indicator is calculated as the total of Inventories, Trade receivables and Contract assets, net of Trade payables and Contract liabilities.
- Net Working Capital: this indicator is calculated as the total of Net Operating Working Capital and other Current Assets and Liabilities including Provisions for short-term risks and charges.
- Net Invested Capital: this indicator represents the total of Current and Non-Current Assets, excluding financial assets, net of Current and Non-Current Liabilities, excluding financial liabilities.
- NFP (Net Financial Position): this indicator is calculated in accordance with Esma's Statement of 4 March 2021 concerning the new net financial position format that became effective on 5 May 2021.

COMPOSITION OF CORPORATE BODIES

Board of Directors

Chairman	Giancarlo Selci
Chief Executive Officer	Roberto Selci
Co-Chief Executive Officer	Massimo Potenza
Non-Executive Director	Alessandra Baronciani
Lead Independent Director	Rossella Schiavini
Independent Director	Ferruccio Borsani
Independent Director	Federica Ricceri

Board of Statutory Auditors

Chairman	Paolo De Mitri
Standing Statutory Auditor	Giovanni Ciurlo
Standing Statutory Auditor	Enrica Perusia
Alternate Statutory Auditor	Silvia Muzi
Alternate Statutory Auditor	Maurizio Gennari

Control and Risks Committee – Remuneration Committee

Federica Ricceri
Rossella Schiavini

Related-Party Transactions Committee

Ferruccio Borsani
Rossella Schiavini

Independent Auditors

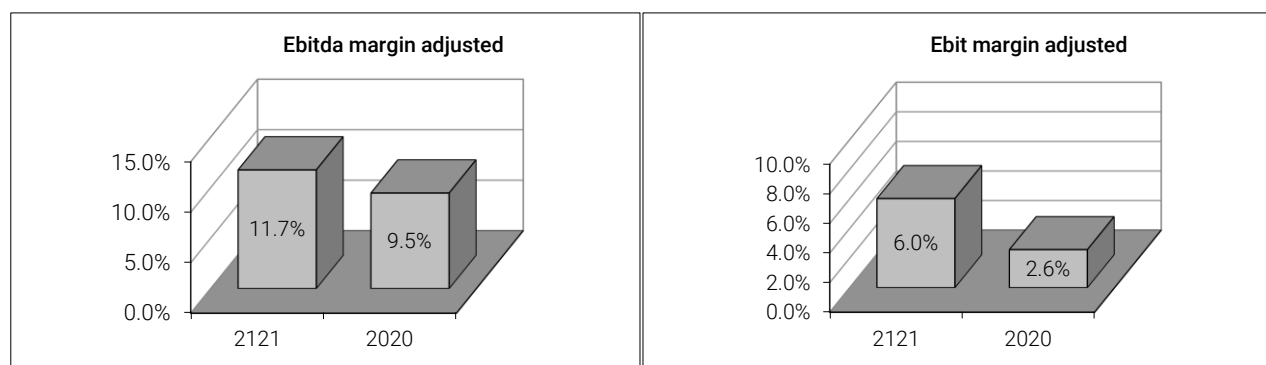
Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

Income Statement

	30 September 2021	% on sales	30 September 2020	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	526,993	100.0%	396,430	100.0%	32.9%
Normalised Added value (1)	232,329	44.1%	173,640	43.8%	33.8%
Normalised EBITDA (Normalised gross operating profit) (1)	61,895	11.7%	37,478	9.5%	65.1%
Normalised EBIT (Normalised operating profit) (1)	31,731	6.0%	10,186	2.6%	-
EBIT (Operating profit) (1)	44,551	8.5%	8,245	2.1%	-
Profit/Loss for the period	35,384	6.7%	3,730	0.9%	-

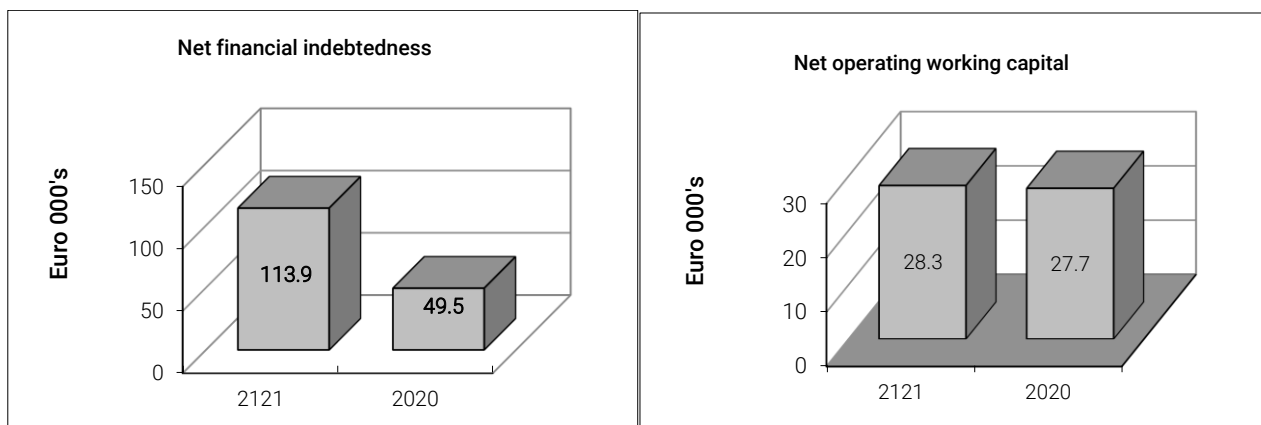
(1) The criteria for determining amounts relating to interim results and aggregate equity and financial figures are described in the Directors' Report on Operations



Statement of Financial Position

	30 September 2021	31 December 2020
<i>Euro 000's</i>		
Net invested capital (1)	136,624	165,270
Equity	250,504	214,812
Net financial position (1)	113,880	49,543
Net operating working capital (1)	28,250	27,744
Fixed asset/standing capital ratio	1.40	1.08
Order in take	290,909	212,142

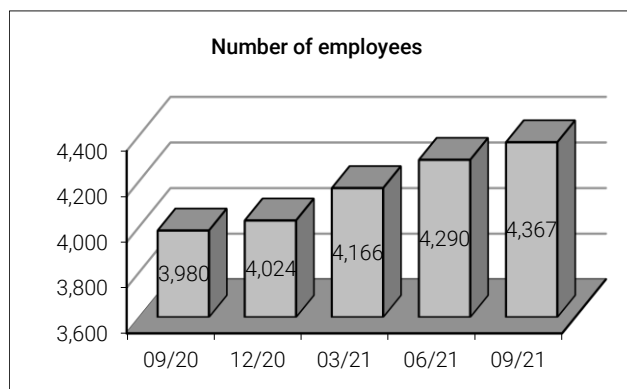
(1) The criteria for determining amounts relating to interim results and aggregate equity and financial figures are described in the Directors' Report on Operations



Personnel

	30 September 2021	30 September 2020
Number of employees at period end	4,367	3,980

The figures include temporary staff



DIRECTORS' REPORT ON OPERATIONS

GENERAL ECONOMIC OVERVIEW

The baseline scenario

The recovery in global economic activity continues, although persisting supply bottlenecks and the spread of the more contagious Delta variant of the coronavirus (COVID-19) cast a shadow over the near-term growth prospects. Recent surveys signal some easing in the growth momentum, particularly among emerging market economies. Compared with the previous projections, the growth outlook for the global economy in the September 2021 ECB staff macroeconomic projections has been slightly revised upwards, especially in 2022. Global real GDP growth (excluding the euro area) is projected to increase to 6.3% this year, before slowing to 4.5% in 2022 and 3.7% in 2023. Euro area foreign demand has been revised upwards compared with the previous projections. It is projected to expand by 9.2% this year and by 5.5% and 3.7% in 2022 and 2023 respectively. This mainly reflects the fact that global imports were stronger at the start of 2021 than previously projected, as well as the greater procyclicality of trade during an economic recovery. The export prices of euro area competitors have been revised upwards for this year amid higher commodity prices and stronger demand. Risks to the baseline projections for the global economy relate mainly to the future course of the pandemic. Other risks to the global outlook are judged to be tilted to the downside for global growth and to the upside for global inflation.

Global economic activity and trade

Global economic activity slowed in the first half of 2021 amid rising COVID-19 infections, uneven vaccination progress and the adoption of restrictive measures. Across advanced economies rising new infections led to a tightening of restrictive measures in early 2021. In late spring, a rapid vaccination roll-out allowed some key economies to gradually reopen, thus bringing some relief to the world economy. At the same time, however, the pandemic worsened in emerging market economies, where progress with vaccinations has been slower. As a result, global real GDP growth (excluding the euro area) slowed to 0.8% in the first quarter of the year and to an estimated 0.6% in the second quarter, after 2.5% in the last quarter of 2020. In comparison with the June 2021 Eurosystem staff macroeconomic projections, activity in the second quarter is estimated to have been broadly in line with the projections in emerging market economies but weaker in advanced economies as growth in the United States was less dynamic than projected. Survey indicators suggest a moderation in the pace of the recovery in global economic activity, particularly among emerging market economies, amid persisting supply bottlenecks. In August the global composite output Purchasing Managers' Index (PMI) decreased for the third consecutive month, falling to 51.3 from 54.9 in July. While the index remains in expansionary territory, it shows some easing in growth compared with the second quarter. The composite output PMI declined for both advanced and emerging market economies, and for the latter it fell below the expansionary threshold for the first time since June 2020 (to 49.3 from 52.0 in July). Across components, the services output PMI dropped sharply from its peak of 60.5 in May to 51.5, falling particularly for advanced economies. The manufacturing PMI also declined, falling below the expansionary threshold for emerging market economies although remaining slightly above that threshold overall (50.7, down from 53.2). While the global economy continues to face a two-track recovery, with advanced economies recovering at a faster speed than emerging market economies, the recent PMIs point to a narrowing in the divergence between the two regions, and also between sectors.

Area Euro

The euro area economy rebounded by 2.2% in the second quarter of the year, which was more than expected, and is on track for strong growth in the third quarter. The recovery builds on the success of the vaccination campaigns in Europe, which have allowed a significant reopening of the economy. With the lifting of restrictions, the services sector is benefiting from people returning to shops and restaurants and from the rebound in travel and tourism. Manufacturing is performing strongly, even though production continues to be held back by shortages of materials and equipment. The spread of the Delta variant has so far not required lockdown measures to be reimposed. But it could slow the recovery in global trade and the full reopening of the economy. Consumer spending is increasing, although consumers remain somewhat cautious in the light of the pandemic developments. The labour market is also improving rapidly, which holds out the prospect of higher incomes and greater spending. Unemployment is declining and the number of people in job

retention schemes has fallen by about 28 million from the peak last year. The recovery in domestic and global demand is further boosting optimism among firms, which is supporting business investment. At the same time, there remains some way to go before the damage to the economy caused by the pandemic is overcome. There are still more than two million fewer people employed than before the pandemic, especially among the younger and lower skilled. The number of workers in job retention schemes also remains substantial. Euro area inflation increased to 3.0% in August. Inflation is expected to rise further this autumn, but to decline next year. The current increase in inflation is expected to be largely temporary, mainly reflecting the strong increase in oil prices since around the middle of last year, the reversal of the temporary VAT reduction in Germany, delayed summer sales in 2020 and cost pressures that stem from temporary shortages of materials and equipment. In the course of 2022 these factors should ease or will fall out of the year-on-year inflation calculation. Underlying inflation pressures have edged up.

United States

In the United States, the economy is projected to grow amid strong policy support and the gradual dissipation of supply constraints, though the recent rise in COVID-19 infections undermines the outlook. Economic activity continued to expand in the second quarter of 2021, at an annualised rate of 6.5% (following 6.4% in the first quarter). This was less than projected in the June 2021 Eurosystem staff macroeconomic projections, reflecting weaker than expected government spending and a negative contribution from the changes in inventories. Growth was driven by consumer spending, reflecting income support provided earlier in the year and a rapid loosening of COVID-19-related restrictions. Investment continued to be strong. While strong policy support and the assumed gradual dissipation of supply constraints are projected to boost growth in the medium term, the short-term outlook is clouded by the sharp rise in the number of COVID-19 infections due to the more virulent Delta variant, particularly in states with low vaccination rates. As a result consumers, who have driven the recovery so far, seem to have become more cautious. Employment growth in July was also less than expected, in particular in high-contact industries such as leisure and hospitality. Headline inflation stabilised at a high level in July and is projected to remain around 5% until the end of 2021, owing to supply bottlenecks pushing up prices for cars and other items, a normalisation of services demand, higher commodity prices and a positive output gap. Inflation is expected to return to close to 2% in 2022-23 as bottlenecks dissipate and business adapts to post-pandemic demand patterns.

China

In China, growth momentum is facing temporary headwinds in the short term, but economic activity is projected to grow at a robust pace over the medium term. The adoption of stricter containment measures owing to an increase in COVID-19 cases, severe floods and some supply disruptions point to a slowdown in the third quarter. Industrial production, retail sales and investment were below expectations in July, though still growing. The manufacturing PMI dropped to 49.2 in August, the first time it had been in contractionary territory since April 2020, which makes it more likely that this sector slowed in the third quarter. The general services business activity PMI also dropped to 46.7, as a result of the tightening of containment measures. However, in mid-August new local COVID-19 cases started to come down to very low levels, and sufficient policy space exists to boost growth should the economic slowdown accelerate. Annual consumer price inflation declined to 1.0% in July, while annual producer price inflation edged back up to 9% in the same month after a slight decrease to 8.8% in June, mainly on the back of strong price increases in the energy and mining industries. Overall, consumer price inflation remains subdued, largely owing to ongoing food price deflation amid normalizing pork prices, while fuel prices have increased.

Japan

In Japan, COVID-19-related restrictions have continued to weigh on economic activity, thus pushing the recovery towards the end of 2021. The recovery from the initial COVID-19 shock stalled at the start of 2021 as restrictions were tightened amid rising infections. As a result, real GDP contracted in the first quarter. Economic activity recovered modestly in the second quarter as the rebound in domestic demand, particularly in private consumption, was firmer than expected given renewed infection control measures in April/May. A rapid surge in COVID-19 cases then triggered the declaration of a fourth state of emergency in a number of prefectures (including Tokyo). While the associated decline in mobility was initially limited, it has recently become more significant, with the August services PMI falling further to 42.9. Industrial production fell in July, and the manufacturing output PMI declined in August to 51. A firmer recovery is expected towards the final quarter, assuming that the pandemic situation gradually improves amid a steady progression of the vaccination campaign, and infection control measures are lifted. Ongoing fiscal and monetary policy support, as well as a continued recovery in external demand, are seen underpinning growth ahead. Annual

headline CPI inflation moved from -0.5% to -0.3% in July, whereas core inflation moved to -0.8% (from -1.1% in the previous month). Higher energy prices and accommodation charges have contributed to the rise in inflation and helped to offset the impact of large cuts in mobile phone charges. Underlying inflation excluding special factors is likely to have remained on an uptrend, thus hinting at a more positive momentum than suggested by headline figures.

United Kingdom

In the United Kingdom, the economy is projected to remain on a sustained recovery path despite the recent resurgence in COVID-19 cases. Having contracted sharply in 2020, real GDP rebounded in the second quarter of 2021 and is projected to stay on a recovery path. The advanced vaccination programme is expected to protect large parts of the population from serious COVID 19 infection, even in view of the rise of the Delta variant, making it unlikely that COVID-19-related mobility restrictions affecting economic activity need to be reimposed. Growth is likely to continue to be supported by robust private consumption and private investment on the back of the additional fiscal spending of 2.7% of GDP approved by the government in March. Changes in inventories are still seen as likely to raise output volatility in the short term. Annual consumer price inflation decreased to 2.0% in July from 2.5% in June. Core inflation also declined, to 1.8% from 2.3% in June. The decline in the annual rate of headline inflation was mainly driven by prices for recreation and culture and clothing prices, with higher prices at the end of the lockdown last year resulting in negative base effects this year. This decline is likely to be temporary, with inflation expected to have picked up sharply again in August and to rise further over the following months, to around 4%. Apart from direct effects from energy, accounting for around half the projected increase, goods prices are also expected to rise further, reflecting global price pressures due to higher commodity prices, shipping costs and supply shortages.

Other European areas

In central and eastern EU Member States, economic activity is projected to gradually regain momentum, supported by fiscal and monetary stimulus. The recovery in this region slowed in the first half of 2021 as a new wave of COVID-19 infections weighed on activity. Real GDP is expected to rebound again and remain strong over the course of the year, as the continued easing of restrictions and increasing vaccination rates are expected to revive growth. Domestic demand is forecast to be the main driver of the recovery as uncertainty recedes and confidence improves amid robust fiscal and monetary policy support.

Italy

In Italy, GDP growth greatly exceeded expectations in the second quarter, and the positive trend continued into the summer. Based on available indicators, in the third quarter industrial output rose by approximately 1% and GDP by over 2%. The increase in vaccine coverage and mobility allowed households to resume consuming services, accompanying the recovery in investments already under way. Household expectations for Italy's economic outlook have improved overall; the propensity to spend in the sectors that were most affected by the pandemic, including hotels, bars, and restaurants, is also on the mend. However, there remains caution about spending prospects, especially among lower-income households. Businesses continue judging investment conditions very positively. Italy's exports rose steadily and outpaced the growth in global trade in the second quarter, and continued expanding during the third quarter. In the summer, foreign tourist spending was significantly up from the prior-year period, although it still fell short of 2019 levels. Non-residents continued buying Italian securities for their portfolio investments. The improvement in the business cycle led to a significant rise in employment—especially fixed-term jobs—and hours worked in the spring. The number of the employed continued increasing in July and August, albeit at a slower pace. However, the effects of the pandemic crisis are still being felt, and there remain signs of slack in the labour market: companies are still making extensive use of wage subsidies, even though these are far from the peaks seen in 2020, and activity is still below the levels of two years ago. Inflation climbed to 2.9% in September, driven by the steady rise in energy prices. The increase is not projected to continue into the medium term: recent contractual arrangements do not point to an acceleration in wages. Companies have revised their expectations for price increases upwards, but the rate is still below 2% per year.

BUSINESS SECTOR REVIEW**UCIMU – Sistemi per produrre**

EMO MILANO 2021, the world's leading machine tool trade fair that is considered to be the premier exhibition by manufacturers, took place from 4 through 9 October 2021. The undisputed leader among the industry's exhibitions, EMO is a travelling event held alternatively in Italy and Germany. It attracted over 60,000 visitors from 91 countries, and especially strong interest from foreign entities, despite the mobility restrictions that are still in place (foreign exhibitors accounted for 60% of the total, while foreigners made up 30% of the overall number of visitors).

The event underscored the industry's positive momentum, as shown also by Italian manufacturing data, collected by UCIMU – Sistemi per produrre's Economic Studies Department & Business Culture, according to which the positive trend seen in 2021 will continue into 2022.

This certainty comes from the latest survey concerning the index of orders received by Italian manufacturers in the third quarter of 2021, which was up 52% year-on-year. Specifically, domestic orders rose by 163% and foreign orders by 29%, while the overall figure climbed 52%.

Barbara Colombo, Chair of UCIMU – Sistemi per Produrre, said: "We are growing at twice the rate we were expecting just a few months ago, when our data were already pointing to a very positive trend. We will continue on this path also in 2022. In absolute terms, this is the best performance for domestic orders in the third quarter since 2007— and an all-time high for foreign orders".

ACIMALL

The exports of Italian woodworking technology continued growing in 2021. According to the data released by ISTAT—already consolidated, since they refer to the first half of this year—woodworking machinery and plant exports totalled € 752 million, up 40% compared to the same period in 2020. This is absolutely remarkable, considering the deep depression experienced by the industry for most of 2020, a crisis that could have continued into 2021.

The United States are still our biggest customer, with € 77 million—up 35% year-on-year—while France (€ 54 million) and Poland (€ 53 million) vaulted past Germany (€ 52 million) and ranked second and third, respectively, among the top 10 markets.

Although it still represents a mid-ranking market in absolute terms, in the first six months of the year China saw the biggest percentage increase among the top 10, up 84% to € 37 million. Finally, even though it did not make the top 10, Russia bounced back, with € 16 million (+10%).

The table below shows the top 10 destinations for Italian exports:

Countries	Amount (€/m)	Change % (21/20)
United States	77.0	+35.0%
France	54.3	+30.6%
Poland	53.2	+23.4%
Germany	51.7	+43.1%
United Kingdom	43.4	+51.4%
China	37.2	+83.9%
Spain	31.6	+69.4%
Austria	31.5	+13.7%
Belgium	30.0	+109.4%

The Netherlands	28.5	+169.8%
World total	752.1	+39.6%

OUTLOOK

The positive trend in the reference sectors is confirmed by the Biesse group's results as at 30 September 2021.

The significant increase in order intake, and the ensuing expansion of the relevant backlog, continued into the third quarter of 2021, also thanks to economic stimulus and anti-pandemic measures – i.e., mass vaccination drives – taken by the governments of major Western countries.

At the end of September 2021, the Group's order intake recorded a 74% increase compared to 2020 (a year marked by the pandemic) and a 31% increase compared to the same period in 2019. The order backlog stood at € 290,909 thousand, up by 37.1% compared to December 2020.

This performance was made possible by especially favourable market conditions as well as the Group's widespread distribution network, which enabled it to respond promptly to the signs of recovery shown by the key market, despite the continuation of restrictions on movements linked to strict healthcare regulations.

The positive trend is also reflected in the economic (rising revenues and margins) and financial (significant cash flow generation) performance. The positive market environment also had an impact on the financial position, with inventories rising steadily to keep up with the influx of orders. This was more than offset by the increase in payables to suppliers and advances from customers, which resulted in essentially unchanged net operating working capital. With respect to the decrease in net investments, the disposal of the Chinese equity investment represents the most significant change. Finally, the Group is closely monitoring both the inflationary dynamics impacting on raw materials and the costs for transportation and logistics.

MAIN EVENTS

On 28 January 2021, the Biesse Group reached an agreement for the complete disposal of Dongguan Korex Machinery Co. LTD based in Dongguan (province of Guangdong-China). The transaction was completed on 15 April 2021, in compliance with all contractual provisions. The value of this transaction is CNY 183.5 million (HK\$212.5 million – €22.5 million).

As already announced on 20 December 2019, besides the effects on production, which also concern the Group company in India, this transaction entailed a reduction in the operating costs that had contributed to the accumulation in Korex of losses for € 32 million.

This non-recurring transaction caused the Group to recognise a capital gain of around € 18 million in the Condensed Consolidated Interim Financial Statements.

The above does not change the belief that China can remain the main country in terms of demand for furniture and capital goods, with a forecast growth rate above the current world average; the Biesse Group intends to maintain and strengthen its presence in the whole Far East through its branches already in the area, dedicating particular commitment to the Chinese branch (Biesse Trading Shanghai).

Therefore, in the period following the disposal, Italian and Indian manufacturing companies will be more involved in order to meet the needs of the Chinese market, towards which the Biesse Group remains strongly oriented.

During the year, the Board of Directors of Biesse S.p.A. approved the mergers of Viet Italia S.r.l. and Bsoft S.r.l. (on 26 February 2021) and Bre.Ma. Brenna Macchine S.r.l. and Uniteam S.p.A. (on 28 September 2021) into the parent Biesse S.p.A. With respect to the first two companies, the merger was finalised on 30 June 2021, with retroactive accounting and tax effect as of 1 January 2021. These operations are part of the new corporate project called "ONE COMPANY", aimed at rationalising and streamlining the organisational structure across the Biesse Group. Moreover, these mergers are not material to the Quarterly Report on Operations.

On 28 April 2021, the Shareholders' Meeting of Biesse S.p.A. approved the financial statements as at 31 December 2020. In line with current corporate strategies and in light of a global scenario still characterised by a high level of uncertainty and a lack of visibility, the Board of Directors of Biesse prudently decided not to pay ordinary dividends, also in order to assess possible growth opportunities through external lines and operations to strengthen the Group's international presence.

As envisaged and indicated in the call, the Shareholders' Meeting approved the composition of Biesse S.p.A.'s new Board of Directors and new Board of Statutory Auditors as follows, for the three-year period 2021-2022-2023:

Board of Directors

- Giancarlo Selci
- Roberto Selci
- Massimo Potenza
- Alessandra Baronciani
- Federica Ricceri
- Rossella Schiavini
- Ferruccio Borsani

Board of Statutory Auditors

- Paolo De Mitri – Chairman
- Giovanni Ciurlo – Standing Statutory Auditor
- Enrica Perusia – Standing Statutory Auditor
- Silvia Muzi – Alternate Statutory Auditor
- Maurizio Gennari - Alternate Statutory Auditor

In June 2021 the Group finalised a 12-month job-security agreement with the trade unions UILM FIOM and FIM, as part of a major reorganisation intended to build an even stronger, more innovative, and more distinctive company at a global level. This transformation process was named "One Company", in order to support a single, comprehensive vision, standardise and align product design processes, and make manufacturing methods more efficient and flexible. This organisational change will lead to the concentration of all indirect structures that are functionally similar, unlocking synergies with respect to the resources used in operations that had until now been fragmented and overlapping.

On 11 October 2021, Biesse S.p.A. entered into an agreement to acquire 100% of Forvet Costruzione Macchine Speciali S.p.A., a manufacturer of special automated glass working machines. The approximately € 41 million acquisition price will be paid in cash, largely during the current year. This deal is in line with the Biesse Group's strategic plan and allows expanding the product portfolio of glass working machines, a segment in which the Group has been operating since the second half of the 1980s under the Intermac brand. Thanks to the introduction of Forvet S.p.A.'s proprietary technology, the Group strengthens its high-end offerings by providing highly automated and customised machines and systems that are unique in the industry.

FINANCIAL STATEMENTS

Income Statement for the third quarter of 2021

	3Q 2021	% on sales	3Q 2020	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	172,876	100.0%	139,703	100.0%	23.7%
Change in inventories, wip, semi-finished products and finished products	5,943	3.4%	(1,348)	(1.0)%	-
Other operating income	1,629	0.9%	1,851	1.3%	(12.0)%
Revenue	180,448	104.4%	140,206	100.4%	28.7%
Raw materials, consumables, supplies and goods	(77,995)	(45.1)%	(57,986)	(41.5)%	34.5%
Other operating costs	(28,309)	(16.4)%	(20,989)	(15.0)%	34.9%
Personnel expense	(53,263)	(30.8)%	(46,299)	(33.1)%	15.0%
Normalised gross operating profit	20,881	12.1%	14,933	10.7%	39.8%
Depreciation and amortisation	(8,394)	(4.9)%	(8,325)	(6.0)%	0.8%
Provisions	(474)	(0.3)%	(791)	(0.6)%	(40.1)%
Normalised operating profit	12,012	6.9%	5,816	4.2%	106.5%
Impairment losses and non recurring-items	(1,179)	(0.7)%	(1,776)	(1.3)%	(33.6)%
Operating profit	10,834	6.3%	4,040	2.9%	-
Net financial expense	(795)	(0.5)%	(293)	(0.2)%	-
Net exchange rate losses	(649)	(0.4)%	64	0.0%	-
Pre-tax profit	9,390	5.4%	3,810	2.7%	146.4%
Income taxes	(2,431)	(1.4)%	(1,231)	(0.9)%	97.5%
Profit/Loss for the period	6,958	4.0%	2,579	1.8%	-

Income Statement as at 30 September 2021

	30 September 2021	% on sales	30 September 2020	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	526,993	100.0%	396,430	100.0%	32.9%
Change in inventories, wip, semi-finished products and finished products	24,126	4.6%	(1,766)	(0.4)%	-
Other Revenues	3,924	0.7%	6,038	1.5%	(35.0)%
Revenue	555,044	105.3%	400,702	101.1%	38.5%
Raw materials, consumables, supplies and goods	(238,906)	(45.3)%	(162,585)	(41.0)%	46.9%
Other operating costs	(83,809)	(15.9)%	(64,478)	(16.3)%	30.0%
Personnel expense	(170,434)	(32.3)%	(136,162)	(34.3)%	25.2%
Gross operating profit	61,895	11.7%	37,478	9.5%	65.1%
Depreciation and amortisation	(25,006)	(4.7)%	(25,310)	(6.4)%	(1.2)%
Provisions	(5,157)	(1.0)%	(1,995)	(0.5)%	-
Operating profit before non recurring items	31,731	6.0%	10,173	2.6%	-
Impairment losses and non recurring-items	12,820	2.4%	(1,928)	(0.5)%	-
EBIT Operating profit	44,551	8.5%	8,245	2.1%	-
Financial income	306	0.1%	726	0.2%	(57.8)%
Financial expense	(2,365)	(0.4)%	(1,992)	(0.5)%	18.7%
Net exchange rate losses	(1,359)	(0.3)%	(1,180)	(0.3)%	15.2%
Pre-tax profit	41,133	7.8%	5,799	1.5%	-
Income taxes	(5,749)	(1.1)%	(2,069)	(0.5)%	-
Profit/Loss for the period	35,384	6.7%	3,730	0.9%	-

Net revenue from sales and services as at 30 September 2021 amounted to € 526,993 thousand, up +32.9% on the prior-year period (€ 396,430 thousand).

As at 30 September 2021, the value of production amounted to € 555,044 thousand, up 38.5% compared to September 2020, when it amounted to € 400,702 thousand. The positive contribution from sales in the period was also accompanied by an increase in production linked to inventories, which was necessary to meet the growth in demand.

The figures relating to consumption show an increased absorption of raw materials (€ 238,906 thousand compared to € 162,585 thousand as at 30 September 2020). Other operating expenses rose in absolute terms (delta of € 18,929 thousand), while their incidence on the value of production decreased from 16.3% to 15.9%. This was mainly due to the item services costs, up 14.0% from € 56,228 thousand to € 74,119 thousand: the increase was largely attributable to the greater costs incurred for outsourced assistance and installation services for the Group's machines (up € 3,998 thousand), transportation and logistics (up € 3,722 thousand), advisory fees (up € 2,609 thousand), sales commission expense (up € 2,158 thousand), and costs associated with the participation in trade fairs and events (up € 1,194 thousand). The above increases come on top of those in travel expenses, following the partial resumption of mobility, and in maintenance and utilities costs, as a result of rising productivity.

	30 September 2021	%	30 September 2020	%
<i>Euro 000's</i>				
Revenue	555,044	100.0%	400,702	100.0%
Raw materials and goods	238,906	43.0%	162,585	40.6%
Other operating costs	83,809	15.1%	64,478	16.1%
<i>Service costs</i>	74,173	13.4%	56,228	14.0%
<i>Use of third party assets</i>	1,914	0.3%	1,673	0.4%
<i>Sundry operating expense</i>	7,722	1.4%	6,577	1.6%
Added value	232,329	41.9%	173,640	43.3%

As at 30 September 2021, personnel expense amounted to € 170,434 thousand, up € 34,272 thousand (+25.2%) compared to 2020 (€ 136,162 thousand). Compared to the previous year, it should be recalled that, as of March 2020, operations at Italian facilities were almost completely interrupted for approximately 40 days, as a consequence of the lockdown imposed by the Italian Government. This led to a saving in personnel expense, together with greater use of holidays and other leave. Finally, compared to 2020, the share of costs linked to variable elements (provisions for performance-based and other bonuses) increased.

As at 30 September 2021, EBITDA adjusted was € 61,894 thousand (€ 37,478 thousand as at 30 September 2020), up by 65.2%.

Depreciation and amortisation decreased overall by 1.2%, from € 25,310 thousand as at 30 September 2020 to € 25,006 thousand as at 30 September 2021: depreciation of property, plant and equipment (including right-of-use assets) declined by € 980 thousand (-6.6%), while amortisation of intangible assets was up € 677 thousand (+6.5%).

Provisions amounted to € 5,157 thousand: € 2,735 thousand related to adjustments to provisions for future risks and charges – against possible legal disputes – and € 830 thousand related to the allowance for impairment and to the supplementary customer indemnity provision. In addition, there was an adjustment to the product warranty provision (net provision of € 1,586 thousand), made to take account of higher future charges resulting from the increase in turnover.

The net amount of impairment losses and non-recurring items was positive to the tune of € 12,820 thousand, largely attributable to the capital gain arising from the disposal of the equity investment in Dongguan Korex Machinery Co. LTD.

As regards financial operations, net financial expense amounted to € 2,059 thousand, up compared to 2020 (€ 1,266 thousand). The largest increase was associated with the recognition of financial expense resulting from the early termination of the lease between HSD S.p.A. and UBI Leasing S.p.A. (formerly known as Medioleasing) on 27 September 2021.

Exchange risk management resulted in a loss of € 1,359 thousand, slightly worse than the € 1,180 thousand loss in the prior-year period.

Pre-tax profit thus amounted to € 41,133 thousand.

The estimated balance of income taxes was negative to the tune of € 5,749 thousand. The impact relating to current taxes was a negative € 8,643 thousand (IRES – corporate income tax: € 3,648 thousand, IRAP – regional business tax: € 1,123 thousand; taxes from foreign jurisdictions: € 3,642 thousand; other income taxes and previous-year taxes: € 230 thousand), while deferred taxes were positive at € 2,895 thousand.

Therefore, net profit as at 30 September 2021 amounted to € 35.384 thousand.

Net financial position as at 30 September 2021

<i>Euro 000's</i>	30th September 2021	30th June 2021	31st March 2021	31st December 2020	30th September 2020
Financial assets:	143,509	178,143	171,946	191,532	159,097
<i>Current financial assets</i>	27,867	27,682	27,589	28,107	24,111
<i>Cash and cash equivalents</i>	115,641	150,461	144,357	163,425	134,986
Short term lease liabilities	(6,628)	(7,876)	(6,929)	(6,746)	(6,699)
Short-term bank loans and borrowings and loans from other financial backers	(5,539)	(34,996)	(41,101)	(68,763)	(37,077)
Short-term net financial position	131,343	135,271	123,916	116,023	115,322
Medium/Long-term lease liabilities	(16,546)	(21,303)	(22,939)	(23,526)	(23,914)
Medium/Long-term bank loans and borrowings	(916)	(915)	(40,838)	(42,954)	(94,560)
Medium/Long-term trade payables and others	-	-	-	-	-
Medium/Long-term net financial position	(17,462)	(22,218)	(63,777)	(66,480)	(118,473)
Total net financial position	113,880	113,053	60,139	49,543	(3,152)

The Group's Net Financial Position as at 30 September 2021 was positive to the tune of € 113.9 million. Compared to the same prior-year period, the ratio improved by approximately € 117.0 million. The improvement since the beginning of 2021 totalled nearly € 64.3 million, driven by strong operating results (positive EBITDA) as well as the proceeds from the sale of the Chinese equity investment. In addition, the Group settled nearly all its bank debts, and the lease between HSD S.p.A. and UBI Leasing S.p.A. (formerly known as Medioleasing) was terminated early, for a total of € 4,953 thousand.

Please note that the Net Financial Position does not include the € 1 million liability (discounted as at the reporting date) associated with the exercise of the put/call option on non-controlling interests in Movetro.

As at the date of approval of this report, Biesse had credit lines of over € 213 million (€ 125 million of which expiring over 12 months), which are currently unused.

Summary Statement of Financial Position

	30 September 2021	31 December 2020
<i>Euro 000's</i>		
Intangible assets	64,787	73,354
Property, plant and equipment	113,778	125,130
Financial assets	3,457	3,277
Non-current assets	182,020	201,761
Inventories	171,904	129,848
Trade receivables and contract assets	105,659	102,875
Trade payables	(158,430)	(132,790)
Contract liabilities	(90,883)	(72,189)
Net operating working capital	28,250	27,744
Post-employment benefits	(11,714)	(12,775)
Provision for risk and charges	(26,273)	(19,988)
Other net payables	(52,419)	(45,979)
Net deferred tax assets	16,758	14,508
Other net liabilities	(73,647)	(64,235)
Net invested capital	136,624	165,270
Share capital	27,393	27,393
Profit for the previous year and other reserves	187,046	184,099
Profit for the year	35,228	2,531
Non-controlling interests	837	790
Equity	250,504	214,812
Bank loans and borrowings and loans and borrowings from other financial backers	29,629	141,989
Other financial assets	(27,867)	(28,107)
Cash and cash equivalents	(115,641)	(163,425)
Net financial indebtedness	(113,880)	(49,543)
Total sources of funding	136,624	165,270

Net invested capital amounted to € 136.6 million, down compared to December 2020 (€ 165.3 million).

Equity amounted to € 250.5 million (€ 214.8 million as at 31 December 2020).

Fixed assets were down compared to December 2020 as a result of the disposal of property associated with the sale of the Chinese investment as well as the sale of the building in Secchiano. In addition, depreciation and amortisation expense exceeded the new investments made during the period.

Net operating working capital increased by some € 0.5 million compared to December 2020. Inventories, amounting to € 171,904 thousand, increased by € 42,056 thousand, mainly due to the restocking required to meet increased demand. This change was fully offset both by the increase in trade payables (amounting to € 25,640 thousand), whose trend is linked to the production cycle, and by the increase in contract liabilities (amounting to € 18,694 thousand), usually linked to the order intake trend.

Trade Receivables and Contract Assets, amounting to € 105,659 thousand, recorded a slight increase.

SEGMENT REPORTING

Breakdown of revenue by operating segment

	30 September	%	30 September	%	CHANGE %
	2021		2020 - restated		2021/2020
<i>Euro 000's</i>					
Machines and Systems Division	478,806	90.9%	361,119	91.1%	32.6%
Mechatronics Division	70,732	13.4%	50,183	12.7%	40.9%
Inter-segment eliminations	(22,545)	(4.3)%	(14,872)	(3.8)%	51.6%
Total	526,993	100.0%	396,430	100.0%	32.9%

Breakdown of revenue by geographical area

	30 September	%	30 September	%	CHANGE %
	2021		2020		2021/2020
<i>Euro 000's</i>					
Western Europe	264,954	50.3%	180,250	45.5%	47.0%
Asia-Pacific	69,069	13.1%	63,169	15.9%	9.3%
Eastern Europe	87,237	16.6%	53,327	13.5%	63.6%
North America	91,077	17.3%	85,154	21.5%	7.0%
Rest of the World	14,658	2.8%	14,530	3.7%	0.9%
Total	526,993	100.0%	396,430	100.0%	32.9%

Concerning the breakdown of revenue by segment, the Group has revised its operating segments to align them with the different organisation of the business lines. Therefore, the comparative figures for the previous period have been restated.

The Machines and Systems segment accounted for 90.9% of the Group's turnover and was up 27.3% compared to 2020, while the Mechatronics segments grew by 40.9%.

Also with respect to the breakdown of revenue by geographical area, the Group revised the breakdown by area and, therefore, restated the comparative information for the previous period. Looking at the breakdown of revenue by area, the Group's overall increase was spread across all markets, even if with varying results: Western Europe (the Group's main market) was up 37.4%, while Asia – Oceania and Eastern Europe grew by 37.5% and 34.3%, respectively. North America rose by 17.2%, while the Rest of the World was up 38.2%.

Pesaro, 29 October 2021

The Chairman of the Board of Directors
Giancarlo Selci

CERTIFICATION PURSUANT TO ART. 154-BIS, PARA. 2 OF THE CONSOLIDATED LAW ON FINANCE (TUF)

Pursuant to Article 154-bis, paragraph 2 of the Consolidated Law on Finance (TUF), the Manager in charge of corporate financial reporting declares that the accounting information contained herein corresponds to the Company's documentary evidence and accounting books and records.

Manager in charge of
corporate financial reporting
Pierre Giorgio Sallier de La Tour