



**INTERIM
REPORT
ON OPERATIONS
AT 30/09/2022**

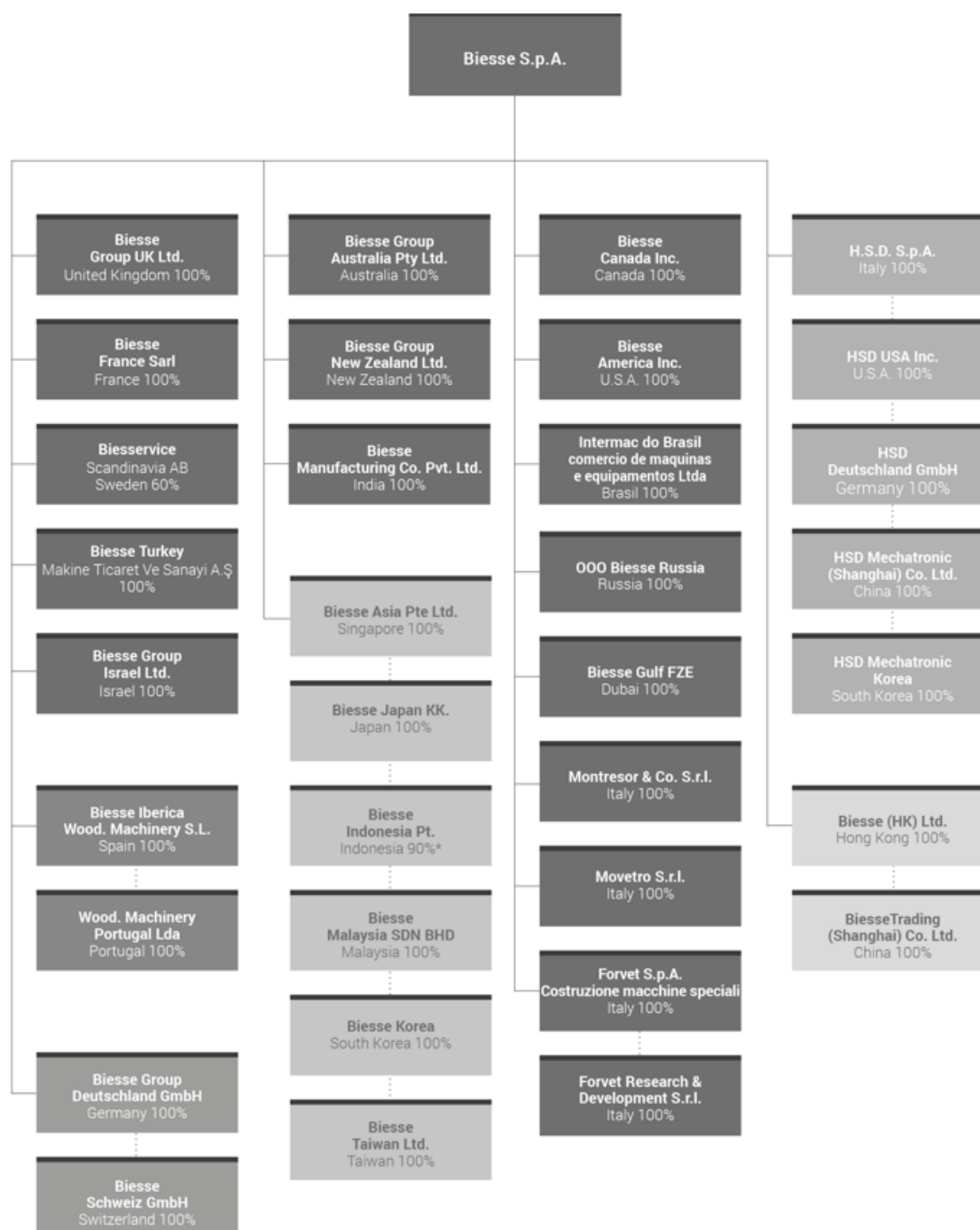
QUARTERLY REPORT AS AT 30 SEPTEMBER 2022

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THE BIESSE GROUP

GROUP STRUCTURE

The following companies belong to the Biesse Group and are included in the scope of consolidation:



* Il restante 10% è detenuto direttamente da Biesse S.p.A.
The remaining 10% is owned directly by Biesse S.p.A.

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 invests around 3% of its annual turnover in research and development and has filed over 250 patents. It operates through 14 industrial plants and 34 branches and exports 80% 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 Euronext Star segment managed by Borsa Italiana. It now has more than 4,300 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), Volvera (TO), 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 2022, 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 2021, 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 30/09/2022, adjusted, where necessary, to align them with the Group's accounting policies.

Compared to the consolidated financial statements for the year ended 31 December 2021, the scope of consolidation has changed following the merger of the subsidiary Bre.Ma. Brenna Macchine S.r.l., previously 98% owned, into the Parent Company Biesse S.p.A. (effective as of 01/01/2022) and the purchase of an additional shareholding in Montresor S.r.l. (through which its controlling interest increased from 60% to 100%) which took place in February 2022. For further details on these transactions, please refer to the section "Scope of Consolidation" in the Notes to the Financial Statements.

Please also note that the purchase of the remaining 40% of the equity investment in Movetro S.r.l. was finalised in May 2022. This transaction did not entail a change in the scope of consolidation as the Company was still consolidated at 100% because it was considered possible to exercise the put/call option on the aforementioned minority interest.

ALTERNATIVE PERFORMANCE INDICATORS

Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to better assess 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 to performance in the accounting period covered by this Annual Report on Operations and the year used for comparison.

The performance indicators must be complementary and not replacing the information prepared under the IFRS. Hereafter is a description of the main indicators adopted.

- **Value Added:** this indicator is defined as the Profit (Loss) for the year 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 Management considers as non-recurring relative to the Group's ordinary operations, as well as personnel expense.

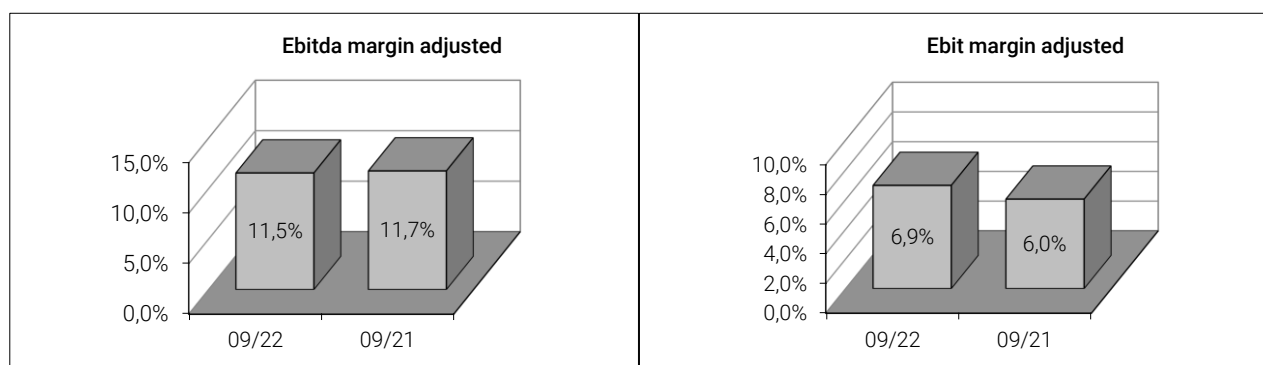
- *Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation)*: this indicator is defined as the Profit (Loss) for the period before income taxes, finance income and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions for risks and charges, as well as costs and revenues arising from transactions that Management considers 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 year 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 Management considers 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.
- *Net financial position*: this indicator is calculated in compliance with the provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob, which refers to the ESMA Recommendations of 4 March 2021.

FINANCIAL HIGHLIGHTS

Income Statement

	30 September 2022	% on sales	30 September 2021	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	613,371	100.0%	526,993	100.0%	16.4%
Normalised EBITDA (Normalised gross operating profit) (1)	70,788	11.5%	61,895	11.7%	14.4%
Normalised EBIT (Normalised operating profit) (1)	42,591	6.9%	31,731	6.0%	34.2%
EBIT (Operating profit) (1)	44,158	7.2%	44,551	8.5%	(0.9)%
Result for the period	24,801	4.0%	35,384	6.7%	(29.9)%

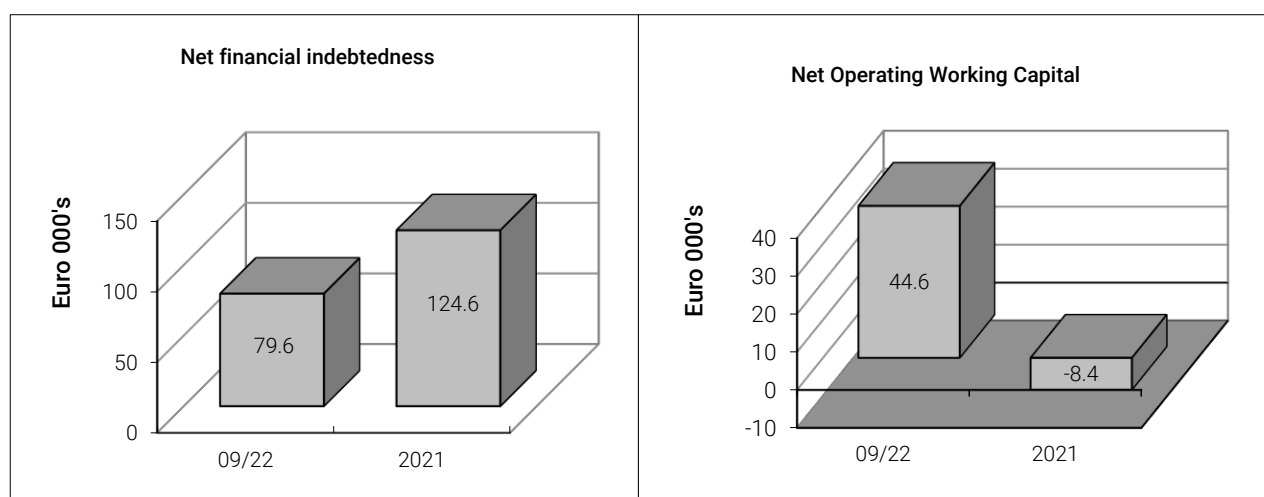
(1) Amounts referring to interim results and to aggregate equity and financial figures. The relevant calculation criteria are provided in the Directors' Report



Statement of Financial Position

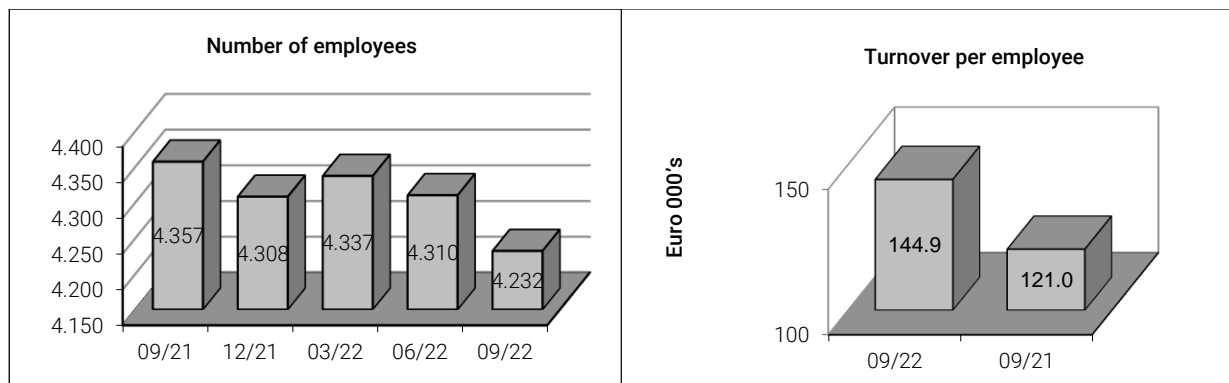
	30 September 2022	31 December 2021
<i>Euro 000's</i>		
Net invested capital (1)	181,862	124,614
Equity	261,439	249,217
Net financial position (1)	79,577	124,603
Net operating working capital (1)	44,552	(8,375)
Fixed asset/standing capital ratio	1.25	1.16
Order in take	371,865	378,213

(1) Amounts referring to interim results and to aggregate equity and financial figures. The relevant calculation criteria are provided in the Directors' Report



Personnel (*)

	30 September 2022	30 September 2021
Number of employees at period end	4,232	4,357



* the figure includes temporary staff.

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 Perugia
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.

DIRECTORS' REPORT ON OPERATIONS

GENERAL ECONOMIC OVERVIEW

GLOBAL ECONOMIC TREND

The global economy is slowing in an environment where high inflation, tighter financial conditions and persistent supply-side bottlenecks are negatively affecting business. The war in Ukraine has driven up energy commodity prices and caused disruptions along global food supply chains, intensifying international inflationary pressures and raising fears about the security of global food supplies. In China, the economic recovery has recently come to a standstill after spring shutdowns across the main provinces. This is due to the weakening of demand brought about by the strict containment measures introduced to deal with small-scale outbreaks of coronavirus, production cuts in some more energy-intensive sectors, and the deepening recession in the residential construction sector. The prolonged easing of pandemic-related restrictions in the major advanced economies since last spring has helped support spending in the travel and accommodation sector. However, exceptionally strong inflationary pressures, which have forced central banks to tighten monetary policy, are weighing on disposable income and savings accumulated during the pandemic. Manufacturing output in advanced and emerging economies deteriorated further in August 2022. Similar trends can also be seen in the service sector, especially in advanced economies. The activity index for world GDP in real terms (excluding the Eurozone), based on a broad range of indicators, confirms the evidence from surveys and points to a continued loss of momentum in economic activity during August. These trends are in line with the estimated contraction in the second quarter of 2022, with world GDP growth in real terms (excluding the euro area) at -0.6 per cent. Compared to the June projections, this more negative result reflects weaker growth than previously expected in China, Japan, the UK and the US. Overall, the global economy is expected to expand at a pace slightly below its long-term average this year and next, amid a slowdown in activity in both advanced and emerging economies.

EUROZONE

After having grown in the first half of the year, economic activity in the Eurozone stagnated in the summer months, affected in particular by further sharp rises in energy commodity prices and increased uncertainty related to the protracted war in Ukraine. Consumer inflation rose to 9.9 per cent in September, mainly due to the exceptional increase in energy prices (40.7 per cent). The Governing Council of the European Central Bank began to raise its key interest rates, with two consecutive interventions at its July and September meetings. In July, it approved the new transmission protection instrument to support the effective transmission of monetary policy. Industrial production dropped significantly in July, only to recover partially in August. According to ECB expert forecasts published in September, output will grow by 3.1 per cent this year, 0.9 per cent in 2023 and 1.9 per cent in 2024. Compared to last June, estimates were revised upwards for 2022, against a background of more favourable than expected business momentum in the first half of the year, and downwards for the following two years, mainly due to tensions in energy supplies, continued sustained price pressure and deteriorating confidence. In an unfavourable scenario, given the possibility of a complete interruption of gas flows from Russia, GDP could contract overall in 2023.

UNITED STATES

In the US, real GDP contracted again in the second quarter of 2022, in an environment where household spending weakened and investment declined. Rising mortgage rates and strong cost pressures have led to a drop in residential construction investment, with new home construction continuing to decline. Private consumption slowed amid deteriorating consumer confidence and a drop in real disposable income due to high inflation. Looking forward, real GDP expansion is expected to turn positive from the third quarter onwards, although remaining modest overall. Overall inflation fell more than expected in July, after accelerating in June. In July, due to lower energy prices, 12-month overall consumer inflation decreased to 8.5 per cent, while core inflation remained unchanged at 5.9 per cent.

CHINA

The Chinese economy recovered in June 2022, but in July that recovery came to a halt. Economic activity contracted sharply in the second quarter of 2022 due to the strict containment measures implemented as part of China's zero-COVID strategy, in response to outbreaks in the main provinces. The economy is expected to return to growth in the second half of this year, assuming more policy support and limited COVID-19 outbreaks. As a result, compared to the June forecast, the growth outlook for China has been

revised markedly downwards for this year and slightly downwards for the rest of the forecast horizon. Consumer price pressures in China remain moderate, however.

JAPAN

In Japan, there was a renewed recovery of economic activity, supported by the reopening of the economy. After a contraction in the first quarter of 2022, the economic recovery resumed in the second quarter, supported by a rally in domestic demand after the easing of COVID-19 restrictions. The economy is expected to remain on a moderate recovery path. Twelve-month inflation measured by the CPI this year is expected to remain above the 2 per cent target set by the Japanese central bank, and then fall below it thereafter.

UNITED KINGDOM

In the UK, expansionary momentum is expected to weaken further as the decline in household disposable income weighs on consumer spending. Real GDP growth slowed in the second quarter of 2022 and is expected to decline further in the coming quarters. Given the sharp increase in inflation, which is expected to rise further, economic activity is expected to start contracting at the turn of the year. Conditions in the labour market remain strained, while generalised wage pressures are adding to the persistently high level of domestic inflation. High commodity prices are also likely to continue to push up consumer inflation for the rest of the year.

OTHER EUROPEAN AREAS

In Russia, recent figures indicate the beginning of a recession that is likely to be less severe than previously expected. In the second quarter of 2022, real GDP fell by 5.8 per cent compared to the previous quarter, suggesting that this year's projected recession is likely to be less pronounced than in the Eurosystem experts' forecasts in June 2022. Nevertheless, economic activity is expected to decline significantly, as both domestic demand and international trade are increasingly impacted by unprecedented international sanctions. These sanctions have resulted in higher import prices and supply-side issues, which have put upward pressure on inflation. However, some of this pressure has recently been offset by a strengthening rouble and weaker consumer demand.

ITALY

In Italy, GDP momentum strengthened in the second quarter as the pandemic situation improved. In the second quarter, output increased by 1.1 per cent over the period. This was supported by a return to growth for household consumption, thanks in part to the improved pandemic situation, and increased investment. Despite the renewed increase in exports, foreign trade made a slightly negative contribution. On the supply side, value-added rose in all major sectors, with the exception of agriculture. According to the central value derived from Bank of Italy models, GDP is estimated to have shrunk marginally in the third quarter compared to the previous three months, despite the resilience of value added in services. This was influenced by further increases in energy costs, continuing supply difficulties within global value chains, albeit somewhat lessened compared to the spring months, and continuing uncertainty about the development and effects of the war in Ukraine. During the same period, the Ita-coin indicator, which measures output trends net of the most erratic components, also decreased, turning negative for the first time since the end of 2020. According to our most up-to-date forecasts, GDP is set to increase by just over 3% in 2022 as a whole.

OUTLOOK

As is widely known, since January 2022, the escalation of tensions between Russia and Ukraine, which led to Russia's declaration of war on Ukraine and the invasion of Ukrainian territory by the Russian army on 24 February, is continuing to have major repercussions on international markets, both in terms of financial market trends and commodity prices. For the Biesse Group, which operates in Russia through its commercial subsidiary in Moscow, the Russian market represents around 3% of turnover. The machines are invoiced in Euros, so the Company is protected from the impact of Rouble fluctuations.

Regarding the direct impact of the conflict on the Group, please note that as of 30 September 2022 the credit exposure to the Russian market was € 1.6 million and the cash held in roubles was € 4.9 million. Inventories at the Russian subsidiary amounted to € 2.2 million as at 30 September 2022.

Management believes that the effects of economic sanctions against Russia and Belarus, continuing geopolitical tensions and the impact on energy supplies will continue to impact business development for the remainder of 2022. Company management is continually monitoring the evolution of the armed conflict

and the direct and indirect impact it may have on the Russian subsidiary's economic-financial performance, taking this into account in its assessments of the recoverability of the trade receivables and inventories mentioned above.

Since the outbreak of the armed conflict, the Group has worked to enable the commercial branch to maintain operations and job levels. As at 30 September 2022, the order backlog for the Russian market amounted to € 9 million, in line with the figure as at 31 December 2021.

The reference context is therefore still characterised by significant uncertainties due not only to the spread of COVID-19 variants, which have a substantial impact on the Chinese market but also to the evolution of the international geopolitical context.

At the end of the third quarter of 2022, the Group's order book slowed compared to the third quarter of 2021 (-9.9%), while the portfolio stood at € 371,865 thousand, virtually unchanged from December 2021.

This performance was made possible by both the particularly positive market situation in the first three months of the year and the Group's extensive distribution network.

The positive trend is also reflected in the economic performance (with increasing revenues and margins), while the financial performance is affected by the persistent critical issues in the supply chain. Against this backdrop, in the first nine months of 2022, the Group embarked on a deliberate strategy to minimise the impact of uncertainties in the procurement of materials by providing itself with inventory coverage. Trade payables recorded a slight decrease mainly due to the renegotiation of payment terms with some strategic suppliers. The increase in trade receivables is almost entirely offset by the increase in contract liabilities, in line with the sales trend of 2022.

Based on the scenario described above, for the remainder of 2022, the Group will continue a determined implementation of cost-containing activities, particularly by monitoring the inflationary dynamics impacting both raw materials and energy costs.

MAIN EVENTS

On **21 December 2021**, by deed of Notary Luisa Rossi, the subsidiary Bre.Ma. Brenna Macchine S.r.l. was merged into Biesse S.p.A. and the accounting and tax effects of this transaction will start on 1 January 2022, without impacting the consolidated financial statements.

On **14 February 2022**, by deed of Notary Luisa Rossi, 40% of the share capital of the subsidiary Montresor S.r.l. was purchased, increasing the shareholding to 100%. The consideration for the purchase of this shareholding is € 1,173 thousand.

On **27 April 2022**, the Shareholders' Meeting of Biesse S.p.A. approved:

- the Financial Statements at 31/12/2021 of the parent company Biesse S.p.A., which closed with a net profit of € 2,141,702.48 and the Group Consolidated Financial Statements and the Sustainability Report;
- the allocation of the profit for the year 2021 - resolving the distribution of a total gross dividend of 0.624 per share, of which € 0.078 from the profit for the year and € 0.546 per share from the extraordinary profit reserve;
- the 2022 Report on remuneration policy and remuneration paid in 2021;
- the authorisation to purchase and dispose of treasury shares.

On **19 May 2022**, the purchase was finalised of the remaining 40% of the equity investment in Movetro S.r.l.; already fully consolidated Company due to evaluating the possible exercise of the put/call option on the above minority stake. The price of this transaction was substantially in line with the put/call option valuation already recognised in the Group's consolidated financial statements on 31 December 2021.

Finally, it should be noted that on **7 September 2022**, as per deed of Notary Public Giuseppe Muraro, the land located in the municipality of Thiene (VI, Italy) was sold.

PARTICIPATION IN THE PAN-EUROPEAN SMALL MID CAP CONFERENCE

Biesse remotely participated in the conference organised by J.P. Morgan-Cazenove for European Mid/Small Cap companies. During the event, the CEO Roberto Selci outlined the main features of the Group, the short-term industrial objectives and the impact of recent events in the international arena.

PARTICIPATION IN THE EURONEXT STAR CONFERENCE 2022

Biesse took part, virtually, in the conference organised by Borsa Italiana Euronext Star Conference 2022, reserved for companies in the Star segment. During the event, the Biesse management had the opportunity to share its strategies and activities with Italian and foreign investors and analysts. In particular, concerning the ongoing conflict in Ukraine, the management clarified that the Group has limited exposure to countries involved in the war and/or affected by EU sanctions, namely Ukraine, Russia and Belarus. Together, these three countries make up a tiny percentage of the Group's order book (sales only). Although there are currently no tangible economic or financial impacts, the Company is constantly monitoring any developments that may potentially affect its business.

PARTICIPATION IN THE 2022 ITALIAN EXCELLENCES CONFERENCE

Biesse took part in the 2022 Italian Excellences - Mid Corporate Conference event held in Paris on 12 October. During the event, the company's management met with the international financial community, sharing their views on the current environment and commenting on the results achieved.

INCOME STATEMENT HIGHLIGHTS

Income Statement as at 30 September 2022 highlighting non-recurring items

	30 September 2022	% on sales	30 September 2021	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	613,371	100.0%	526,993	100.0%	16.4%
Change in inventories, wip, semi-finished products and finished products	39,986	6.5%	24,126	4.6%	65.7%
Other Revenues	5,314	0.9%	3,924	0.7%	35.4%
Revenue	658,670	107.4%	555,044	105.3%	18.7%
Raw materials, consumables, supplies and goods	(289,982)	(47.3)%	(238,906)	(45.3)%	21.4%
Other operating costs	(112,946)	(18.4)%	(83,809)	(15.9)%	34.8%
Personnel expense	(184,955)	(30.2)%	(170,434)	(32.3)%	8.5%
Gross operating result	70,788	11.5%	61,895	11.7%	14.4%
Depreciation and amortisation	(24,358)	(4.0)%	(25,006)	(4.7)%	(2.6)%
Provisions	(3,839)	(0.6)%	(5,157)	(1.0)%	(25.6)%
Operating result before non recurring items	42,591	6.9%	31,731	6.0%	34.2%
Impairment losses and non recurring-items	1,568	0.3%	12,820	2.4%	(87.8)%
EBIT Operating result	44,158	7.2%	44,551	8.5%	(0.9)%
Financial income	729	0.1%	306	0.1%	138.1%
Financial expense	(1,778)	(0.3)%	(2,365)	(0.4)%	(24.8)%
Net exchange rate losses	(7,074)	(1.2)%	(1,359)	(0.3)%	-
Pre-tax result	36,035	5.9%	41,133	7.8%	(12.4)%
Income taxes	(11,234)	(1.8)%	(5,749)	(1.1)%	95.4%
Result for the period	24,801	4.0%	35,384	6.7%	(29.9)%

Net revenue from sales and services as at 30 September 2022 amounted to € 613,371 thousand, up 16.4% on the same period of 2021 (€ 526,993 thousand). This increase is attributable to the positive sales trend and the change in the scope of consolidation, which sees, compared to the third quarter of 2021, the entry of the subsidiary Forvet S.p.A., acquired at the end of 2021.

As at 30 September 2022, the **value of production** amounted to € 658,670 thousand, up 18.7% compared to September 2021, when it amounted to € 555,044 thousand. In addition to the positive sales contribution in the period, there was also an increase in production linked to inventory, which was necessary to deal with the procurement tension experienced during the year.

The following table shows a breakdown of costs as a percentage of the value of production.

	30 September 2022	%	30 September 2021	%
<i>Euro 000's</i>				
Revenue	658,670	100.0%	555,044	100.0%
Raw materials and goods	289,982	44.0%	238,906	43.0%
Other operating costs	112,946	17.1%	83,809	15.1%
Service costs	101,105	15.3%	74,173	13.4%
Use of third party assets	3,388	0.5%	1,914	0.3%
Sundry operating expense	8,453	1.3%	7,722	1.4%
Added value	255,743	38.8%	232,329	41.9%

The analysis of consumption and other operating expenses as a proportion of the value of production, rather than of revenue, shows an increased absorption of raw materials (equal to 44.0% against 43.0% at 30 September 2021) due to the increase in raw material costs recorded during 2022. Other operating expenses increased in absolute terms (€ 29,137 thousand), also increasing their percentage weight compared to the same quarter of 2021 (from 15.1% to 17.1%). This phenomenon is mainly attributable to service costs, which rose from € 74,173 thousand to € 101,105 thousand, an increase of 36.3%. The change is mainly due, also taking into account the change in the scope of consolidation that sees, compared to the third quarter of 2021, the entry of the subsidiary Forvet S.p.A. acquired at the end of 2021, to higher costs for production services, including external processing and transport on acquisitions (up by € 6,573 thousand), consultancy expenses (up by € 2,707 thousand), commissions payable and transport on sales (up by € 4,691 thousand), costs related to participation in trade fairs and events (up by € 2,585 thousand). In addition to the above-mentioned increases, there were also increases for travel expenses (up by € 3,330 thousand) and utilities (up by € 2,661 thousand) mainly due to the increase in energy and heating costs.

Personnel costs at 30 September 2022 amounted to € 184,955 thousand with an increase in value of € 14,521 thousand compared to the 2021 figure (€ 170,434 thousand, +8.5%). In this regard, it is noted that this is mainly attributable to the combined effect of labour cost inflation and less recourse to social safety nets and state subsidies. This increase is attributable the change in the scope of consolidation, which sees, compared to the third quarter of 2021, the entry of the subsidiary Forvet S.p.A., acquired at the end of 2021.

As at 30 September 2022, **adjusted EBITDA** was € 70,788 thousand (€ 61,895 thousand as at 30 September 2021), up by 14.4%.

Depreciation and amortisation decreased by 2.6% overall (from € 25,006 thousand at 30 September 2021 to € 24,358 thousand at 30 September 2022): The component relating to tangible fixed assets (including rights of use) increased by € 582 thousand (+4.0%), while that relating to intangible fixed assets fell by € 1,230 thousand (-12.4%).

Provisions and impairment amounted to € 3,839 thousand. They included provisions of € 3,562 thousand (of which, mainly, € 1,856 thousand for adjustments to provisions for future risks and charges and € 618 thousand for the adjustment of the product warranty reserve estimate), while impairment write-downs were equal to € 277 thousand, relating to intangible assets, including development costs.

Non-recurring items showed a net positive value of € 1,568 thousand, consisting of the COVID-19 grant received by the subsidiary Biesse America Inc. for € 3,142 thousand, partially offset by € 1,575 thousand in trademark write-downs as a result of the Group's rebranding project, aimed at a redefinition of the Group's identity.

As regards **financial operations**, net financial expense amounted to € 1,049 thousand, down compared to the figure for 2021 (€ 2,059 thousand).

Exchange risk management resulted in a net loss of € 7,074 thousand, worsening compared to the € 1,359 thousand loss in the prior-year period.

The **pre-tax result** was therefore positive at € 36,035 thousand, down from the 2021 figure (€ 41,133 thousand, a result positively affected by € 12,820 thousand of non-recurring items).

The balance of **tax items** was negative to the tune of € 11,234 thousand. This balance is determined as a result of the following factors: IRES (Italian corporate income tax) and other deferred taxes negative for € 4,023 thousand and IRAP (Italian regional business tax) negative for € 1,603 thousand; provisions for income taxes relating to foreign subsidiaries (negative for € 5,435 thousand) and previous-year taxes, negative for € 173 thousand.

There was a sharp increase in the year-on-year tax rate because in 2021, the sale of the equity investment held in Dongguan Korex Machinery Co. Ltd. (Korex), which had generated a capital gain of € 17,814 thousand tax-free.

The Group, therefore, recorded a **profit for the year** of € 24,801 thousand.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

Statement of financial position as at 30 September 2022

	30 September 2022	31 December 2021
<i>Euro 000's</i>		
Intangible assets	90,686	97,989
Property, plant and equipment	117,731	117,203
Financial assets	4,041	4,578
Non-current assets	212,459	219,770
Inventories	227,639	179,417
Trade receivables and contract assets	139,688	125,962
Trade payables	(181,183)	(186,660)
Contract liabilities	(141,593)	(127,093)
Net operating working capital	44,552	(8,375)
Post-employment benefits	(11,553)	(13,318)
Provision for risk and charges	(24,112)	(24,850)
Other net payables	(55,107)	(63,274)
Net deferred tax assets	15,623	14,660
Other net liabilities	(75,149)	(86,781)
Net invested capital	181,862	124,614
Share capital	27,403	27,393
Result for the previous year and other reserves	209,034	186,957
Result for the year	24,760	34,018
Non-controlling interests	242	849
Equity	261,439	249,217
Bank loans and borrowings and loans and borrowings from other financial backers	28,484	29,594
Other financial assets	(7,157)	(27,098)
Cash and cash equivalents	(100,903)	(127,099)
Net financial indebtedness	(79,577)	(124,603)
Total sources of funding	181,862	124,614

Net invested capital amounted to € 181.8 million, up compared to December 2021 (€ 124.6 million).

Compared to December 2021, fixed assets were down, as depreciation and amortisation were higher than new investments for the period.

Net operating working capital increased by € 52.9 million compared to December 2021. The change was mainly due to the increase in inventories (equal to € 48,223 thousand), which is mostly attributable to the strategy aimed at minimising the impact of the persistent critical issues related to the supply chain, while the increase in trade receivables (equal to € 13,727 thousand) was almost entirely offset by the increase in contract liabilities (equal to € 14,500 thousand), factors that confirm the positive sales trend in 2022, with turnover growing by 16.4%.

Trade payables decreased by € 5,477 compared to December 2021, mainly due to a decrease in average payment days.

Equity amounted to € 261.4 million (€ 249.2 million as at 31 December 2021).

Net financial position

<i>Euro 000's</i>	30th September 2022	30th June 2022	31st March 2022	31st December 2021	30th September 2021
Financial assets:	108,061	117,201	136,539	154,197	143,509
<i>Current financial assets</i>	7,157	7,266	27,141	27,098	27,867
<i>Cash and cash equivalents</i>	100,903	109,935	109,398	127,099	115,641
Short term lease liabilities	(7,983)	(8,524)	(7,194)	(7,384)	(6,628)
Short-term bank loans and borrowings and loans from other financial backers	(4,761)	(7,493)	(5,826)	(5,998)	(5,539)
Short-term net financial position	95,317	101,183	123,520	140,815	131,343
Medium/Long-term lease liabilities	(14,997)	(15,508)	(15,179)	(15,320)	(16,546)
Medium/Long-term bank loans and borrowings	(573)	(525)	(395)	(680)	(916)
Trade payables and other medium/long-term payables	(171)	(185)	(285)	(213)	-
Medium/Long-term net financial position	(15,740)	(16,218)	(15,859)	(16,212)	(17,462)
Total net financial position	79,577	84,965	107,661	124,603	113,880

In the Net Financial Position (hereinafter also "NFP") statement at 30/09/2022, in application of the new provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob which refers to the ESMA Recommendations of 4 March 2021, trade payables due beyond one year have been included. For comparative purposes, please note that these payables amounted to € 225,000 as at 30 September 2021, when the provisions mentioned above had not yet been applied.

To better represent the Net Financial Position, the fair value of outstanding derivatives has been excluded from financial assets. For comparative purposes, please note that the fair value of derivatives at 30 September 2021 was € 643,000.

The Group's Net Financial Position as at 30 September 2022 was positive at € 79,577 thousand, down from the figure for the same period of the previous year (positive at € 113,880 thousand). Compared to year-end 2021, the indicator decreased by € 45,026 thousand, mainly influenced by the dynamics of net working capital, despite the promising results at operating level and the distribution of dividends during the first half of 2022.

For the sake of completeness, please note that, since this case is not specifically regulated, the estimated earn-out liability of € 3 million related to the acquisition of Forvet S.p.A. and due within 12 months does not appear in the Net Financial Position.

At this report's approval date, Biesse S.p.A. has credit lines of € 210.5 million, of which € 85.5 million is revocable and € 125 million committed with duration beyond 12 months. All undrawn cash credit lines are unsecured, free of collateral and/or other constraints.

SEGMENT REPORTING

Breakdown of revenue by operating segment

	30 September 2022	%	30 September 2021	%	CHANGE % 2022/2021
<i>Euro 000's</i>					
Machines and Systems Division	556,824	90.8%	478,806	90.9%	16.3%
Mechatronics Division	80,977	13.2%	70,732	13.4%	14.5%
Inter-segment eliminations	(24,430)	(4.0)%	(22,545)	(4.3)%	8.4%
Total	613,371	100.0%	526,993	100.0%	16.4%

Breakdown of revenue by geographical area

	30 September 2022	%	30 September 2021	%	CHANGE % 2022/2021
<i>Euro 000's</i>					
Western Europe	325,079	53.0%	264,859	50.3%	22.7%
Asia-Pacific	74,864	12.2%	69,069	13.1%	8.4%
Eastern Europe	82,261	13.4%	87,458	16.6%	(5.9)%
North America	114,577	18.7%	90,950	17.3%	26.0%
Rest of the World	16,590	2.7%	14,658	2.8%	13.2%
Total	613,371	100.0%	526,994	100.0%	16.4%

The breakdown of revenues by operating segment shows a significant increase in both segments. Machinery-Systems (which accounts for 90.8% of the group's turnover) and Mechatronics increased by 16.3% and 14.5% respectively, compared to the third quarter of 2021.

Looking at the turnover by geographical area, the increase concerned all the following geographical areas of reference: Western Europe (22.7%), Asia-Oceania (8.4%), North America (26.0%) and the Rest of the World (13.2%). Eastern Europe, on the other hand, recorded a slight decrease (-5.9%),

Pesaro, 28 October 2022

The Chairman of the Board of Directors
Giancarlo Selci

CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 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.

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