Biesse

Interim Report as at 30 June 2023

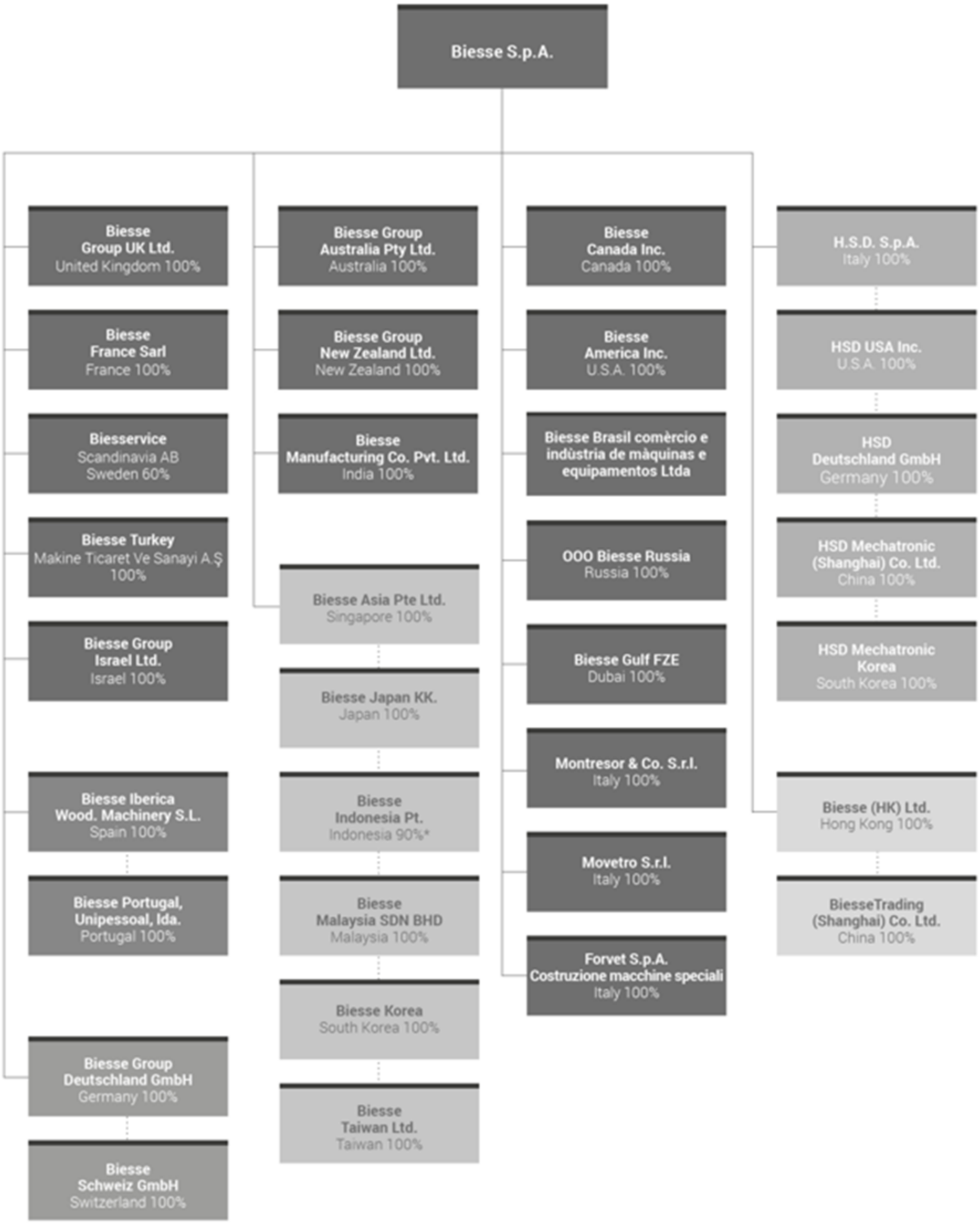
Biesse S.p.A.

INTERIM REPORT AS AT 30 JUNE 2023

THE BIESSE GROUP

BIESSE 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

BIESSE GROUP PROFILE

The Biesse Group is a multinational manufacturer of integrated lines and machines for the processing of wood, glass, stone, plastics and composites. Founded in Italy in 1969 and listed on the Euronext Star segment of the Italian Borsa Italiana stock exchange since June 2001, the Biesse Group supports the business development of its customers in the *furniture*, *automotive* and *aerospace sectors*. Today, around 80% of its consolidated turnover is generated abroad, thanks to an ever-expanding worldwide network with 4 production sites and over 30 showrooms covering more than 160 countries. Thanks to the expertise of around 4,100 employees, leading companies in their sectors and the most respected names in Italian and international design are inspired to unlock the potential of every material.

Compared to the consolidated financial statements as at 31 December 2022, there are no changes in the scope of consolidation.

ALTERNATIVE PERFORMANCE INDICATORS

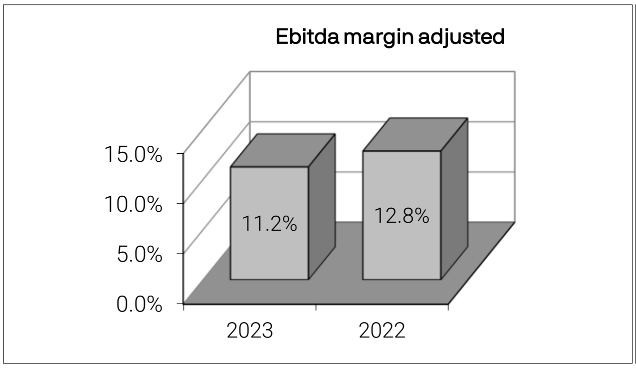
Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to better assess the Biesse Group's performance. The criterion applied by the Biesse Group to set these indicators might not be the same as that adopted by other groups, and 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 interim report and the previous year used for comparison.

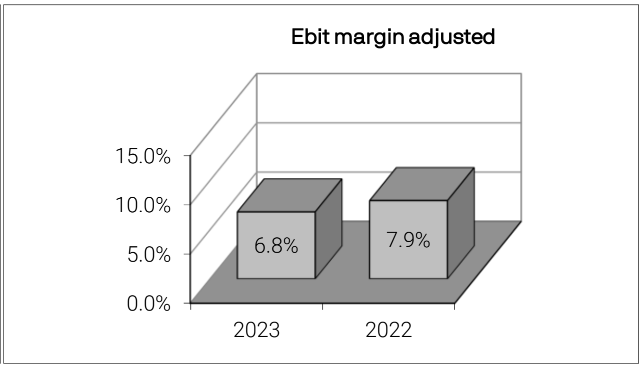
Performance indicators are to be regarded as complementary to and not a substitute for financial data prepared in accordance with IFRS. Hereafter is a description of the main indicators adopted.

- *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 Biesse 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 Biesse 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 Biesse Group's ordinary operations.
- *Operating Profit or EBIT (Earnings Before Interest and Taxes)*: this indicator is defined as Profit (Loss) for the year before income taxes, financial income and expenses, and foreign exchange losses and gains.
- *Net Operating Working Capital*: this indicator is calculated as the total of Inventories, Trade receivables, 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

Euro 000's	30 June 2023	% on sales	30 June 2022	% on sales	Change %
Revenue from sales and services	418,185	100.0%	419,084	100.0%	(0.2)%
Normalised Added value (1)	173,048	41.4%	181,552	43.3%	(4.7)%
Ebitda (Gross operating profit) adjusted(1)	46,983	11.2%	53,693	12.8%	(12.5)%
Ebit adjusted (1)	28,406	6.8%	33,266	7.9%	(14.6)%
Ebit (1)	30,343	7.3%	33,266	7.9%	(8.8)%
Profit/Loss for the period	19,504	4.7%	19,383	4.6%	0.6%

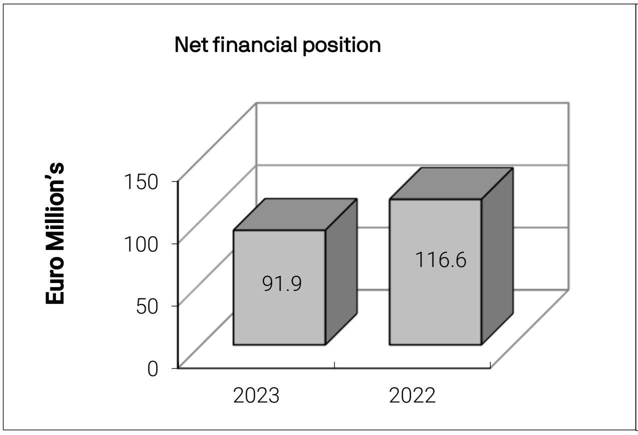


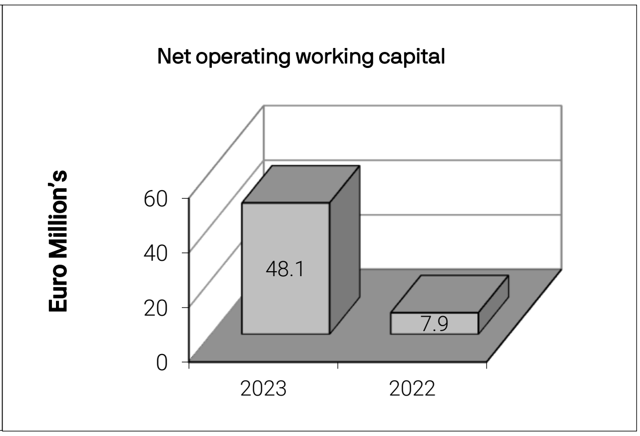


Statement of Financial Position

Euro 000's	30 June 2023	31 December 2022
Net invested capital (1)	178,299	144,147
Equity	270,154	260,793
Net financial position	91,855	116,646
Net operating working capital (1)	48,104	7,908
Order intake	314,861	384,659

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

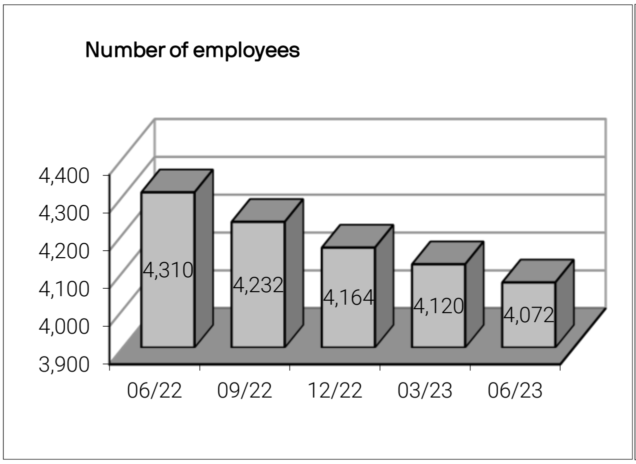


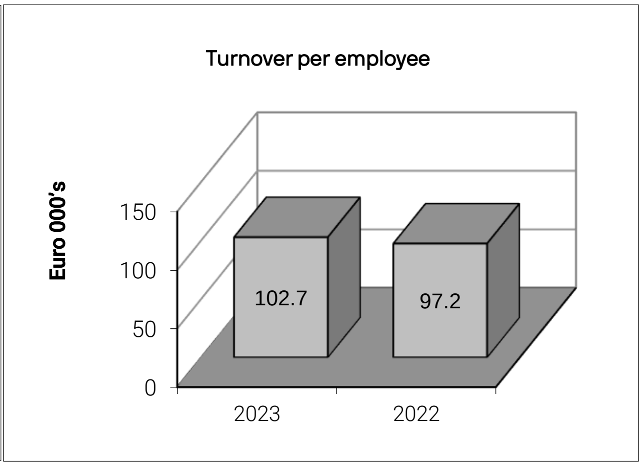


Biesse

Personnel (*)

	30 June 2023	30 June 2022
Number of employees at year end	4,072	4,310





includes agency workers.

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.

DIRECTORS' REPORT ON OPERATIONS

GENERAL ECONOMIC OVERVIEW

GLOBAL ECONOMIC TREND

Earlier this year, the global economy showed greater strength than in the fourth quarter of 2022, thanks to the reopening of the Chinese economy and the resilience of the US labour market. International activity was mainly driven by the services sector, while manufacturing output remained relatively subdued. The fallout from the difficulties in the US banking sector in early March led to a brief period of severe tension in global financial markets. Since then, most asset prices have recovered the losses recorded in the period. At the same time, financial market participants also revised down their expectations for the future path of monetary policy tightening by the Federal Reserve System. Nevertheless, continued uncertainty is adding to global growth headwinds, including high inflation, tighter international financial conditions and geopolitical tensions. Against this background, the global inflation and growth outlook embedded in the June 2023 projections remains broadly unchanged from the March 2023 ECB staff macroeconomic projections for the euro area. The slight upward revision to global growth in 2023 is mainly due to a stronger-than-expected recovery in demand in China in the first quarter, partly offset by the negative impact of tighter credit and financial conditions in the US and other advanced economies. The inflation outlook for 2024 has been revised slightly upwards against the background of tight labour market conditions and still high wage growth in advanced economies, while lower commodity prices explain the slight downward revision of inflation projections for 2023. World trade is expected to grow at a much slower pace than real GDP this year, as the composition of world demand is characterised by lower trade intensity. The outlook for world trade in 2023 has been revised downwards, but this is largely due to strong negative carry-over effects from the fourth quarter of 2022 and subdued results in major economies in the first quarter.

UNITED STATES

In the US, real GDP is expected to slow in the first half of this year, followed by a modest recovery. Household consumption growth is expected to remain positive thanks to the resilience of the labour market. The tightening of financial conditions has led to a decline in investment in sectors other than housing, which is expected to continue until 2023, while continued uncertainty is likely to lead to a further tightening of credit criteria, with a further negative impact on growth. The agreement to suspend the US debt ceiling until January 2025 has reduced uncertainty in financial markets. This agreement modestly reduces non-defence spending, leaving defence and compulsory social security and health spending unchanged. Headline CPI inflation was 4.9% in April, while core inflation remains high and persistent at 5.5%. Services are the main source of persistent inflation, due to the stickiness of house prices and the slow moderation of high wage dynamics. In addition, asset inflation rose again for the second month in a row, with a further substantial increase in new car prices and a smaller negative contribution from used vehicles and heavy goods vehicles.

JAPAN

In Japan, economic activity is expected to continue growing at a moderate pace, supported by pent-up demand and continued policy support. Real GDP increased in the first quarter of 2023, reflecting the dynamism of the reopening, and is expected to continue growing at a moderate pace. In May, the PMI index for the services sector continued to rise to very high levels, with firms citing the exhaustion of the disruptions caused by the coronavirus (COVID-19) and the recovery in domestic and foreign tourism as key factors behind the sector's strong growth momentum, while manufacturing activity remained subdued. In April, inflation remained relatively high and headline inflation measured on CPI rose to 3.5%. Core CPI inflation (excluding food and energy) also continued to rise to 2.5%. The latest indicators of the spring annual wage negotiations continue to point to significant wage increases compared to historical averages.

UNITED KINGDOM

In the UK, the economy is expected to avoid a recession in 2023, despite persistently adverse growth conditions. These circumstances are related to persistently high consumer inflation on disposable incomes, rising financing costs and the correction in the housing market. While the short-term growth outlook is less unfavourable than previously expected, economic activity is not expected to show any significant trends. Headline inflation, as measured by the CPI, peaked in the fourth quarter of 2022 and has been revised sharply downwards for this year compared with the March 2023 projections, due to the extension of the energy price guarantee included in the Spring Budget. Nevertheless, headline inflation is expected to remain high, given the contribution of tight labour market conditions and strong wage pressures to persistent domestic inflation.

China

In China, the consumption-led recovery continues but appears to be losing momentum. After the rapid recovery in consumer spending that followed the resumption of economic activity, the momentum of this recovery waned in the second quarter, and the services- and consumer-led recovery did not spill over to the manufacturing sector. The services PMI index signals robust growth, while the manufacturing PMI has fallen slightly into negative territory. Retail sales rose considerably year-on-year in April, although this increase mainly reflects a reduced comparison base due to the widespread lockdown measures in Shanghai last year. The expansionary momentum of retail sales has slowed, and high-frequency data suggest that this trend continued in May. After the first signs of recovery, activity in the residential property market took a step back. In particular, investment in residential construction fell sharply and house sales, which had almost halted their year-on-year decline in March, fell again. The continued weakness of the housing market continues to dampen the economy. House price growth slowed in April, cooling consumer confidence. Annual headline CPI inflation fell to 0.1% in the same month, marking its lowest level in nearly two years, driven by a sharp decline in food and energy components. Core inflation (excluding food and energy) remained stable at 0.7%.

Eurozone

The euro area is experiencing cyclical weakness, reflecting the impact of high inflation and tighter financing conditions. In the first quarter of the current year, the area recorded a slight contraction in output, as at the end of 2022. GDP was broadly unchanged in the spring, when declining manufacturing activity offset the recovery in services. Consumer inflation continued to fall, affected by the decline in the energy component; core inflation remains high. Between May and June, the Governing Council of the European Central Bank raised its key interest rates by a total of 50 basis points and decided to end reinvestments under its asset purchase programme in July. The programmes to purchase public and private securities for pandemic preparedness will continue with flexibility until at least the end of 2024. In the first three months of the year, output growth in the euro area was slightly negative for the second consecutive quarter (-0.1%; Table 2), reflecting weak domestic demand. Household spending fell, while investment rebounded, driven by construction. Employment continued to rise, especially in construction and services; however, the average number of hours per worker remained lower than in 2019. Net external demand contributed 0.7 percentage point to output momentum, reflecting lower imports and considerable stability in exports. On the supply side, the decline in economic activity was concentrated in manufacturing, which continues to suffer from the weakness of the global industrial cycle. Value added, on the other hand, has returned to growth in services, and much more so in construction. In the first quarter, GDP grew in France and, to a greater extent, in Italy and Spain, while it fell for the second consecutive quarter in Germany (-0.3%, from -0.5% in the previous quarter). The latest economic indicators suggest that growth was close to zero in the second quarter. The weakness in the manufacturing sector has worsened, while the positive momentum in the services sector – particularly in tourism – has continued, although it is becoming increasingly difficult to recruit staff. In April-May, industrial production fell (by 1.4%) compared to the average of the first three months of the year. In the spring quarter, the manufacturing PMI index was below the threshold compatible with an expansion, while the services PMI continued to rise, signalling a further recovery in the sector, which, however, lost momentum in June. There were more positive signs from the consumer side. Confidence as measured by the European Commission's surveys improved, driven mainly by more favourable assessments of the general economic situation and better expectations of the personal situation. According to the Eurosystem staff projections published in June, output will slow to 0.9% in 2023 (from 3.5% last year) and accelerate to 1.5% in 2024 and 1.6% in 2025. Compared with last March's scenario, the estimates for 2023 and 2024 have been revised down by a tenth of a point, mainly due to the marked tightening of financing conditions for households and firms. Consumer inflation rose to 5.5% year-on-year in June. Energy prices declined year-on-year, reflecting the normalisation of wholesale prices. However, the indirect effects of the energy price increases of recent months on the price lists of services and other goods, in particular food, remain. Price dynamics for volatile components remain very disparate across countries, being higher in Italy and Germany than the euro area average, reflecting different market structures and pricing mechanisms. According to the Eurosystem staff projections published in June, inflation in the euro area will fall to 5.4% on average this year, 3.0% in 2024 and 2.2% in 2025.

Italy

In the first three months of 2023, Italian GDP returned to growth (0.6% compared to the previous quarter). Household consumption increased, driven by a partial recovery in real disposable income and more favourable labour market conditions. Total investment, which reached a level more than 20% higher than in 2019, continued to rise in both construction and capital goods, albeit at a slower pace than in the previous three months. Foreign trade made a slightly negative contribution, as exports fell more sharply than imports. On the supply side, value added increased in services and more markedly in construction, while in industry in the narrow sense it decreased – albeit slightly – for the third consecutive quarter. In the second quarter, output growth came to a standstill. Activity was buoyed by services (especially tourism and recreation); manufacturing output, on the other hand, declined, held back in particular by the weakening global industrial cycle. While waiting for the stimulus from the National Recovery and Resilience Plan (NRRP) to fully deploy, activity also decreased in the construction sector, suffering from the gradual fading of the effects of the tax incentives linked to the 110 percent Superbonus. On the demand side, GDP was still supported by consumption, especially services.

BUSINESS SECTOR REVIEW

UCIMU – SISTEMI PER PRODURRE (SYSTEMS TO PRODUCE)

In the second quarter of 2023, the machine tool order index compiled by the UCIMU-SISTEMI PER PRODURRE Research & Business Culture Centre showed a drop of 21.8% compared to the period April-June 2022. The absolute value of the index was 80.9 (base value of 100 in 2015).

The result is a consequence of the decline in new orders recorded by manufacturers in both the export and domestic markets. In particular, orders collected abroad fell by 10.5% compared to the same quarter last year. The absolute value of the index is 88.2. Domestically, new orders fell by 38.3% compared with the second quarter, to an absolute value of 70.2. On a half-yearly basis, new orders fell by 23% compared with the first half of 2022, to an absolute index value of 103. Internal orders decreased by 29.9% to an index value of 97.5. Foreign orders fell by 18.2% to an absolute value of 107.1.

Barbara Colombo, Chair of UCIMU-SISTEMI PER PRODURRE, stated: *"The data just processed by our Centro Studi & Cultura di Impresa confirm the signs of a slowdown that we have seen in recent months. As regards the internal market in particular, the contraction observed in the first half of 2023 is primarily physiological; in other words, the trend could not continue at the same pace as in the two years following the pandemic. Having said that, we cannot ignore the fact that the decline is also driven by the uncertainty in which companies are operating today. Our companies are still working well and are busy producing the backlog of orders collected last year. For this reason, our sales at the end of 2023 will still be good. If we do not manage to change course after the summer break, the first few months of next year will be different. For this reason, and also in view of the digital transition process that the country's manufacturing industry is undergoing, we ask the government authorities to intervene as soon as possible to confirm and strengthen the Transition 4.0 plan, which we believe must structurally provide for a modular system of tax incentives that can be combined and cumulated, and that will reward those who invest in new machines more, given digitalisation is also an enabler of sustainability". Only in this way will we be able to support the process of continuous and progressive innovation that must accompany companies, ensuring that each develops in line with its own path: encouraging those who are further along in the digitalisation process to also work on sustainability, without leaving behind those companies that have only just begun to address the issue of the interconnection of systems and machines. On the international front, the decline recorded this quarter is not a cause for concern, given the near saturation of our companies' production capacity. The trend in orders from across the border in recent years has been rather linear, with no particular peaks and troughs. The goal for the near future can only be to work more with international users, also considering the development of near and friend-shoring that we are witnessing after the health crisis and the outbreak of the conflict between Russia and Ukraine.*

ACIMALL – ITALIAN WOODWORKING TECHNOLOGY ASSOCIATION (PERFORMANCE OF THE FIRST QUARTER OF 2023)

The first quarter of 2023 confirms the slowdown in orders for Italian technologies dedicated to the woodworking and furniture industries. The quarterly survey carried out by the research department of Acimall, the association of manufacturers in the sector, confirms a negative change for the fourth consecutive quarter. This is a figure that deserves a great deal of attention, although it must be read in the light of the exceptional growth that will characterise the second half of 2020 and the whole of 2021, a trend that has not been seen in recent decades. The downturn that manifested from the second quarter of 2021 onwards can be described as physiological, although the negative acceleration observed in the period January-March 2023 raises some concerns.

Orders in the first quarter of this year were therefore down 25.7% on the same period last year, a figure that was affected both by the fall in demand from foreign markets (minus 20.6%) and the undoubtedly more significant decline in the domestic market (minus 38.9%).

It should also be noted that these comparisons are with a quarter, the period January-March 2022, still in an expansionary phase, with significant growth rates both on the Italian and foreign markets, thanks to the public incentives adopted in many countries, which on the one hand have had the undoubted merit of helping the various industrial sectors to overcome the consequences of the global health emergency, and on the other hand have conditioned the normal evolution of the market.

The decline in orders is therefore reflected in the months of insured production, which fall on average from 6.1 in the October-December quarter of 2022 to 5.2 in the January-March quarter of 2023.

Inflationary momentum, which in 2022 was in line with that of the economy as a whole, seems to have suffered a setback in the first months of this year. The increase in sales prices of technologies for the wood and furniture industry stands at plus 0.6%.

The opinions expressed in the qualitative survey for the quarter under review indicate that the sample of respondents tends to indicate that production is fairly stable (71%); 24% reported a growth trend, 5% a decrease. In terms of employment, 14% of the sample reported an increase, 81% stable and 5% a decrease. Inventories were stable according to 62% of respondents, while the remaining 38% were divided equally between those who saw an increase (19%) and those who saw a contraction (19%).

The forward-looking survey provides a sense of the scenarios that could unfold in the short term: 38% of the sample predicted the substantial stability of orders from the foreign market, while 38% expected some contraction and 24% further growth. On the domestic market, 57% of respondents leaned towards substantial stability, 19% towards an increase in orders and 24% towards a contraction.

TREND IN THE FIRST HALF OF 2023

As is widely known, the ongoing tensions between Russia and Ukraine, which began in January 2022 (and subsequently led to Russia's declaration of war on Ukraine and the invasion of Ukrainian territory by the Russian army on 24 February 2022), continue to have a significant impact on international markets, including on financial market developments.

The reference context continues to be characterised by significant uncertainties due to the evolution of the international geopolitical context, with consequent repercussions on the evolution of energy procurement and material cost trends.

In this rather unstable environment, the Biesse Group, which operates in Russia through its commercial subsidiary Biesse Russia in Moscow, continued to work, albeit at lower levels given the impact of the economic sanctions imposed, on maintaining the operations and employment level of its subsidiary. Despite the invoicing in Euro on the Russian market, which protected the subsidiary from the impact of the fluctuation of the Ruble, the Management took these uncertainties into account in its assessments regarding the recoverability of trade receivables and inventories, as already carried out at 31 December 2022.

Regarding the direct impact of the conflict on the Biesse Group, please note that as of 30 June 2023 the credit exposure to the Russian market was around €1 million and the cash held in roubles was €3 million. Inventories at the Russian subsidiary amounted to €1.6 million as at 30 June 2023.

At the end of the first half of 2023, the Biesse Group's portfolio amounted to €314,861 thousand, down by 18.1% compared to December 2022 (€384,659 thousand).

In this scenario, Biesse Group revenues at 30 June 2023 amounted to €418,185 thousand, slightly down (-0.2%) compared to 30 June 2022. This performance was made possible thanks to the Biesse Group's extensive distribution network, which made it possible to counter the uncertainties in certain geographical areas.

The analysis of turnover by geographical areas shows that the increase only concerned Eastern Europe (21.7%), North America remained almost unchanged while Western Europe, Asia-Oceania and the Rest of the World recorded decreases of 3.5%, 4.6% and 30.6% respectively.

An analysis of the breakdown of revenues by operating segment, Machine-Systems and Mechatronics, shows no significant change for the Machine-Systems segment, while the Mechatronics segment recorded a decrease of 9.1%.

The stable trend in volumes was reflected in operating profitability for the period, as indicated by Adjusted Ebitda which, gross of non-recurring charges, amounted to €46,983 thousand, down 12.5% compared to the first half of the previous year (a half-year in which the Biesse Group had increased production destined for inventory, necessary to support demand) due to the inflation of materials (with an impact on the cost of sales) and a recovery in costs associated with fairs and staff travel and subsistence. Therefore, normalised operating profit (Adjusted EBIT) decreased (€28,406 thousand in the first half of 2023 compared to €33,266 thousand in the same period of 2022), with a negative delta of €4,860 thousand and a slight decrease in revenue that moved to 7.9% from 6.8%.

It should be noted that the economic result of the Biesse Group, for the period in question, was positively influenced by “non-recurring events” amounting to €1,937 thousand, solely attributable to the capital gain deriving from the sale of the building and related land pertaining to Thiene.

Notwithstanding the positive trend in economic performance (with revenues in line with the previous half, although with slightly decreasing margins) described so far, financial performance was instead affected by the dynamics of net operating working capital, which increased by €40,197 thousand compared to December 2022 (with a consequent contraction in cash generation). This phenomenon is mainly attributable to the decrease in contractual liabilities (equal to €23,833 thousand) influenced by the slowdown in order intake in the first half of 2023. The aforementioned result was also negatively affected by the advance to the fourth quarter of 2022 of most of the investments planned by Italian users who wanted to secure the 40% tax credit incentive relating to *Industry 4.0*, knowing that the rate would be halved with the new year.

Remaining on the subject of net working capital movements, trade payables showed a reduction of €7,574 thousand, where the critical issues in the supply chain which were evident for much of 2022 led to greater bargaining power in favour of strategic suppliers, with a consequent decrease in average payment days (DPOs). As regards trade receivables, on the other hand, there was an increase of €16,606 thousand, an increase attributable to higher invoicing in the second half of the year in question, especially with reference to the Italian area, in line with the trend of DSOs (slightly up compared to the end of the year).

Inventories decreased by €7,816 thousand, confirming the start of a process of stock optimisation by the Biesse Group.

The Net Financial Position (hereinafter also “NFP”) of the Biesse Group at 30 June 2023 was positive at €91,855 thousand, a decrease of €24,791 thousand compared to the figure at 31 December 2022 (positive for €116,646 thousand). The change is mainly influenced by the distribution of dividends in the first half of 2023 and the aforementioned trend in net working capital, despite the positive results obtained at the operating level.

The scenario described so far confirms that the Biesse Group benefited in the first half of 2023 from the dynamism associated with the demand for capital goods in the previous year.

However, the slowdown in order intake, which had already started from the second quarter of 2022, will influence the dynamics of the sales trend for the rest of the year.

Based on this context, the Biesse Group will continue for the remainder of the year to implement with determination the initiatives aimed at pursuing the targets set. Specifically, the Biesse Group intends to pursue a policy aimed at optimising inventories and monitoring the trend of net working capital (especially on aspects related to credit management), while remaining attentive to cost containment.

MAIN EVENTS OF THE HALF-YEAR

On **26 April 2023**, the Shareholders’ Meeting of Biesse S.p.A. approved:

- the Financial Statements at 31/12/2022 of the parent company Biesse S.p.A., which closed with a net profit of €19,842,879.18 and examined the Group Consolidated Financial Statements and the Sustainability Report;
- the allocation of the profit for the year 2022 – distribution of a total gross dividend of €0.33 per share, for the entire amount from the profit for the year;
- resolved in favour of the second section of the Report on Remuneration Policy and Remuneration Paid pursuant to Article 123-ter, paragraph 6, of Legislative Decree 58/1998.

PARTICIPATION IN THE EURONEXT STAR CONFERENCE 2023

Biesse participated in the Euronext STAR Conference 2023 organised by Borsa Italiana which was held in Milan at Palazzo Mezzanotte from 21 to 23 March. During this occasion, Biesse’s management met with international investors and financial analysts to share the results recently achieved and the most immediate economic and financial prospects.

PARTICIPATION IN THE ESN EUROPEAN CONFERENCE

Biesse participated virtually in the European Securities Network (ESN) 2023 European Conference, held in London on 30 May at the Merchant Taylors’ Hall. During this occasion, Biesse’s management met with international investors and financial analysts to share the results recently achieved and the most immediate economic and financial prospects.

INCOME STATEMENT HIGHLIGHTS

Income Statement as at 30 June 2023 highlighting non-recurring items

	30 June 2023	% on sales	30 June 2022	% on sales	Change %
Euro 000's					
Revenue from sales and services	**418,185**	**100.0%**	**419,084**	**100.0%**	**(0.2)%**
Change in inventories, wip, semi-finished products and finished products	(10,413)	(2.5)%	38,319	9.1%	-
Other Revenues	3,457	0.8%	3,698	0.9%	(6.5)%
Revenue	**411,229**	**98.3%**	**461,101**	**110.0%**	**(10.8)%**
Raw materials, consumables, supplies and goods	(165,159)	(39.5)%	(207,060)	(49.4)%	(20.2)%
Other operating costs	(73,021)	(17.5)%	(72,489)	(17.3)%	0.7%
Personnel expense	(126,065)	(30.1)%	(127,859)	(30.5)%	(1.4)%
Gross operating profit	**46,983**	**11.2%**	**53,693**	**12.8%**	**(12.5)%**
Depreciation and amortisation	(15,602)	(3.7)%	(16,317)	(3.9)%	(4.4)%
Provisions	(2,974)	(0.7)%	(4,111)	(1.0)%	(27.6)%
Operating profit before non recurring items	**28,406**	**6.8%**	**33,266**	**7.9%**	**(14.6)%**
Non recurring-items	1,937	0.5%	-	-	-
Operating profit	**30,343**	**7.3%**	**33,266**	**7.9%**	**(8.8)%**
Financial income	730	0.2%	288	0.1%	-
Financial expense	(1,236)	(0.3)%	(1,253)	(0.3)%	(1.4)%
Net exchange rate loses	(2,745)	(0.7)%	(3,327)	(0.8)%	(17.5)%
Pre-tax result	**27,093**	**6.5%**	**28,973**	**6.9%**	**(6.5)%**
Income taxes	(7,588)	(1.8)%	(9,590)	(2.3)%	(20.9)%
Result for the period	**19,504**	**4.7%**	**19,383**	**4.6%**	**0.6%**

Please note that interim results set out in the table were not identified as an accounting measure under the International Accounting Standards; therefore, they must not be considered a replacement measure for assessing the Biesse Group's performance and result. In addition, please note that the criterion used by the Biesse Group to determine interim results may not be consistent with that adopted by other companies and/or groups in the sector and, consequently, these figures may not be comparable.

Revenues for the first half of 2023 amounted to €418,185 thousand, compared to €419,084 thousand in 2022, basically in line with the previous half (-0.2%) and with the sales trend for the period.

The **value of production** amounted to €411,229 thousand, down 10.8% compared to June 2022 (€461,101 thousand), following the strategic choice in the first half of the previous year to increase the finished goods inventories to meet the increase in the order backlog that occurred from the end of 2021.

The percentage of **consumption** net of the **change in inventories** recorded a decrease of 1.7 p.p. on sales due to the gradual entry of inflation, which has progressively manifested itself since the end of 2021 and the different composition of the product mix.

Other operating expenses increased in absolute terms (€533 thousand), increasing their percentage weight compared to the previous period (moving from 17.3% to 17.5%). This phenomenon is mainly attributable to service costs, which rose from €64,123 thousand to €65,713 thousand, an increase of 2.5%. The change is mainly due to higher costs related to participation in trade fairs and events (up by €2,381 thousand), those related to staff travel and subsistence (up by €2,009 thousand) and maintenance expenses (up by €535 thousand). The aforementioned increases were partially mitigated by the reduction in the provision of production services (down by €2,158 thousand), which include external processing, transport on purchases and technical advice, costs related to utilities (down by €1,088 thousand), commissions payable and transport on sales (down by €1,310 thousand).

Personnel expense at 30 June 2023 amounted to €126,065 thousand and recorded a slight decrease in value of €1,794 thousand compared to the figure for 2022 (€127,859 thousand, -1.4% on the same period of 2022), essentially linked to the wages, salaries and related social security contributions. The incidence in percentage terms also decreased slightly, from 30.5% to 30.1%.

Against the deviations described above, a**djusted EBITDA** at 30 June 2023 was positive for €46,983 thousand, while at the end of June 2022 it was positive for €53,693 thousand, with a decrease of 12.5%.

Depreciation and amortisation decreased by 4.4% overall (from €16,317 thousand as at 30 June 2022 to €15,602 thousand as at 30 June 2023): The component relating to tangible fixed assets (including rights of use) remained almost unchanged, while that relating to intangible assets fell by €705 thousand (-10.6%).

Provisions and impairment amounted to €2,974 thousand, and included provisions of €2,038 thousand (mainly attributable to €895 thousand for adjustments to provisions for future risks and charges, €488 thousand for provisions for restructuring, €132 thousand for legal disputes, €419 thousand for the adjustment of the product warranty provision and finally to €104 thousand for the provision for agents' termination indemnity) and impairment losses of €1,258 thousand, relating to intangible assets, including development costs.

Adjusted EBIT was positive at €28,406 thousand, down 14.6% from the previous year (at €33,266 thousand).

Non-recurring items show a positive value of €1,937 thousand, solely referable to the capital gain deriving from the sale of the building and related land pertaining to Thiene.

With reference to **financial operations**, net expenses of €506 thousand were recorded, down from the figure for June 2022 (net expenses of €966 thousand).

Exchange rate risk management resulted in a net loss of €2,745 thousand, an improvement compared to the €3,327 thousand loss in the prior-year period.

Pre-tax profit was therefore positive for €27,093 thousand, a decrease compared to 2022 (equal to €28,973 thousand).

The balance of **tax items** was negative (a charge) for €7,588 thousand. The negative balance is determined as a result of the following factors: IRES taxes and other deferred taxes (negative for €2,716 thousand) and IRAP (negative for €1,089 thousand); provisions for income taxes of foreign companies (€4,312 thousand) and taxes relating to previous years (positive for €528 thousand).

There was a decrease in the tax-rate of around 5 percentage points compared to the same period of the previous year, mainly due to the tax benefits linked to *Industry 4.0*.

The Group, therefore, recorded a **profit for the year** of €19,504 thousand.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

Statement of financial position as at 30 June 2023

	30 June 2023	31 December 2022
'Euro 000's		
Intangible assets	87,173	88,177
Property, plant and equipment	113,898	117,625
Real estate investments	3,460	4,688
Financial assets	**204,531**	**210,489**
Inventories	207,772	215,588
Trade receivables and contract assets	129,119	112,513
Trade payables	(174,423)	(181,996)
Contract liabilities	(114,364)	(138,197)
Net operating working capital	**48,104**	**7,908**
Post-employment benefits	(10,208)	(10,567)
Provision for risk and charges	(26,008)	(25,015)
Other net payables	(54,553)	(54,629)
Net deferred tax assets	16,433	15,961
Other net liabilities	**(74,336)**	**(74,249)**
Net invested capital	**178,299**	**144,147**
Share capital	27,403	27,403
Result for the previous year and other reserves	223,017	202,898
Result for the period	19,506	30,248
Non-controlling interests	229	245
Equity	**270,154**	**260,793**
Bank loans and borrowings and loans and borrowings	23,958	28,937
Other financial assets	(28,682)	(20,544)
Cash and cash equivalents	(87,130)	(125,039)
Net financial indebtedness	**(91,855)**	**(116,646)**
Total sources of funding	**178,299**	**144,147**

Net invested capital amounted to €178,299 thousand, up compared to 31 December 2022 (€144,147 thousand).

Compared to 31 December 2022, net fixed assets decreased by €5,958 thousand due to the fact that depreciation and amortisation are higher than new investments for the period.

Net operating working capital increased by €40,197 thousand compared to 31 December 2022. The change is mainly due to the decrease in contractual liabilities (equal to €23,833 thousand), influenced by the slowdown in order intake in the first half of 2023. This phenomenon was also negatively affected by the advance to the fourth quarter of 2022 of most of the investments planned by Italian users who wanted to secure the 40% tax credit incentive relating to industry 4.0, knowing that the rate would be halved with the new year.

Trade payables show a reduction of €7,574 thousand, a reduction less than proportional to that of raw material purchase costs, which generated a decrease in average payment days (DPO), as a result of the greater bargaining power of strategic suppliers following the critical supply chain situation that marked much of 2022. As regards trade receivables, on the other hand, there was an increase of €16,606 thousand, an increase attributable to higher invoicing in the second half of the year in question, especially with reference to the Italian area, in line with the trend of DSOs (slightly up compared to the end of the year).

Finally, with reference to inventories, there was a decrease of €7,816 thousand, confirming the start of a process of stock optimisation by the Biesse Group.

Equity amounted to €270,154 thousand (€260,793 thousand as at 31 December 2022).

Net financial position

	At 30th June 2023	At 31st March 2023	At 31st December 2022	At 30th June 2022
Euro 000's				
Financial assets:	115,812	132,381	145,583	117,201
Current financial assets	*28,682*	*20,696*	*20,544*	*7,266*
Cash and cash equivalents	*87,130*	*111,685*	*125,039*	*407*
Short term lease liabilities	(6,553)	(7,072)	(7,504)	(8,524)
Short-term bank loans and borrowings and loans from other	(1,464)	(1,412)	(4,222)	(7,493)
Short-term net financial position	**107,795**	**123,897**	**133,858**	**101,185**
Medium/Long-term lease liabilities	(15,528)	(16,114)	(16,496)	(15,508)
Medium/Long-term bank loans and borrowings	(284)	(320)	(561)	(525)
Trade payables and other medium/long-term payables	(128)	(140)	(155)	(185)
Medium/Long-term net financial position	**(15,941)**	**(16,575)**	**(17,212)**	**(16,218)**
Total net financial position	**91,855**	**107,322**	**116,646**	**84,965**

The NFP statement complies 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.

For the sake of clarity, the fair value of derivatives have also been excluded from financial assets.

The Net Financial Position of the Biesse Group at 30 June 2023 was positive at €91,855 thousand, down on the figure for the previous year (positive at €116,646 thousand), while the final figure, without considering the effects of payables for rent and leasing deriving from the application of IFRS 16, would have been positive at €113,125 thousand (positive at €139,387 thousand at 31 December 2022). Compared to year-end 2022, the indicator decreased by €24,791 thousand, mainly influenced by the distribution of dividends in the first half of 2023 and the trend in net working capital as commented above, despite the positive results obtained at the operating level.

At the date of approval of this report, the Biesse Group has credit lines in excess of €185.6 million, of which €85.6 million revocable with a duration of up to 12 months and €100 million committed with a duration of more than 12 months. All undrawn credit lines are unsecured and free of any collateral.

SEGMENT REPORTING

Breakdown of revenue by operating segment

	30 June 2023	%	30 June 2022	%	Change % 2023/2022
Euro 000's					
Machines and Systems Division	382,494	91.5%	380,194	90.7%	0.6%
Mechatronics Division	51,620	12.3%	56,810	13.6%	(9.1)%
Inter-segment eliminations	(15,929)	(3.8)%	(17,920)	(4.3)%	(11.1)%
Total	**418,185**	**100.0%**	**419,084**	**100.0%**	**(0.2)%**

Breakdown by revenue by geographical area

	30 June 2023	%	30 June 2022	%	Change % 2023/2022
Euro 000's					
Western Europe	216,912	51.9%	224,875	53.7%	(3.5)%
Asia-Pacific	46,805	11.2%	49,075	11.7%	(4.6)%
Eastern Europe	73,473	17.6%	60,396	14.4%	21.7%
North America	72,178	17.3%	72,025	17.2%	0.2%
Rest of the World	8,817	2.1%	12,712	3.0%	(30.6)%
Total	**418,185**	**100.0%**	**419,084**	**100.0%**	**(0.2)%**

The breakdown of revenues by operating segment remained substantially unchanged for the Machine-Systems segment (which accounted for approximately 91.5% of Biesse Group turnover) showing no significant change, while the Mechatronics segment recorded a decrease of 9.1%.

Analysing sales by geographical area, the only increase was in Eastern Europe (21.7%), North America remained almost unchanged while Western Europe, Asia-Oceania and the Rest of the World recorded a decrease of 3.5%, 4.6% and 30.6% respectively.

TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES

As at 30 June 2023, in line with the situation as at 31 December 2022, there were no associates.

Regarding relations with the Parent Company Bi.Fin. S.r.l., please refer to Note 25 in the Notes.

OTHER RELATED-PARTY TRANSACTIONS

The following have been identified as related parties: the Board of Directors, the Board of Statutory Auditors and SEMAR S.r.l..

As for transactions with these companies during the first half of the year, please refer to Note 25 in the Notes.

"ATYPICAL AND/OR UNUSUAL" TRANSACTIONS OCCURRED DURING THE SIX-MONTH PERIOD

In 2023, there were no such transactions.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND FULL-YEAR OUTLOOK

July 2023

On **4 July 2023**, by deed of the Notary Luisa Rossi, the subsidiary Movetro S.r.l. was incorporated into Forvet S.p.A. Costruzione Macchine Speciali. The legal effect of the transaction will be 1 August 2023 while the related accounting and tax effects will be backdated to 1 January 2023.

On 21 July 2023, by deed of Notary Luisa Rossi, the subsidiary company Montresor & Co S.r.l. was incorporated into Biesse S.p.A.. The legal effect of the transaction will be 1 August 2023 (provided that the last of the entries prescribed by Art. 2504 of the Italian Civil Code has been made by that date), while the related accounting and tax effects will be backdated to 1 January 2023.

Outlook for the remainder of 2023

To date, the reference context remains characterised by significant uncertainties due to the evolving international geopolitical environment.

However, the backlog as at 30 June 2023 allows the rest of the year to be approached with a reasonable level of confidence in achieving the company's targets, despite a lower-than-expected order intake in the first six months of 2023. Underlining the difficulties in forecasting in an industry that continues to operate with reduced visibility, the Directors of the Biesse Group – based on the most respected macro-economic forecasts and the Biesse Group's strategies of product innovation and market penetration, will work resolutely in pursuit of the set objectives.

As already noted, the Biesse Group will continue for the remainder of the year to implement with determination the initiatives aimed at pursuing the targets set. Specifically, the Biesse Group intends to pursue a policy aimed at optimising inventories and monitoring the trend of net working capital (especially on aspects related to credit management), while remaining attentive to cost containment.

The strategy of the Biesse Group for 2023 can be summarised as follows:

Visual identity: Over the past two years, the Biesse Group has embarked on a profound reform process to become faster and more innovative.

This journey has allowed the company to reorganise itself with an approach that will have an impact on the way we work and how we meet our customers' needs. It is a project that involves the rationalisation of the corporate structure and an internal and international reorganisation, with the ultimate aim of making the Biesse Group increasingly lean and efficient, simplifying its processes, and capable of adapting quickly to changing global contexts.

A cross-cutting process logic has been introduced, which will facilitate the implementation of development projects. This path will also involve the international offices, with the aim of strengthening the company's international network through more effective structures.

The new visual identity was identified, necessary to align the group's positioning and brands, making explicit the new values and identity traits of the Biesse Group, while maintaining the distinctive features of the various sectors in which it operates.

Enhancement of the digitalisation process, which started some years ago and will guarantee digital, automated factories that are interconnected to all customers thanks to software solutions and new advanced services, the IOT platform developed by the Biesse Group that sets up customers with a range of services to simplify and rationalise the management of work, optimising the performance and productivity of technologies used by customers.

Product innovation, thanks to investments in Research & Development, accounting for 3% of annual turnover, the Group enhances its product offer by consolidating the technological solutions that are already in use, in the *wood*, *glass, stone* and *materials sectors*, continuing the study and development of new solutions that will contribute to improving technological standards in the reference sectors.

Strengthening of the Network to improve brand awareness in the sectors in which the Biesse Group is a recent arrival and has excellent growth potential, such as advanced materials, structural wood and metal. In addition to the new sectors, the Biesse Group plans to strengthen its geographic reach, in line with the path of growth and internationalisation of the last twenty years.

Strengthening of the implementation of the One Company model aimed at further rationalising and simplifying the organisational structure of the Biesse Group through a) a better focus on clients, their needs and development prospects; b) speeding up business decisions by implementing a comprehensive and integrated management model based on common processes and tools; c) the evolution of the leadership model towards more collaboration, empowerment of people, and ability to manage discontinuity and change.

Condensed Consolidated Interim Financial Statements as at 30 June 2023 and Financial Statements

Biesse S.p.A.

Biesse

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

CONSOLIDATED INCOME STATEMENT

Euro 000's	Note	30 June 2023	30 June 2022
Revenue	5	418,185	419,084
Other operating income		5,408	3,698
Change in inventories of finished goods and work in progress		(10,413)	38,319
Purchase of raw materials and consumables		(165,159)	(207,060)
Personnel expense	7	(126,065)	(127,859)
Depreciation, amortisation and impairment		(18,577)	(20,427)
Other operating costs		(73,035)	(72,489)
Operating profit		**30,343**	**33,266**
Financial income		730	288
Financial expense		(1,236)	(1,253)
Exchange rate gains (losses)	8	(2,745)	(3,327)
Pre-tax result		**27,093**	**28,973**
Income taxes	9	(7,588)	(9,590)
Half year result		**19,504**	**19,383**
Attributable to owners of the parent		19,506	19,341
Attributable to non-controlling interests		(1)	42
Earnings per share (Euro)	10	0.71	0.71
Diluted earnings per share (Euro)	10	0.71	0.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Euro 000's	Note	30 June 2023	30 June 2022
Result for the period		19,504	19,383
Translation differences of foreign operations	17	(1,062)	2,532
Profit/Loss on financial asset at fair value OCI		69	51
Taxes on profit/(losses) on financial assets at fair value OCI		(17)	(12)
Total components that will or can be reclassified in the half-year income statement		(1,010)	2,570
Measurement of liabilities (asset) defined-benefit plans net		(21)	1,031
Income taxes not on other comprehensive income		12	(245)
Total components that will not be reclassified in the income statement for the period		(10)	786
Total comprehensive income for the period		18,485	22,739
Attributable to:			
Non-controlling interests		(16)	31
Owners of the parent		18,501	22,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

'Euro 000's	Note	30 June 2023	31 December 2022
ASSETS			
Equipment and other items of property, plant and equipment			
Property, plant and equipment	12	113,898	115,105
Goodwill	13	46,704	46,800
Other intangible assets	12	40,469	41,377
Deferred tax assets	9	24,596	24,387
Other financial assets and receivables (inluding derivatives)		3,347	4,575
Other equity investments		113	113
Total non current assets		**229,127**	**232,357**
Inventories	14	207,772	215,588
Trade receivables	15	129,110	112,513
Other revcevables		18,636	15,912
Other financial assets and receivables (inluding derivatives)		29,616	23,203
Cash and cash equivalents		87,130	125,039
Total current assets		**472,272**	**492,255**
Total assets available for sale		**-**	**2,520**
TOTAL ASSETS		701,399	727,132

Euro 000's	Note	30 June 2023	31 December 2022
EQUITY AND LIABILITIES			
Share capital and reserves	16	27,403	27,403
Share capital	17 , 18	223,017	202,898
Profit for the period		19,506	30,248
Equity attributable to the owners of the parent		**269,925**	**260,548**
Non-controlling interests		229	245
TOTAL EQUITY		**270,154**	**260,793**
Financial liabilities	19	15,813	17,057
Post-employment benefits		10,208	10,567
Deferred tax liabilities		8,163	8,426
Other liabilities		247	155
Total non current liabilities		**34,431**	**36,205**
Financial liabilities	19	8,017	11,725
Provisions for risks and charges	22	26,008	25,015
Trade payables	20	174,423	181,996
Contract liabilities	21	114,364	138,197
Other liabilities		66,625	69,487
Income tax payables		7,378	3,713
Total current liabilities		**396,814**	**430,133**
LIABILITIES		**431,245**	**466,338**
TOTAL EQUITY AND LIABILITIES		**701,399**	**727,132**

1 Under Consob Resolution No. 15519 of 27 July 2006, the effects of related-party transactions and non-recurring transactions on the Statement of Financial Position are shown in the relevant statement in Annex 1

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 2023	30 June 2022
Euro 000's			
OPERATING ACTIVITIES			
Profit for the year		19,504	19,383
Change for:			
Income taxes	9	7,588	9,590
Depreciation and amortisation of current and non-current owned assets	12	11,019	11,876
Depreciation and amortisation of current assets in leasing	12	4,583	4,441
Gains/losses from sales of property, plant and equipment		(1,880)	(25)
Impairment losses on intangible assets		1,258	212
Accrual to post-employment benefits		4,026	5,408
Income from investment activities		0	0
Net Financial expense		2,248	5,513
SUBTOTAL OPERATING ACTIVITIES		**48,347**	**56,398**
Change in trade receivables and contract assets		(14,911)	(24,639)
Change in inventories		2,748	(44,040)
Change in trade payables and contract liabilities		(30,404)	27,729
Change in post-employment benefits and in others funds		(1,696)	(4,138)
Other changes in operating assets and liabilities		(1,488)	(4,006)
Cash flow Cash flow generated / (absorbed) by operating activities		**2,596**	**7,303**
Tax paid		(4,766)	(12,166)
Interest paid		(235)	(677)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(2,406)**	**(5,540)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	12	(6,295)	(4,537)
Acquisition of inangible assets	12	4,399	0
Investments in other companies	12	(6,280)	(2,566)
Cash flow from acquisition of investments in subsidiaries		0	(2)
Cash flow from sale of investments in subsidiaries		(3,000)	(3,150)
Changes in other financial assets		(7,904)	19,883
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(19,080)**	**9,628**
FINANCING ACTIVITIES			
Loan refunds and changes in overdrafts		(1,247)	(743)
Finance lease payments		(4,528)	(4,064)
Purchase of additional controlling shares		0	(1,173)
Other changes		(81)	0
Dividends paid		(9,023)	(16,922)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(14,879)**	**(22,901)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(36,365)**	**(18,814)**
OPENING CASH AND CASH EQUIVALENTS		**125,039**	**127,099**
Effect of exchange rate fluctuations on cash held		(1,544)	1,649
CLOSING CASH AND CASH EQUIVALENTS AT 30 JUNE		**87,130**	**109,935**

Biesse

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the parent									
Euro 000's	Share capital	Hedging and translation reserves	Actuarial Reserve	OCI Reserves	Equity reserves	Other reserves	Profit for the period	**Equity attributable to the owners of the parent**	Non-controlling interests	TOTAL EQUITY
Opening balances at 01/01/2022	**27,393**	**(11,162)**	**(5,597)**	**75**	**36,202**	**167,439**	**34,018**	**248,368**	**849**	**249,217**
'Other comprehensive income		2,543	786	39				**3,367**	(11)	**3,356**
Profit for the period as at 30 June 2022							19,341	**19,341**	42	**19,383**
Total comprehensive income/expense for the period		**2,543**	**786**	**39**			**19,341**	**22,708**	**31**	**22,739**
Dividend payout						(14,958)	(2,142)	**(17,099)**		**(17,099)**
Allocation of profit for the previous year						31,876	**(31,876)**			
Transactions with non-controlling shareholders	10		(10)			(539)		**(540)**	(633)	**(1,173)**
Other changes						**(5)**		**(5)**		**(5)**
Closing balances at 30/06/2022	27,403	(8,619)	(4,822)	113	36,202	183,814	19,341	253,431	247	253,679

	Attributable to the owners of the parent									
Euro 000's	Share capital	Hedging and	Actuarial Reserve	OCI Reserves	Equity reserves	Other reserves	Profit for the period	**Equity attributable**	Non-controlling	TOTAL EQUITY
Opening balances at 01/01/2023	**27,403**	**(12,797)**	**(4,265)**	**(202)**	**36,202**	**183,959**	**30,248**	**260,548**	**245**	**260,793**
Other comprehensive income		(1,048)	(10)	52				**(1,005)**	(14)	**(1,020)**
Profit for the perod as at 30 June 2023							19,506	**19,506**	(1)	**19,504**
Total comprehensive income/expense for the year		(1,048)	**(10)**	**52**			**19,506**	**18,501**	**(16)**	**18,485**
Dividend payout							(9,043)	**(9,043)**		**(9,043)**
Allocation of profit for the previous year						21,205	(21,205)			
Transactions with minority shareholders										
Other changes						(81)		**(81)**		**(81)**
Closing balances at 30/06/2023	**27,403**	**(13,845)**	**(4,275)**	**(149)**	**36,202**	**205,084**	**19,506**	**269,925**	**229**	**270,154**

Biesse

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The subject preparing the financial statements

Biesse S.p.A. (hereinafter the “Company” or the “Parent Company”) is an Italian company, with registered office in Pesaro, Via della Meccanica 16.

The Biesse Group (hereinafter the “Group”) operates in the mechanical engineering sector and is fully controlled by BI.Fin. S.r.l., a company active in the production and sale of machinery and systems for working wood, glass and stone. Biesse S.p.A. is listed on the Milan Stock Exchange in the Euronext Star segment.

Reporting criteria

The currency in which the Financial Statements are presented is the Euro. Balances are expressed in thousands of Euros, unless otherwise stated. It should also be noted that some differences might be found in tables due to the rounding of values shown in thousands of Euro.

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 28 July 2023 and were subject to a limited audit by Deloitte & Touche S.p.A.

Scope of consolidation

The consolidated statement of financial position and income statement as at 30 June 2023 include the financial statements of the Parent Company Biesse S.p.A. and of its subsidiaries, which are listed below.

List of companies consolidated on a line-by-line basis

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Parent Company						
Biesse S.p.A. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	27,402,593				
Italian subsidiaries:						
HSD S.p.A. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
Montresor & Co. S.r.l. Via Francia, 13 Villafranca (VR) - Italy	EUR	1,000,000	100%			100%
Movetro S.r.l. Via Marco Polo, 12 Carmignano di Sant’Urbano (PD) - Italy	EUR	51,000	100%			100%
Forvet S.p.A. Special Machinery Construction Strada Piossasco, 46 Volvera (TO) - Italy	EUR	500,000	100%			100%
Biesse America Inc. 4110 Meadow Oak Drive – Charlotte, North Carolina – USA	USD	11,500,000	100%			100%
Biesse Canada Inc. 18005 Rue Lapointe – Mirabel (Quebec) – Canada	CAD	180,000	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda Rua Liege 122 - Vila Vermelha - Sao Paulo - Brazil	BRL	18,017,304	100%			100%
Biesse Group UK Ltd. Lamport Drive – Daventry Northamptonshire – Great Britain	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable – Brignais – France	EUR	1,244,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 – Elchingen (Ulm) – Germany	EUR	1,432,600	100%			100%
Biesse Schweiz GmbH Luzernerstrasse 26 – 6294 Ermensee – Switzerland	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
Biesservice Scandinavia AB Maskinvagen 1 – Lindas – Sweden	SEK	200,000	60%			60%
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginaciò, 14 Poligon Ind. La Marina – Gavà Barcelona – Spain	EUR	699,646	100%			100%
Biesse Portugal, Unipessoal, lda. Sintra Business Park, 1, São Pedro de Penaferrim – Sintra – Portugal	EUR	5,000		100%	Biesse Iberica *W. M. s.l.*	100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park – Sydney – Australia	AUD	15,046,547	100%			100%
Biesse Group New Zealand Ltd. Unit B, 13 Vogler Drive Manukau – Auckland – New Zealand	NZD	3,415,665	100%			100%
Biesse Manufacturing Co. Pvt. Ltd. Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk – Bangalore –India	INR	721,932,182	100%			100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. – Singapore	EUR	1,548,927	100%			100%
Biesse Indonesia Pt. Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000	10%	90%	Biesse Asia Pte. Ltd.	100%
Biesse Malaysia SDN BHD No. 5, Jalan TPP3 47130 Puchong - Selangor, Malaysia	EUR	1,435,704		100%	Biesse Asia Pte. Ltd.	100%
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse (HK) Ltd. Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	199,952,688	100%			100%
Biesse Trading (Shanghai) Co. Ltd. Room 301, No.228, Jiang Chang No. 3 Road, Zha Bei District,– Shanghai – China	RMB	92,244,240		100%	Biesse (HK) Ltd.	100%
Biesse Turkey Makine Ticaret Ve Sanayi A.S. Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul –Turkey	TRY	45,500,000	100%			100%
Biesse Group Israel Ltd. 8 Ha-Taas St. Ramat-Gan 5251248, Israel	ILS	100,000	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
OOO Biesse Group Russia Mosrentgen area, settlement Zavoda Mosrentgen, Geroya Rossii Solomatina street, premises 6, site 6, office 3, 108820, Moscow, Russian Federation	RUB	99,209,440	100%			100%
Biesse Gulf FZE Dubai, free Trade Zone	AED	11,242,857	100%			100%
Biesse Taiwan 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
Biesse Japan K.K. C/O Mazars Japan K.K., ATT New Tower 11F, 2-11-7, Akasaka, Minato-ku, Tokyo	JPY	5,000,000		100%	Biesse Asia Pte Ltd.	100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, 1st floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
Hsd Usa Inc. 3764 SW 30th Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
HSD Mechatronic Korea LLC 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		100%	HSD S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	100%

Compared to the consolidated financial statements as at 31 December 2022, there are no changes in the scope of consolidation.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND GENERAL STANDARDS

The Condensed Consolidated Interim Financial Statements have been prepared in compliance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as with the implementing provisions issued pursuant to Art. 9 of Italian Law Decree 38/2005 and the CONSOB regulations and provisions regarding financial statements.

The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis, with the exception of derivative financial instruments, held-for-sale financial assets and financial instruments classified as available for sale, which are measured at fair value.

The Directors of the Biesse Group believe that, due to the financial strength of the Group and the Company's forecasts for the foreseeable future, there are no uncertainties, as defined by paragraph 25 of IAS 1, regarding the going concern assumption.

This disclosure was prepared in compliance with the provisions of Consob (Commissione Nazionale per le Società e la Borsa – the regulatory authority for the Italian securities' market), with particular reference to resolutions No. 15519 and 15520 of 27 July 2006 and to communication No. DEM6064293 of 28 July 2006.

The condensed consolidated interim financial statements were prepared in compliance with IAS 34 - Interim Financial Reporting. The accounting standards applied were the same as those already adopted for preparing the consolidated financial statements as at 31 December 2022, to which reference is made for completeness. Any exceptions are described in section 4 below "Accounting standards, amendments and IFRS interpretations effective as from 1 January 2023", with the specification that the changes introduced at IFRS level did not have any impact.

The figures shown in these condensed consolidated interim financial statements are comparable with the same period of the previous year.

Financial statements

All statements conform to the minimum content requirements set by the International Financial Reporting Standards and the applicable provisions laid down by national legislation and Consob. The statements used are considered adequate for fair presentation of the Biesse Group's financial position, results of operations and cash flows. In particular, it is believed that the income statements reclassified by nature provide reliable and relevant information for a correct representation of the Biesse Group's economic performance. The statements comprising the Financial Statements are:

Consolidated Income Statement

Expenses are classified based on their nature, highlighting interim results with respect to operating and pre-tax profit. Specifically, this operating result is defined as Profit (Loss) for the year before income taxes, financial income and expenses, and foreign exchange losses and gains. This indicator is not identified as an accounting measure under IFRS (NON-GAAP measures) and the determination criteria applied by the Biesse Group may not be consistent with those adopted by other groups.

Consolidated Statement of Comprehensive Income

This statement includes the items that make up the profit or loss for the financial year. For each group of categories, it also shows income and expenses that have been recognised directly in equity pursuant to IFRSs.

Consolidated Statement of Financial Position

This statement shows a breakdown of current and non-current assets and liabilities.

An asset/liability is considered to be current when it satisfies any of the following criteria:

- it is expected to be recovered/settled or intended for sale or consumption in the Biesse Group's normal operating cycle
- it is held primarily to be traded
- it is expected to be recovered/settled within 12 months after the reporting date

In the absence of all three conditions, the assets/liabilities are classified as non-current.

Consolidated Statement of Changes in Equity

This statement shows the changes in equity items related to:

- the allocation of the parent company's and subsidiaries' profit/(loss) for the year to non-controlling interests;
- amounts relating to transactions with shareholders (purchase and sale of treasury shares);
- any gains or losses net of any tax effects which, as required by IFRSs, are either recognised directly in equity (gains or losses from trading of treasury shares, actuarial gains or losses arising from the measurement of defined-benefit plans) or have an offsetting entry under equity (share-based payments for stock option plans);
- changes in valuation reserves relating to derivative instruments hedging future cash flows, net of any tax effects.

Consolidated Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method, whereby net profit (loss) for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents recognised in the statement of cash flows include the balance of this item at the reporting date. Foreign currency cash flows have been translated at the average exchange rate for the period.

Interest and taxes paid are classified within operating activities, while interest and dividends received are presented within investing activities.

Translation of foreign currency financial statements

The financial statements of companies whose functional currency is different from the presentation currency of the Consolidated Financial Statements (Euro) and that do not operate in countries with hyperinflationary economies, are translated as follows:

a) assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at the closing exchange rate;

b) income and expense are translated at the average exchange rate for the year, considered as a reasonable approximation of the exchange rate at the dates of the transactions.

It should be noted that with reference to the Turkish subsidiary, which operates in a country with a hyper-inflationary economy, the Biesse Group has proceeded to translate income statement balances at the average exchange rate and balance sheet balances at the year-end spot exchange rate in consideration of the insignificance of the Turkish subsidiary's economic contribution to the Biesse Group's income statement.

With regard to the Malaysian subsidiary, it should be noted that from the half-year ending 30 June 2023, the functional currency for the preparation of the financial statements of Biesse Malaysia SDN BHD will be the euro. The impact of this change at 30 June 2023 on the consolidated profit and loss and equity of the Biesse Group is not significant.

Exchange rate gains (losses) emerging from the conversion process are recorded in other comprehensive income and included under equity in the hedging and translation reserve.

On disposal of the economic entity that gave rise to exchange rate gains (losses), the cumulative amount of exchange differences recognised in a separate component of equity will be recognised in the income statement.

Shown below are the exchange rates used as at 30 June 2023, 31 December 2022 and at 30 June 2022 for converting finance and equity entries in foreign currency (source www.bancaditalia.it). It should be noted that with reference to the Russian ruble, the source of the exchange rate used is that of the Central Bank of the Russian Federation.

Valuta	30 June 2023		31 December 2022		30 June 2022	
	Closing	*Final*	*Closing*	*Final*	*Closing*	*Final*
US Dollar / Euro	1.0807	1.0866	1.0530	1.0666	1.0934	1.0387
Brazilian Real / Euro	5.4827	5.2788	5.4399	5.6386	5.5565	5.4229
Canadian Dollar / Euro	1.4565	1.4415	1.3695	1.4440	1.3900	1.3425
Pound Sterling / Euro	0.8764	0.8583	0.8528	0.8869	0.8424	0.8582
Swedish Krone / Euro	11.3329	11.8055	10.6296	11.1218	10.4796	10.7300
Australian Dollar / Euro	1.5989	1.6398	1.5167	1.5693	1.5204	1.5099
New Zealand Dollar / Euro	1.7318	1.7858	1.6582	1.6798	1.6491	1.6705
Indian Rupee / Euro	88.8443	89.2065	82.6864	88.1710	83.3179	82.1130
Chinese Renmimbi Yuan / Euro	7.4894	7.8983	7.0788	7.4133	7.0823	6.9624
Swiss Franc / Euro	0.9856	0.9788	1.0047	0.9847	1.0319	0.9960
Indonesian Rupiah / Euro	16,275.0900	16,384.5400	15,625.2500	16,519.8200	15,798.5500	15,552.0000
Hong Kong Dollar /Euro	8.4709	8.5157	8.2451	8.3163	8.5559	8.1493
Malaysian Ringgit /Euro	4.8188	5.0717	4.6279	4.6984	4.6694	4.5781
South Korean Won /Euro	1,400.4300	1,435.8800	1,358.0700	1,344.0900	1,347.8400	1,351.6000
Turkish Lira/Euro	21.5662	28.3193	17.4088	19.9649	16.2579	17.3220
Russian Rouble/euro	83.2208	95.1052	76.5854	76.5854	56.3548	56.3548
UAE Dirham/euro	3.9687	3.9905	3.8673	3.9171	4.0155	3.8146
Taiwan Dollar/euro	33.0264	33.8158	31.3223	32.7603	31.3697	30.8788
Japanese Yen/euro	145.7604	157.1600	138.0274	140.6600	134.3071	141.5400
Israeli Shekel/euro	3.8828	4.0486	3.5345	3.7554	3.5765	3.6392

3. MEASUREMENT CRITERIA AND USE OF ESTIMATES

The preparation of the financial statements and related notes pursuant to IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosures relating to contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on historical experience and other factors deemed as material. Estimates and assumptions are reviewed on an ongoing basis and the effect of any resulting changes is reflected in the income statement in the reporting period in which the estimates are reviewed if the review affects only that reporting period, or also in subsequent reporting periods if the review affects both the current year and future years.

A summary follows of the critical judgements and the key assumptions made by Management in applying the accounting standards with regard to the future and which may have a significant impact on the amounts recognised in the Biesse Group financial statements or have the risk of resulting in material adjustments to the carrying amount of assets and liabilities in the following financial year.

Allowance for impairment

The allowance for impairment reflects Management's estimates of impairment losses on the portfolio of receivables due from end customers and the sales network. The estimate of the allowance for impairment is based on losses expected by the Biesse Group, calculated on the basis of past experience for similar receivables, current and historical overdue receivables, losses and collections, the careful monitoring of credit quality, and projections of economic and market conditions, also taking into account uncertainties related to significant events (as in the case of COVID-19) from a forward-looking perspective.

Allowance for inventory write-downs

The allowance for inventory write-downs reflects the Management's estimate of impairment losses expected by the Biesse Group and is calculated on the basis of past experience as well as historical and expected trends in the market for second-hand equipment and spare parts, and any losses due to specific activities implemented by the companies included in the scope of consolidation.

Recoverable amount of non-current assets (including goodwill)

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. When events and circumstances call for such review, management regularly reviews the carrying amount of non-current assets owned and used and of assets to be disposed of. For goodwill and intangible assets with an indefinite useful life, this analysis is carried out at least once a year and whenever events and circumstances so require. The analysis of the recoverability of non-current assets' carrying amount is generally performed using estimates of cash flows expected from the use or sale of the assets and appropriate discount rates to calculate their present value. When the carrying amount of a non-current asset is impaired, the Biesse Group recognises an impairment loss equal to the difference between the carrying amount of the asset and the amount recoverable through its use or sale calculated with reference to the cash flows projections in the Biesse Group's latest plans.

Product Warranties

When a product is sold, the Biesse Group provides for the relevant estimated warranty costs (annual and multi-year). Management establishes the amount of this provision based on historical information regarding the nature, frequency and average cost of repairs under warranty. The Biesse Group is working to improve product quality and to minimise the cost of repairs under warranty.

Pension plans and other post-employment benefits

The provisions for employee benefits, the relevant assets, costs and net finance expenses are measured with an actuarial method that uses estimates and assumptions for measuring the net value of the liability or asset. The actuarial method considers financial variables such as, for instance, the discount rate or the long-term expected return on plan assets and the growth rates of salaries, and considers the probability that potential future events will occur using demographic variables such as, for instance, mortality rates and employee turnover or retirement rates.

More precisely, the discount rates taken as reference are the rates or rate curves on high-quality corporate bonds (Euro Composite AA interest-rate curve) in the respective reference markets. The expected return on assets is calculated based on the different data provided by experts on long-term expectations of capital market yields, inflation, current yield on bonds, and other variables. It may be adjusted to take account of the asset investment strategies. The rates of future salary increases reflect the Biesse Group's long-term expectations for the reference markets and the trend in inflation. Any change in these variables may affect future contributions to the provisions.

Commercial, legal and tax disputes

The Biesse Group is subject to possible legal and tax cases involving a wide range of issues that are subject to the jurisdiction of different states and possible commercial disputes. Owing to the uncertainties inherent to these issues, it is hard to estimate the outflow of resources that could arise from said disputes. The claims and disputes against the Biesse Group frequently arise from complex and difficult legal issues, subject to varying degrees of uncertainty, including the facts and circumstances inherent to each case and the jurisdiction and the different laws applicable to each case. In the ordinary course of business, Management consults with its legal advisors and experts in legal and tax matters, as well as with the corporate functions most involved in cases of customer disputes. The Biesse Group recognises a liability for said disputes when it seems probable that an outflow of financial resources will be required to settle the obligation, and the appropriate amount can be measured reliably, taking into account information related to historical trends. If a financial outlay becomes probable, but its amount cannot be determined, this fact is disclosed in the notes to the financial statements.

4. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS

a) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2023

The following accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union have been applied as of 1 January 2023.

- On 18 May 2017, the IASB issued ***IFRS 17 – Insurance Contracts***, which will replace *IFRS 4 – Insurance Contracts*. The new standard aims to guarantee that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB developed the Standard to eliminate inconsistencies and weaknesses in existing accounting practices by providing a single principle-based framework to account for all insurance contracts, including an insurer's reinsurance contracts. The Standard also specifies presentation and disclosure requirements to enhance comparability between entities in this industry. The new standard measures an insurance contract under either the General Model or a simplified version, called the Premium Allocation Approach ("PAA"). The main features of the General Model are:
    - estimates and assumptions of future cash flows are always current;
    - measurement reflects the time value of money;
    - estimates make maximum use of observable market consistent information;
    - there is a current and explicit measurement of risk;
    - expected profit is deferred and aggregated in groups of insurance contracts at initial recognition; and,
    - expected profit is recognised over the coverage period after adjustments from changes in the cash flow assumptions related to each Group of contracts.

  Under PAA, an entity may measure the liability for remaining coverage of a group of insurance contracts on the condition that, at initial recognition, the entity reasonably expects that this liability will be an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications derived from applying the PAA approach do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

  An entity shall apply the Standard to issued insurance contracts, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a discretionary participation feature (DPF).

  In addition, on 9 December 2021, the IASB published an amendment called ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"***. The amendment is a transition option relating to comparative information about financial assets presented at the date of the initial application of IFRS 17. The amendment has been applied from 1 January 2023, together with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities and to improve the usefulness of comparative information for readers of financial statements.

The adoption of this standard and its amendment did not affect the consolidated financial statements of the Biesse Group.

- On 7 May 2021, the IASB issued ***"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***". The document clarifies how companies should account for deferred tax on transactions that could generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The changes have applied since 1 January 2023.

The adoption of this amendment had no impact on the consolidated financial statements of the Biesse Group.

- On 12 February 2021, the IASB issued two amendments: "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8".* The amendments seek to improve accounting policy disclosures to provide more helpful information to investors and other primary users of the financial statements and help companies distinguish changes in accounting estimates from changes in accounting policies. The changes have applied since 1 January 2023.

The adoption of these amendments had no impact on the consolidated financial statements of the Biesse Group.

b) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the relevant authorities of the European Union have not yet completed the necessary endorsement process for the adoption of the amendments and standards mentioned above.

- On 23 January 2020, the IASB issued ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"*** and on 31 October 2022 published an amendment entitled ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"***. The document is intended to clarify how to classify debts and other liabilities as current or non-current. The changes will be effective from 1 January 2024; however, early application is allowed. The Directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.
- On 22 September 2022, the IASB published an amendment ***"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"***. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The Directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.
- On 23 May 2023, the IASB issued ***"Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules".*** The document introduces a temporary exception to the obligations to recognise and disclose deferred tax assets and liabilities under ***the Pillar Two Model Rules*** and provides for specific disclosure requirements for entities affected by the relevant ***International Tax Reform***. The document provides for immediate application of the temporary exemption, while the disclosure requirements will only apply to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending before 31 December 2023. The Directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.
- On 25 May 2023, the IASB published an amendment called ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".*** The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The amendments will be effective for annual

reporting periods beginning on or after 1 January 2024, with early application permitted. The Directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.

- On 30 January 2014, the IASB issued ***IFRS 14 - Regulatory Deferral Accounts***, which allows an entity that is a first-time adopter of IFRS to continue to account for Rate-Regulated Activities in accordance with the previous accounting standards adopted. Since the Biesse Group is not a first-time adopter, this standard is not applicable.

5. REVENUE AND ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL AREA

ANALYSIS BY OPERATING SEGMENT

IFRS 8 - Operating Segments - defines an operating segment as an entity:

— that engages in business activities generating both revenues and expenses;

— whose operating results are reviewed regularly by the chief decision maker; and

— for which discrete financial information is available.

In particular, the Biesse Group monitors the business's performance in the following two Operating Segments, as it did in the same period last year:

- Machines and Systems – production, distribution, installation, and after-sales service of wood, glass, stone, and advanced materials processing machines, grinders, tools, components, and systems;
- Mechatronics – production and distribution of industrial mechanical and electronic components.

Revenue

The information relating to the revenues of the Operating Segments mentioned above is as follows:

'Euro 000's	Al 30June			
	2023	%	2022	%
Machines and Systems Division	382,494	91.5%	380,194	90.7%
Mechatronics Division	51,620	12.3%	56,810	13.6%
Inter-segment eliminations	(15,929)	-3.8%	(17,920)	-4.3%
Total	**418,185**	**100.0%**	**419,084**	**100.0%**

Net revenue for the first half of 2023 amounted to €418,185 thousand, compared to €419,084 thousand at 30 June 2022, substantially stable compared to the same previous period.

The Machinery and Systems segment is the Biesse Group's largest segment, contributing 91.5% of consolidated revenues (90.7% in June 2022); sales slightly increased by 0.6%, from €380,194 thousand at 30 June 2022 to €382,494 thousand at 30 June 2023. The operating result of this segment recorded a slight decrease, going from €22,686 thousand to €21,852 thousand, thanks to the inflation of materials. The Mechatronics segment, in terms of revenues, recorded a decrease of 9.1% (going from €56,810 thousand at 30 June 2022 to €51,620 thousand at 30 June 2023), slightly reducing its contribution to consolidated revenues. The operating result of this segment increased from €10,580 thousand to €8,491 thousand.

Operating profit (loss)

The following table shows operating profit by Segment as at 30 June 2023 and 30 June 2022:

30 June 2023 *'Euro 000's*	Machines and Systems Division	Mechatronics Division	Eliminations	Total
Total revenue	382,494	51,620	(15,929)	418,185
Operating profit of segment	**21,852**	**8,491**		**30,343**
Financial expense				**(3,251)**
Pre-tax profit				**27,092**
Income taxes				(7,588)
Profit for the period				**19,504**

30 June 2022 *Euro 000's*	Machines and Systems Division	Mechatronics Division	Eliminations	Total
Total revenue	380,194	56,810	(17,920)	419,084
Operating profit of segment	**22,686**	**10,580**		**33,266**
Financial expense				(4,293)
Pre-tax profit				**28,973**
Income taxes				(9,590)
Profit for the period				**19,383**

Inventories

The following table shows an inventory breakdown by Operating Segment:

Euro 000's	Machines and Systems Division	Mechatronics Division	**Total**
30 June 2023	186,714	21,058	**207,772**
31 December 2022	193,860	21,728	**215,588**

This level of detail is in line with what is periodically analysed by Management at the level of internal reporting.

BREAKDOWN BY GEOGRAPHICAL AREA

Revenue

€ '000	At 30 June			
	2023	%	2022	%
Western Europe	216,912	51.9%	224,875	53.7%
Asia - Pacific	46,805	11.2%	49,075	11.7%
Eastern Europe	73,473	17.6%	60,396	14.4%
North America	72,178	17.3%	72,025	17.2%
Rest of the World	8,817	2.1%	12,712	3.0%
Group Total	**418,185**	**100.0%**	**419,083**	100.0%

The analysis of sales by geographical area compared to 30 June 2022 shows that the only increase concerned Eastern Europe (21.7%), North America remains almost unchanged while Western Europe, Asia-Oceania and the Rest of the World instead recorded decreases of 3.5%, 4.6% and 30.6% respectively.

6. SEASONALITY

The business segments in which the Biesse Group operates experience significant seasonality. Demand for machine tools is typically concentrated in the second part of the year (especially in the last six months). This is because of end customers' purchasing habits, which are significantly affected by expectations concerning investment incentive policies and forecasts for their reference markets.

Another aspect to be considered is the Biesse Group's structure, as overseas branches (in USA, Canada, Oceania, and Far East) generate on average a third of total business volumes. Given the lead time necessary for delivering machine tools to these markets, and that the end market is particularly sensitive to the turnaround between order and delivery, these branches typically replenish their inventories in the first half to handle year-end sales.

7. PERSONNEL EXPENSE

Personnel expense for the first half of 2023 amounted to €126,065 thousand, a decrease of €1,794 thousand compared to the 2022 figure (€127,859 thousand, - 1.4%), essentially linked to the wages, salaries and related social security contributions. The incidence in percentage terms also decreased slightly, from 30.5% to 30.1%.

8. EXCHANGE RATE GAINS AND LOSSES

Exchange rate gains and losses are presented separately from other financial items to improve the presentation of financial impacts associated with the structure of the Biesse Group's funding sources. At 30 June 2023, this component showed a negative balance of €2,745 thousand.

9. TAXES

The Italian corporate income tax (IRES) rate was 24% (24% in 2022) of the taxable income of the Parent Company and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force in the relevant countries. For calculating the income tax expense for the period, the Group applied the tax rate to the estimated year-end results to the interim profit.

As at 30 June 2023, the Group's deferred tax assets totalled €24,596 thousand, up compared to 31 December 2022 (+ €209 thousand). Management recognised deferred tax assets to the extent they are likely to be recovered.

Total taxes recognised in the income statement amounted to €7,588 thousand with a tax rate of 28%, a decrease of approximately 5 percentage points compared to the same period of the previous year, mainly due to the tax benefits linked to *Industry 4.0*.

10. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2023 totalled 0.71 Euro/cent (0.71 Euro/cent in 2022) and were calculated by dividing the profit attributable to the owners of the Parent, amounting to €19,506 thousand, by the weighted average number of ordinary shares outstanding during the period, which totalled 27,402,593.

As at 30 June 2023, the number of treasury shares held was 0.

As there were no dilutive effects, the calculation used for Basic EPS is also applicable to Diluted EPS. The calculations are shown in the following tables:

Profit attributable to owners of the Parent

€ '000	30 June 2023	30 June 2022
Profit for the year	19,506	19,341
Weighted average number of shares used to calculate basic and diluted earnings per share	27,403	27,403
Base and diluted profit for the year (in Euro)	**0.71**	**0.71**

Weighted average number of outstanding ordinary shares

€ '000	30 June 2023	30 June 2022
Weighted average number of outstanding shares – for the calculation of basic earnings	27,403	27,403
Effect of treasury shares	-	-
Weighted average number of outstanding shares – for the calculation of basic earnings	27,403	27,403
Dilutive effects	-	-
Weighted average number of outstanding shares – for the calculation of diluted earnings	**27,403**	**27,403**

11. DIVIDENDS

On 26 April 2023, the Ordinary Shareholders' Meeting approved the separate and consolidated financial statements as at 31 December 2022. The same meeting resolved on the distribution of a total gross dividend of €0.33 per share, for the entire amount from the profit for the year.

12. PROPERTY, PLANT, MACHINERY AND OTHER TANGIBLE AND INTANGIBLE ASSETS

In the reporting period, the Group made new investments totalling €6,280 thousand in intangible assets and €6,295 thousand in property, plant, and equipment.

It should also be noted that, compared to the previous half-year, the building with appurtenant land, equipment and furnishings, which had been reclassified under "Assets available for sale", was sold, recording a capital gain of €1,937 thousand.

13. GOODWILL

Compared to the previous year-end, goodwill remains unchanged. The changes during 2023 are due to the effect of exchange rate movements on the goodwill of the Australian and American branches.

The following table shows the allocation of goodwill by CGU:

(Consolidated figures in thousands of Euro)	30 June 2023	31 December 2022
Machines and Systems	41,105	41,201
Mechatronics	5,599	5,599
Total	46,704	46,800

Based on currently available information, and considering specifically the performance during the first six months of the year and the order backlog, the Group did not identify any impairment indicators as at 30 June 2023, and therefore the impairment test will be conducted at the end of the year.

14. INVENTORIES

€ '000	**30 June 2023**	**31 December 2022**
Raw materials, consumables and suppliers	71,631	69,545
Work in progress and semi-finished goods	30,709	30,705
Finished goods	85,328	95,879
Spare parts	20,105	19,458
Inventories	**207,772**	**215,588**

Inventories, amounting to €207,772 thousand, are net of the allowances for inventory write-downs, amounting to €5,767 thousand for raw materials (down €575 thousand compared to 31 December 2022), €5,676 thousand for spare parts (up €343 thousand compared to 31 December 2022) and €12,139 thousand for finished products (up €1,955 thousand compared to 31 December 2022). The allowance for write-downs of raw materials on the historical cost of the related inventories is 7.5%, that of the provision for finished goods is 12.5%, and that of the provision for spare parts is 22.0%. The allowance for write-downs also includes the write-down made on the inventories of the Russian branch.

Group inventories decreased by €7,816 thousand compared to 31 December 2022. In particular, the change is attributable to the decrease in finished products and goods inventories of €10,551 thousand (gross of the related impairment provisions).

15. TRADE RECEIVABLES FROM THIRD PARTIES

Trade receivables, amounting to €129,119 thousand, are recognised net of the allowance for impairment, which is conservatively estimated regarding non-performing loans and loans past due by more than 180 days and in compliance with IFRS 9.

Trade receivables were up €16,606 thousand (before the relevant allowance for impairment) compared to December 2022.

The allowance for impairment amounted to €5,375 thousand. This provision also includes the write-down made on the trade receivables during 2022 of the Russian subsidiary.

The "Expected Credit Loss" model under IFRS 9 requires measuring expected credit losses and accounting for forward-looking information, considering "an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes" and "reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions". This model requires assessing to what extent the high level of uncertainty and changes in the short-term economic outlook could affect the asset's entire useful life.

16. SHARE CAPITAL AND TREASURY SHARES

Share capital amounts to €27,403 thousand and consists of 27,402,593 ordinary shares, each with a par value of €1 and a dividend payable by the Parent Company. This item did not change during the six-month period in question.

On the date these financial statements were approved, the Group held no treasury shares.

17. HEDGING AND TRANSLATION RESERVES

As at 30 June 2023, the translation reserve was negative and amounted to €13,845 thousand (negative €12,797 thousand at the end of 2022).

The reserves for the translation of foreign currency financial statements include the differences arising from the translation of the financial statements denominated in foreign currencies of countries that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea, Israel, Brazil, Russia, Turkey, Taiwan, United Arab Emirates and Japan), increasing by €1,048 thousand during the period.

18. OTHER RESERVES

The balance sheet value of the item Other reserves is broken down as follows:

€ '000	**30 June 2023**	**31 December 2022**
Legal reserve	5,479	5,479
Extraordinary reserve	120,849	110,049
Reserve for treasury shares	-	-
Retained earnings and other reserves	78,755	68,431
Other reserves	**205,083**	**183,959**

As indicated in the statement of changes in equity, the change in the item Other reserves mainly refers to the allocation of the profit for 2022 to the Extraordinary Reserve for €10,800 thousand and for the increase in Undistributed Profits for €10,405 thousand.

Please refer to the Statement of Changes in Consolidated Shareholders' Equity for the six months ended 30 June 2023 for other changes during the period.

19. FINANCIAL LIABILITIES

Compared to the financial statements for the year ended 31 December 2022, the financial liabilities of the Biesse Group decreased by €4,697 thousand, a decrease mainly attributable to the liability for derivative financial instruments and changes in financial payables for rights of use.

At the date of approval of this report, the Biesse Group has credit lines in excess of €185.6 million, of which €85.6 million revocable with a duration of up to 12 months and €100 million committed with a duration of more than 12 months. All undrawn credit lines are unsecured and free of any collateral.

As at 30 June 2023, the Group, in compliance with the current Treasury Policy, has financial investments in place to optimise liquidity and avoid the imposition of fees on inventories.

20. TRADE PAYABLES

Trade payables to third parties refer primarily to payables to suppliers for the procurement of materials delivered at the end of the period.

Please note that trade payables are due within twelve months, and it is believed that their carrying amount at the reporting date is a reasonable approximation of their fair value.

The value of trade payables to suppliers decreased by €7,573 thousand compared to 2022, going from €181,996 thousand to €174,423 thousand, less than proportional to the decrease in costs as a result of the critical issues in the supply chain which were evident for much of 2022 led to greater bargaining power in favour of strategic suppliers, with a consequent decrease in average payment days (DPOs).

21. CONTRACT LIABILITIES

Contract liabilities amounted to €114,364 thousand as at 30 June 2023 (€138,197 thousand as at 31 December 2022) and are made up as follows:

€ '000	**30 June 2023**	**31 December 2022**
Advances from customers before the sale of the goods	98,797	122,616
Net advances from customers for services	15,567	15,581
Contract liabilities	**114,364**	**138,197**

Contract liabilities mainly relate to customer advances for products not yet delivered and for which revenue is recognised when the customer obtains control of the asset. For the remaining part, they relate to advances received from customers for services recognised over time, for the part that exceeds the activities already carried out. The decrease in this item is attributable to the slowdown in order intake in the first half of 2023.

22. COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL RISK MANAGEMENT

COMMITMENTS

At the reporting date, there were no material commitments.

CONTINGENT LIABILITIES

The Parent Company and some subsidiaries are parties to various lawsuits and disputes. Nevertheless, the Group believes that the settlement of such disputes will not give rise to further liabilities in addition to the amounts already set aside in a specific risk provision.

The financial statements include provisions for risks and charges for €26,008 thousand, consisting of €7,575 thousand for product warranty provision, €4,141 thousand for corporate restructuring provision, €3,305 thousand for tax risk provisions, €2,538 thousand for supplementary customer indemnity provision, and €8,449 thousand for other risk provisions.

As at 31 December 2022, the provisions for risks and charges amounted to €25,015 thousand, consisting of €7,386 thousand for product warranty provision, €3,697 thousand for corporate restructuring provision, €3,172 thousand for tax risk provisions, €2,499 thousand for supplementary customer indemnity provision and €8,261 thousand for other risk provisions. The increase in the provisions for risks and charges is mainly attributable to updated estimates of outstanding disputes and/or litigations as at 30 June 2023 and expected warranty costs (impacted by revenue growth) and additional accruals to the supplementary customer indemnity provision.

RISK MANAGEMENT

The Group is subject to financial risks connected to its operations:

- market risks, consisting primarily of risks relating to fluctuations in exchange and interest rates;
- credit risk, relating specifically to trade receivables and, to a lesser extent, to other financial assets;
- liquidity risk, with reference to the availability of financial resources to meet the obligations related to financial liabilities.

The impact of the main raw materials, steel in particular, on the average value of the Biesse Group's products is marginal compared to the final production cost. Therefore, the Biesse Group has a limited exposure to the "commodities" risk.

EXCHANGE RATE RISK

The risk related to exchange rate fluctuations is represented by the potential fluctuation in the amount in Euro of the foreign currency position (or net foreign currency exposure), i.e. the algebraic result of sales invoices issued, outstanding orders, purchasing invoices received, the balance of foreign currency loans, and cash held in foreign currency. The risk management policy approved by the Board of Directors of the Parent Company provides that forward contracts (outright/currency swap) or also derivatives (currency option) can be used for exchange risk hedging.

INTEREST RATE RISK

The Biesse Group is exposed to fluctuations in interest rates regarding finance expenses relating to payables due to banks, which is currently not significant, and lease companies for fixed assets acquired under finance leases.

Interest rate risks derive primarily from bank lending. Given the largely positive net financial position, the company's choice is to avoid borrowing given the current level of interest rates, which are high even in the presence of possible hedges.

The Biesse Group continues to maintain credit lines with banks, although the need to utilise them did not arise in the first half of the year, in order to be able to rely on adequate financial resources.

Despite the current context of general instability in the global scenario, the Biesse Group believes that the current availability is sufficient to cover any possible need.

CREDIT RISK

Credit risk represents the Biesse Group's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations. The main exposure is towards customers. In order to limit this risk, the Biesse Group has implemented procedures for assessing the financial potential and soundness of its customers, monitoring expected cash flows from collections and for any debt collection activities.

Such procedures typically involve the finalisation of sales against the receipt of advances; in the case of customers considered strategic by the Management, the credit limits granted to them are defined and monitored.

The carrying amount of financial assets, net of any impairment for expected losses, represents the maximum exposure to credit risk. The Directors are constantly monitoring receivables and, in compliance with IFRS 9, have adopted a forward-looking approach to account for current and future uncertainties.

For more information on how the impairment allowance was determined and the characteristics of overdue receivables, please refer to Note 15 above on trade receivables.

LIQUIDITY RISK

Liquidity risk is the risk that available financial resources will be insufficient to meet financial and commercial obligations as and when they fall due.

Negotiation and management of banking relationships are centralised at the Biesse Group level, by virtue of the Cash Pooling agreement, so as to ensure that short and medium-term financial needs will be met at the lowest possible cost. Raising medium and long-term capital funds on the market is also optimised with centralised management.

The type of prudent risk management described above implies maintaining an adequate level of cash and/or easily convertible short-term securities. The portfolio of trade receivables and the conditions attaching to them contribute to balancing the working capital and, in particular, to hedging payables to suppliers.

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Below are the types of financial instruments included in the financial statements:

€ '000	**30 June 2023**	**31 December 2022**
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
Derivative financial assets	*934*	*2,659*
Cash and cash equivalents	*87,130*	*125,039*
Measured at fair value through OCI :		
Other financial asset short term	*28,682*	*20,544*
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
Derivative financial liabilities	*655*	*2,445*
Measured at amortised cost :		
Other non-current liabilities	*128*	*155*
Bank loans and borrowings	*1,094*	*2,337*
Lease liabilities	*22,081*	*24,000*

Financial assets and liabilities from derivative instruments are equal to the fair value of foreign currency hedging transactions ("forward" and "swap" contracts) in place as at 30 June 2023. The Group has chosen not to adopt hedge accounting policies to recognise this instrument.

IFRS 13 identifies the three levels of FV:

Level 1 – quoted prices represent input data used in the measurements in active markets for assets or liabilities identical to those being measured;

Level 2 – input data other than quoted prices included within level 1 that are observable in the market, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 3 – input data that are not based on observable market data.

Financial instruments exposed to fair value are classified in level 2. During the first half of 2022, there were no transfers between the various fair value levels indicated above.

24. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Please refer to the Directors' Report on Operations.

25. RELATED-PARTY TRANSACTIONS

The Group is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr Giancarlo Selci (resident in Italy).

Transactions between Biesse S.p.A. and its subsidiaries, which are entities related to the Parent Company, have been eliminated from the consolidated financial statements and are not included in these Notes. The details of transactions between the Group and other related entities are specified below.

€ '000	Revenue		Costs	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Parent				
Bi. Fin. S.r.l.	1	-	11	12
Other related companies				
Se. Mar. S.r.l.	15	7	1,338	1,442
Members of the Board of Directors				
Componenti Consiglio di Amministrazione	-	-	670	670
Members of the Board of Statutory Auditors				
Componenti Collegio Sindacale	-	-	79	79
Total	**16**	**7**	**2,099**	**2,203**

€ '000	Receivables		Payables	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Parent				
Bi. Fin. S.r.l.	-	-	1,083	1,156
Other related companies				
Se. Mar. S.r.l.	3	2	1,011	882
Altri	-	-	-	1
Members of the Board of Directors				
Componenti Consiglio di Amministrazione	-	-	791	133
Members of the Board of Statutory Auditors				
Componenti Collegio Sindacale	-	-	79	119
Total	**3**	**2**	**2,965**	**2,291**

The terms and conditions agreed with the above-related parties do not differ from those that would have been established between parties at arm's length.

The amounts payable to related parties are trade payables and refer to transactions undertaken to sell goods and/or render services.

For full details regarding the remuneration of Directors and Statutory Auditors, please refer to the Remuneration Report published on the company website www.biesse.com.

Pesaro, 28/07/2023

The Chairman of the Board of Directors
Giancarlo Selci

Certification of the Condensed Consolidated Interim Financial Statements in compliance with Art. 81-ter of Consob Regulation No.11971 of 14 May 1999 as subsequently amended and supplemented

The undersigned Giancarlo Selci and Pierre Giorgio Sallier de La Tour, in their capacities as, respectively, Chairman and Manager in charge of the financial reporting of Biesse S.p.A, having also taken into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the business and
- the effective implementation of the administrative and accounting procedures for the preparation of the Condensed Consolidated Interim Financial Statements during the first half of 2023.

The assessment of the adequacy of administrative and accounting procedures for the preparation of the Condensed Consolidated Interim Financial Statements as at 30 June 2022 is based on a process established by Biesse S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is an internationally accepted reference framework.

We also certify that:

a) the Condensed Consolidated Interim Financial Statements:

- have been drawn up in compliance with the applicable international accounting standards endorsed by the European Union in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002 and, in particular, with IAS 34 – Interim Financial Reporting – as well as the enabling legislation for Art. 9 of Italian Legislative Decree No. 38/2005;
- are consistent with the entries in accounting books and records;
- as far as we know, they provide an accurate and fair view of the financial position, financial performance and cash flows of the issuer and the Group of companies included in the consolidation;

b) the Directors' interim report contains references to significant events that occurred during the reporting period and to their impact on the Condensed Consolidated Interim Financial Statements, together with a brief description of the main risks and uncertainties for the remaining six months of the year as well as information on any material transactions undertaken with related parties.

Pesaro, 28 July 2023

The Chairman of the Board of Directors in charge	The Manager of Financial Reporting
Giancarlo Selci	Pierre Giorgio Sallier de La Tour

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Biesse S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Biesse S.p.A. and its subsidiaries (the "Biesse Group"), which comprise the statement of financial position as of June 30, 2023 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Biesse Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
July 28, 2023

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.