

# Quarterly Report as at 31 March 2023

Biesse S.p.A.

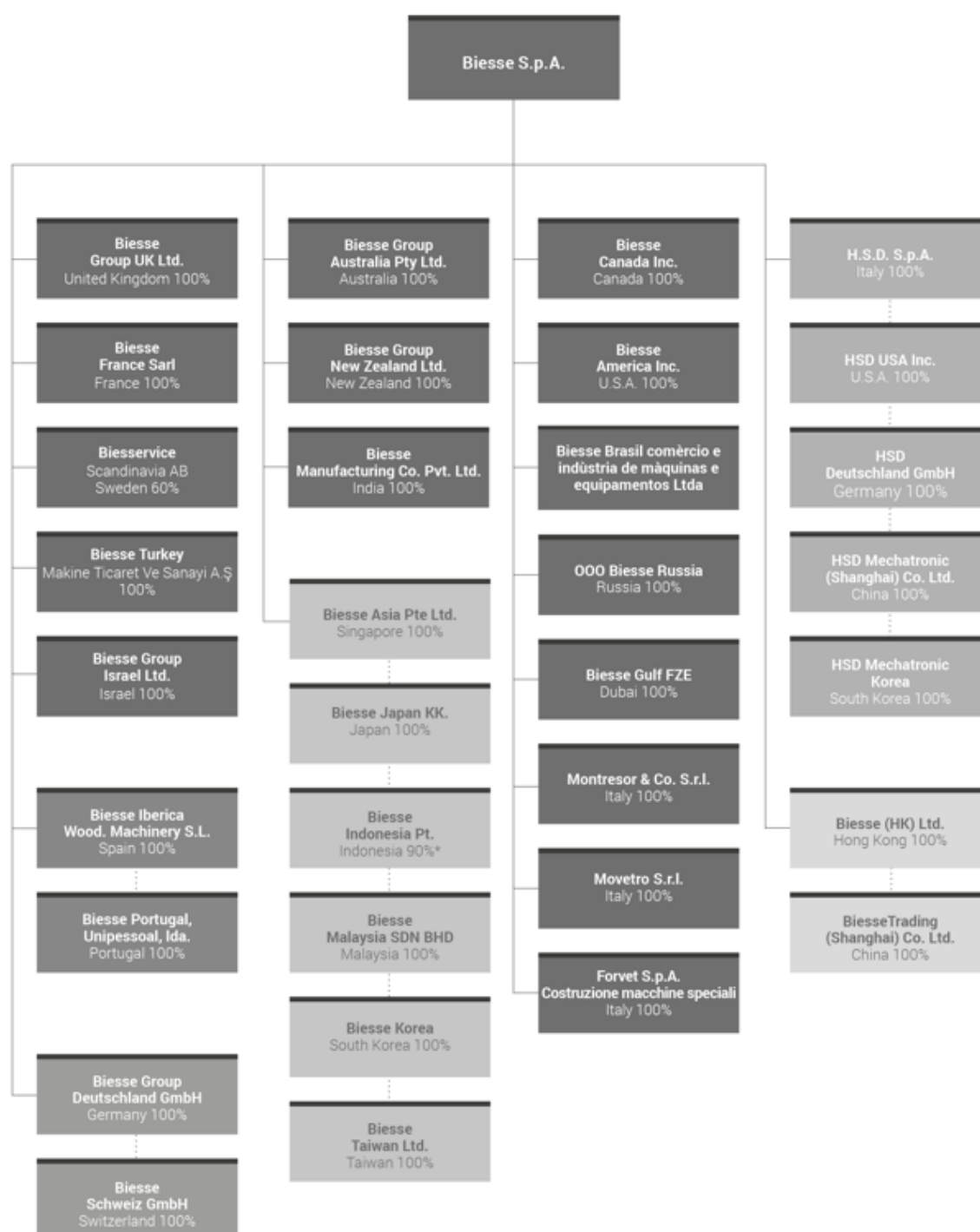
**QUARTERLY REPORT AS AT 31 MARCH 2023**

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## 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, composites and future materials. 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, housing & construction, automotive and aerospace sectors. Today, more than 75% 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 over 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.

## INTRODUCTION

The Biesse Group's consolidated quarterly report as at 31 March 2023, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

Accounting standards and recognition criteria are consistent with those of the Financial Statements as at 31 December 2022, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 31/03/2023, adjusted, where necessary, to align them with the Group's accounting policies.

## 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 Annual Report on Operations 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.

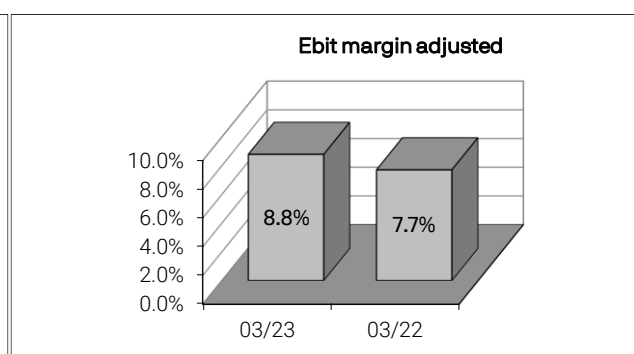
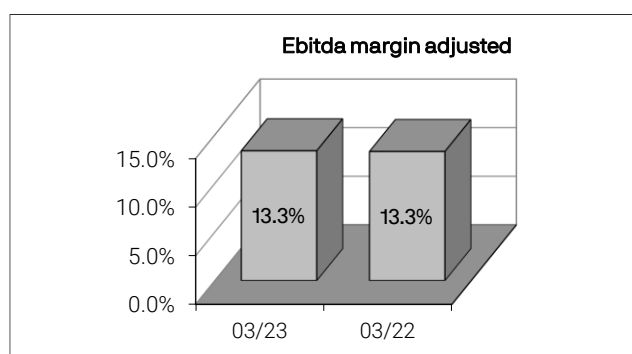
- *Value Added*: this indicator is defined as the Profit (Loss) for the year before income taxes, finance income and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions 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 and Contract assets, net of Trade payables and Contract liabilities.
- *Net Working Capital:* this indicator is calculated as the total of Net Operating Working Capital and other Current Assets and Liabilities, including Provisions for short-term risks and charges.
- *Net Invested Capital:* this indicator represents the total of Current and Non-Current Assets, excluding financial assets, net of Current and Non-Current Liabilities, excluding financial liabilities.
- *Net financial position:* this indicator is calculated in compliance with the provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob, which refers to the ESMA Recommendations of 4 March 2021.

## FINANCIAL HIGHLIGHTS

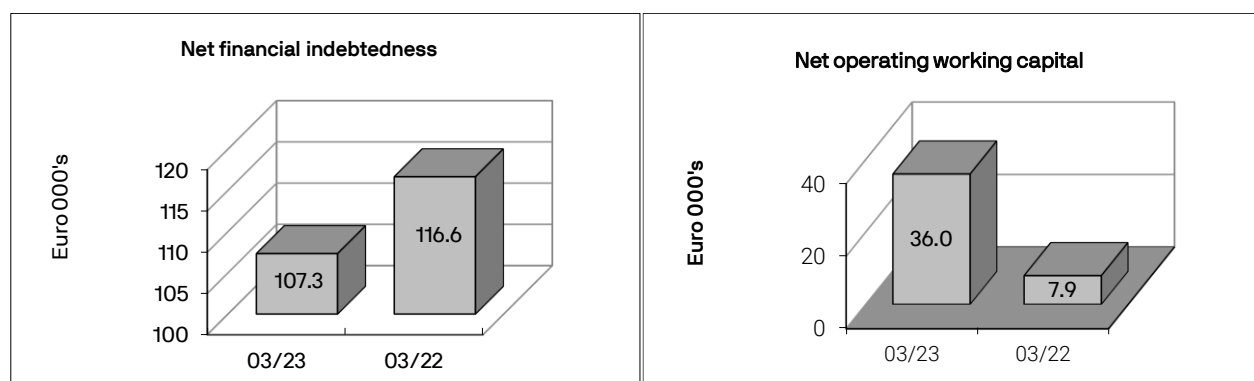
	31 March 2023	% on sales	31 March 2022	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	209,515	100.0%	196,599	100.0%	6.6%
Normalised Added value (1)	89,928	42.9%	87,392	44.5%	2.9%
EBITDA adjusted (1)	27,969	13.3%	26,098	13.3%	7.2%
EBIT adjusted (1)	16,464	7.9%	15,146	7.7%	8.7%
EBIT (1)	18,401	8.8%	15,146	7.7%	21.5%
Result for the year	12,330	5.9%	9,758	5.0%	26.4%



**Statement of Financial Position**

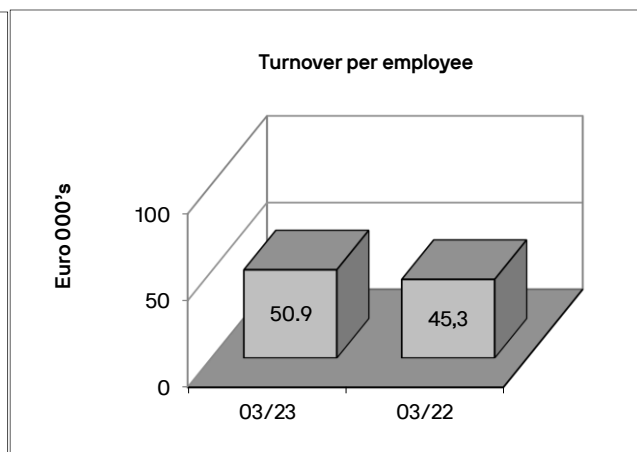
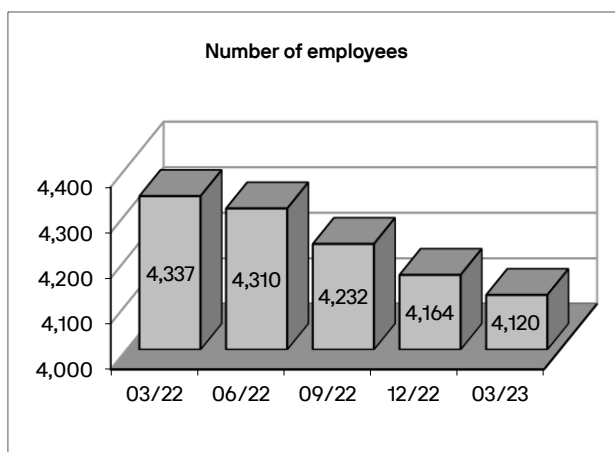
	31 March 2023	31 December 2022
<i>Euro 000's</i>		
Net invested capital (1)	164.596	144.147
Equity	271.924	260.793
Net financial position (1)	107.322	116.646
Net operating working capital (1)	35.966	7.908
Order in take	340.631	384.659

(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.



## Personnel (\*)

	31 March 2023	31 March 2022
Number of employees at period end	4,120	4,337



\* 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 Perugia
Alternate Statutory Auditor	Silvia Muzi
Alternate Statutory Auditor	Maurizio Gennari

### Control and Risks Committee – Remuneration Committee

Federica Ricceri  
Rossella Schiavini

### Related-Party Transactions Committee

Ferruccio Borsani  
Rossella Schiavini

### Independent Auditors

Deloitte & Touche S.p.A.



## DIRECTORS' REPORT ON OPERATIONS

### GENERAL ECONOMIC OVERVIEW

#### GLOBAL ECONOMIC TREND

Global economic activity remained subdued at the turn of the year, but the short-term outlook improved, helped by the resumption of economic activity in China and the continued resilience of labour markets in advanced economies. The easing of supply-side constraints continues to support global trade. Although headline inflation is declining, underlying price pressures remain strong. Against this backdrop, the global growth outlook for 2023 and 2024, incorporated in the macroeconomic projections for the euro area formulated in March 2023 by the ECB's euro area experts, was revised upwards compared to the exercise conducted in December 2022 by the Eurosystem's experts. Although the resumption of economic activity in China will strengthen global expansion this year, international economic activity remains relatively modest, with growth rates still below historical averages throughout the projection period from 2023 to 2025. International trade projections have also been revised upwards to reflect the Chinese economic recovery and the further easing of tensions along global supply chains. There are growing signs that global inflation measured by the consumer price index (CPI) has already peaked in 2022, although price pressures in the global economy remain high. Disinflation is being supported by easing supply-side tensions, falling energy prices and synchronised global monetary tightening. However, resilient labour markets and robust wage dynamics, especially in major advanced economies, suggest that underlying inflationary pressures in the global economy remain robust.

#### UNITED STATES

In the United States, economic activity is projected to slow in the first half of this year, while disinflation is likely to be more gradual than expected. Real GDP growth increased by 0.8%, quarter on quarter, in the fourth quarter of 2022, driven by the strength of inventory investment, while the moderation in domestic demand continued. Recent indicators point to modest growth in consumer spending, partly attributable to the tightening of financial conditions over the last year; furthermore, activity in the residential real estate sector continues to weaken, mainly due to the effect of the increase in mortgage lending rates. Higher interest rates and slower output growth also appear to be weighing on business gross fixed capital formation. Looking ahead, the continued slowdown in domestic demand points to weak growth in the first half of the year, albeit in the face of moderating inflation and robust labour markets. Despite this slowdown, labour market conditions remain tight, with little sign of easing, and nominal wage growth remains high, supporting the view that US inflation may be more persistent than expected. In February 2023, headline 12-month inflation measured by the CPI fell to 6.0 percent due to lower food and energy prices and core inflation contracted slightly to 5.5 percent. While tensions in financial markets triggered by bank failures could further weigh on US economic growth, their impact remains largely uncertain.

#### JAPAN

In Japan, real GDP growth remained flat in the fourth quarter of 2022, in an environment marked by relatively weak domestic demand. This result was weaker than expected, against the general expectation of a more dynamic recovery given the contraction in growth observed in the third quarter. By 2023, economic activity is projected to increase gradually, boosted by pent-up demand, the reopening of economic activity in China and continued monetary and fiscal support. Annual headline inflation measured in January

by the CPI rose to 4.3 percent. In the short term, inflation is expected to moderate due to favourable base effects associated with last year's energy and food price increases and the extension of government energy subsidies.

#### UNITED KINGDOM

In the United Kingdom, economic activity is expected to remain weak in the first half of 2023. After the economy narrowly avoided a technical recession in late 2022, growth momentum was negative at the turn of the year. This, together with modest values of short-term indicators, suggests that growth may turn negative again in the first quarter, as these indicators point to continued weakness and households continue to be affected by falling real wages and tightening financial conditions. In January, annual headline CPI inflation fell to 10.1 percent, reflecting lower fuel prices, and core inflation showed the first signs of moderating thanks to lower hotel services inflation. However, given still tight labour market conditions and robust wage growth, inflationary pressures could also be more persistent in the UK economy, despite weaker growth.

## CHINA

In China, the recovery from the recent pandemic-related difficulties is well underway. Quarter-on-quarter real GDP growth remained unchanged in the fourth quarter of 2022 following the sudden decision of the authorities to abandon the dynamic zero tolerance strategy on COVID-19, which initially led to a sharp increase in infection rates. However, as this wave of infection recedes, economic activity is expected to pick up as early as Q1 2023, and to strengthen from the following quarter as pandemic-related constraints ease. This hypothesis is supported by the marked increase in mobility and heavy traffic observed in major cities, although other indicators for monitoring economic activity, such as those relating to coal prices and air quality, have so far recorded a more moderate increase. Chinese outbound tourism is reportedly recovering while the recovery in the real estate sector is only modest. The reasons for this can be found in the lingering effects of the pandemic on the propensity to make large purchases and in the continuing negative perceptions of the financial soundness of private operators in the property sector. Against this backdrop, growth prospects for China have been revised upwards for 2023 and are expected to reach average rates of expansion close to the government's recently announced "around 5 percent" target. Inflationary pressures remain subdued and are not expected to increase significantly as economic activities restart.

## EUROZONE

Euro area real GDP grew by 3.5 percent in 2022 and stood 2.4 percent above its pre-pandemic level by the end of the year. However, this result masked a significant slowdown in activity in the second half of the year, reflecting the fading of factors that had stimulated the economy in previous months, in particular the strong recovery in demand for contacts following the easing of restrictions due to COVID-19. In addition, higher energy prices had a negative impact on spending and production. Economic activity in the euro area stagnated in the last quarter of 2022, as a result of opposing factors. While net trade had a strong positive impact on growth, all components of private domestic demand contracted in a context of declining real disposable income, persistent uncertainty and tighter financing conditions. The latest survey data point to a slight increase in activity and confidence, so we expect the euro area economy to begin a gradual recovery in the first half of 2023. In the coming quarters, more secure energy sources, significantly lower energy prices, easing supply chain problems and government support should continue to provide some relief to households and industry. Over the medium term, a robust labour market, improving confidence and a recovery in real incomes should support a recovery in euro area GDP growth, but the gradual tightening of financing conditions is expected to have a dampening effect on activity. This assessment is broadly reflected in the baseline scenario of the March 2023 macroeconomic projections formulated by ECB experts for the euro area. The annual growth rate of real GDP is projected to slow to 1.0 percent in 2023, before rising to 1.6 percent in 2024 and 2025. Compared to the December 2022 exercise conducted by the Eurosystem experts for the euro area, the outlook was revised upwards by 0.5 percentage points for 2023 and downwards by 0.3 and 0.2 percentage points, respectively, for 2024 and 2025. As the projections were finalised at the beginning of March, before the recent tensions in financial markets, the outlook is characterised by further uncertainty. In the fourth quarter of 2022, euro area activity stagnated. The breakdown of expenditure shows a strongly negative contribution from domestic demand, due to the marked decrease in both private consumption and investments. However, this was offset by a positive contribution from net trade, due to weak exports and falling imports. While investment and import dynamics in the last quarter of 2022 were affected by volatile developments in Ireland, the contraction in private domestic demand suggests a very weak underlying growth profile at the end of the year. The latter quarterly figure brought annual real GDP growth in the euro area to 3.5 percent in 2022, with an estimated carry-over effect of 0.4 per cent in 2023, slightly below the historical average. In the first quarter of 2023, euro area GDP growth was expected to return to slightly positive territory, based on mixed signals from recent economic indicators. The most recent survey data suggest that the euro area economy may have expanded modestly in the first quarter of the year. The euro area composite Purchasing Managers' Index (PMI) for output increased further in February, reaching an unprecedented nine-month high and now in line with its average long term. This recovery was mainly driven by business activity in the services sector. The continued vigour observed in contact-intensive services activity in early 2023 suggests that some of the effects of the reopening of the economy are long-lasting. The manufacturing production index rose above 50 in February, signalling growth for the first time since May 2022. The manufacturing sector benefited from an improvement in disruptions along the supply chain, as evidenced by the sharp fall in the supplier delivery times indicator in February. Nevertheless, weak demand conditions continued to weigh on manufacturing output, which has recently been largely driven by order backlogs.

## ITALY

At the end of 2022, the expansionary phase of the Italian economy was interrupted, mainly due to the contraction in household spending. Available indicators suggest that GDP growth returned to slightly positive territory in the first quarter of this year, benefiting from the fall in energy prices and the easing of bottlenecks in supply chains. Italy's GDP essentially stagnated in the fourth quarter of 2022. The sharp decline in household spending was offset by the acceleration of investments, which saw positive changes in all the main components. The decrease in inventories subtracted 1.1 percentage points from the GDP trend; on the other hand, foreign trade contributed positively by 1.4 points, due to the increase in exports and the decrease in imports. On the supply side, value added rose strongly in construction but fell in industry and remained broadly stable in services, interrupting a long period of expansion. In 2022 as a whole, GDP grew by 3.7 percent (from 7.0 in 2021). The Bank of Italy models, which use a large set of data, predict a recovery in GDP for the first quarter of 2023. It will benefit from the fall in energy prices and the normalisation of supply conditions along the value chain, and a resilience in services activity accompanied by growth in construction and manufacturing. In the same period, the Ita-coin indicator, which measures the dynamics of the product net of the most volatile components, shows a slight improvement compared to the end of 2022.

## BUSINESS SECTOR REVIEW

### UCIMU – SISTEMI PER PRODURRE (SYSTEMS TO PRODUCE)

In the first quarter of 2023, the machine tool order index compiled by the UCIMU-SISTEMI PER PRODURRE Research & Business Culture Centre showed a drop of 23.7% compared to the period January-March 2022. The absolute value of the index was 125.1 (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 22.9% compared to the same period last year. The absolute value of the index stands at 125.9. On the domestic front, collected orders saw a decline of 24.1%, for an absolute value of 124.8.

The Centro Studi survey also shows that, in the first quarter of 2023, Italian machine tool manufacturers' capacity utilisation was over 86%, although some companies reached 100%. During the quarter, the order book reached an unprecedented level of 8.6 months of guaranteed production.

Barbara Colombo, Chair of UCIMU-SISTEMI PER PRODURRE, stated: "The index of orders for the first quarter, which has just been compiled by our Research Centre, shows a clear slowdown in the collection of orders both in Italy and abroad. However, companies are doing well. The decline we have seen in the first half of the year is not a cause for concern, but should give us pause for thought about the strategies our companies need to define for the medium term. On the international front, the fall recorded in the quarter, even taking into account the almost total saturation of the production capacity of our companies, which are committed to fulfilling the boom in orders received in the past, could be explained, at least in part, by the decision of Italian manufacturers to focus more on the domestic market, which is certainly easier to control." Barbara Colombo added: "We are well aware that in the long run this attitude could become a problem for our companies, which would risk losing market shares gained over decades of activity. In order to counteract this phenomenon, UCIMU intends to step up its initiatives to support the internationalisation of companies at a time when value chains are being reorganised and shortened. An example of this is the launch of the Business Network project in Vietnam, which aims to facilitate the penetration of companies in one of the most interesting and dynamic regions in the world.

On the internal front, the decrease in orders is determined by several factors. Above all, the bringing forward to the previous quarter (Q4 2022) of most of the investments planned by Italian users who wanted to secure the 40% tax credit incentive, knowing that the rate would be halved with the new year, demonstrated by the flare recorded by the fourth quarter 2022 index. Second, the decline is a consequence of the natural slowdown in demand, which has certainly not been able to keep up with the pace to which it has recently become accustomed. That said, the Italian market" – continued the chair of UCIMU-SISTEMI PER PRODURRE – "is still prepared to invest. The modernisation process of the "Officina Italia" is not finished. It has yet to reach a proportion of companies, especially small ones, which certainly need more time to get to grips with an issue that has implications for the whole organisation.

For this reason, we believe it is necessary to ensure continuity in the 4.0 transition plan, linking the issue of digitalisation with that of sustainability, which together represent the pillars of future manufacturing. For this reason, we reiterate to the authorities the need for a modular system of tax incentives that can be combined with each other as the complexity of the system created increases. Specifically, the programme should provide for three different tax credits, which may also be combined. To the first measure - currently in force, consisting of the tax credit for investments in the latest generation of digital production

technologies (with reference to Annexes A and B) - should be added a second tax credit for investments in machinery that are integrated to create a system that implements the two value chains, physical and digital. “Finally” concluded the chair Barbara Colombo “the programme should include a third measure that guarantees a tax credit for sustainability. This measure, in our opinion, should support actions that lead to the integrated development of new generations of products, also taking into account the impact in terms of environmental footprint, certified according to the relevant international standards”.

## OUTLOOK

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.

In this rather unstable environment, the Biesse Group, which operates in Russia through its commercial subsidiary Biesse Russia in Moscow, continued to work on maintaining the operations and employment level of its subsidiary. It is also noted that invoicing in euro on the Russian market protected the subsidiary from the impact of rouble fluctuations.

The reference context therefore 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 inflation.

At the end of the first quarter of 2023, the Biesse Group’s portfolio amounted to € 340,631 thousand, down by 11.4% compared to December 2022 (€ 384,659 thousand).

In this context, Biesse Group’s revenue from sales and services as at 31 March 2023 amounted to € 209,515 thousand, an increase of 6.6% compared to 31 March 2022. The increase was noted in the following geographical areas of reference: Western Europe (14.0%) and North America (2.3%). Eastern Europe remained almost stable while Asia-Oceania and the Rest of the World instead recorded a decrease of 3.8% and 21.6% respectively.

Western Europe was once again the Biesse Group’s largest market, generating € 116,749 thousand in turnover, i.e. 55.7% of the total. If we analyse the breakdown of revenues by operating segment, Machine-Systems and Mechatronics recorded an increase of 7.2% compared to the first quarter of 2022, while no significant changes were recorded for the Mechatronics segment.

The distribution of revenues by operating segment remains substantially unchanged with the Machinery-Systems segment (which represents approximately 91.0% of Biesse Group turnover) which recorded an increase of 7.2%. No significant change instead for the Mechatronics segment.

Looking at the turnover by geographical area, the increase concerned the following geographical areas of reference: Western Europe (14.0%) and North America (2.3%). Eastern Europe remained almost stable while Asia-Oceania and the Rest of the World instead recorded a decrease of 3.8% and 21.6% respectively.

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 above-mentioned rise in volumes was reflected in the operating result for the period, as indicated by Adjusted EBITDA, which, gross of non-recurring charges, amounted to € 27,969 thousand, up by 7.2%. Normalised operating profit (Adjusted EBIT) improved as well (€ 16,464 thousand in the first quarter of 2023 compared to € 15,146 thousand in the same period of 2022), with a positive delta of € 1,318 thousand and a slight increase in revenue that moved to 7.7% from 7.9%.

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 growing revenues and almost constant margins) described so far, financial performance was instead affected by the dynamics of net operating working capital, which increased by € 28,058 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 € 15,779 thousand) influenced by the order intake trend in the first quarter of 2023, which was affected by the advance to the previous quarter (fourth quarter 2022) of most of the investments planned by Italian users who wanted to secure the tax credit incentive relating to industry 4.0 at 40% knowing that, with the new year, the rate would be halved.

Still on the subject of changes in net working capital, the remaining part of the change is rather due to several factors, such as the reduction in trade payables (€ 3,566 thousand), as evidenced by the reduction in the average days sales outstanding (DSO), thanks to the dynamism of payments at the end of the year, the increase in inventories (€ 2,508 thousand) and, finally, the increase in trade receivables (€ 6,206 thousand), in line with the evolution of sales during the period.

The Net Financial Position (hereinafter also “NFP”) of the Biesse Group at 31 March 2023 was positive at € 107,322 thousand, a decrease of € 9,324 thousand compared to the figure at 31 December 2022 (8.0%). The change is mainly influenced by the aforementioned trend in net working capital, despite the positive results obtained at the operating level during the quarter.

The scenario described so far confirms that the Biesse Group benefited in the first quarter 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 all of 2023 to implement with determination the initiatives aimed at pursuing the targets set.

## MAIN EVENTS

On **27 February 2023**, the project to merge the companies Montresor & Co S.r.l., with sole shareholder, into Biesse S.p.A. was approved.

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.



## INCOME STATEMENT HIGHLIGHTS

### Income Statement as at 31 March 2023 highlighting non-recurring items

	31 March 2023	% on sales	31 March 2022	% on sales	CHANGE %
<i>Euro 000's</i>					
Revenue from sales and services	209,515	100.0%	196,599	100.0%	6.6%
Change in inventories, wip, semi-finished products and finished products	541	0.3%	17,931	9.1%	(97.0)%
Other Revenues	2,116	1.0%	995	0.5%	112.7%
<b>Revenue</b>	<b>212,172</b>	<b>101.3%</b>	<b>215,524</b>	<b>109.6%</b>	<b>(1.6)%</b>
Raw materials, consumables, supplies and goods	(86,565)	(41.3)%	(94,574)	(48.1)%	(8.5)%
Other operating costs	(35,679)	(17.0)%	(33,558)	(17.1)%	6.3%
Personnel expense	(61,959)	(29.6)%	(61,294)	(31.2)%	1.1%
<b>Gross operating result</b>	<b>27,969</b>	<b>13.3%</b>	<b>26,098</b>	<b>13.3%</b>	<b>7.2%</b>
Depreciation and amortisation	(7,811)	(3.7)%	(7,991)	(4.1)%	(2.3)%
Provisions	(3,694)	(1.8)%	(2,961)	(1.5)%	24.8%
<b>Operating result before non recurring items</b>	<b>16,464</b>	<b>7.9%</b>	<b>15,146</b>	<b>7.7%</b>	<b>8.7%</b>
Non recurring items	1,937	0.9%	-	-	-
<b>Operating result</b>	<b>18,401</b>	<b>8.8%</b>	<b>15,146</b>	<b>7.7%</b>	<b>21.5%</b>
Financial income	284	0.1%	89	0.0%	-
Financial expense	(604)	(0.3)%	(439)	(0.2)%	37.6%
Exchange rate income and expenses net	(579)	(0.3)%	(1,427)	(0.7)%	(59.4)%
<b>Pre-tax result</b>	<b>17,502</b>	<b>8.4%</b>	<b>13,368</b>	<b>6.8%</b>	<b>30.9%</b>
Income taxes	(5,173)	(2.5)%	(3,611)	(1.8)%	43.3%
<b>Result for the year</b>	<b>12,330</b>	<b>5.9%</b>	<b>9,758</b>	<b>5.0%</b>	<b>26.4%</b>

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** as at 31 March 2023 amounted to € 209,515 thousand, an increase of 6.6% compared to the figure for the same period of 2022 (revenues equal to € 196,599 thousand), an increase attributable to the general positive sales trend that occurred during the quarter.

**Value of production** amounted to € 212,172 thousand, a slight decrease (-1.6%) compared to the figure for the first quarter of 2022 (€ 215,524 thousand).

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

	31 March 2023	%	31 March 2022	%
<i>Euro 000's</i>				
<b>Revenue</b>	<b>212,172</b>	<b>100.0%</b>	<b>215,524</b>	<b>100.0%</b>
Raw materials and goods	86,565	40.8%	94,574	43.9%
Other operating costs	35,679	16.8%	33,558	15.6%
<i>Service costs</i>	32,143	15.1%	29,420	13.7%
<i>Use of third party assets</i>	1,129	0.5%	964	0.4%
<i>Sundry operating expense</i>	2,407	1.1%	3,175	1.5%
<b>Added value</b>	<b>89,928</b>	<b>42.4%</b>	<b>87,392</b>	<b>40.5%</b>

The analysis of the percentage incidences of consumption and other operating expenses, calculated on the value of production, rather than on revenue, shows that the absorption of raw materials decreased (40.8% compared to 43.9% as at 31 March 2022), attributable to the increase in sales prices from 2021 onwards, which gradually manifested itself during 2022, with greater evidence in the last quarter of 2022 and in the first quarter of 2023. Other operating expenses increased in absolute terms (€ 2,121 thousand), increasing their percentage weight compared to the previous year (from 15.6% to 16.8%). This phenomenon is mainly attributable to service costs, which rose from € 29,420 thousand to € 32,143 thousand, an increase of 9.3%. the change is mainly due to higher costs related to participation in trade fairs and events (up by € 2,110 thousand), technical services (up by € 406 thousand) and those relating to travel and transfers (up by € 1,066 thousand). Consulting expenses remain substantially unchanged compared to the first quarter of 2022, while costs relating to the provision of services to production, including outsourcing and transport on purchases, decreased (respectively down by € 1,346 thousand and € 196 thousand) and costs for utilities (down by € 436 thousand).

Finally, please note that added value as at 31 March 2023 was € 89,928 thousand, up by 2.9% compared to the same period in 2022 (€ 87,392 thousand). As a percentage of the value of production, it improved from 40.5% to 42.4%.

**Personnel expense** at 31 March 2023 amounted to € 61,959 thousand and recorded a slight increase in value of € 665 thousand compared to the figure for 2022 (€ 61,294 thousand, +1.1% on the same period of 2022), essentially linked to the wages, salaries and related social security contributions. On the other hand, the incidence decreased in percentage terms, passing from 31.2% to 29.6%.

**Adjusted EBITDA** for the first quarter of 2023 was positive for € 27,969 thousand, while in the same period of 2022 it was positive for € 26,098 thousand, with a growth of 7.2%.

**Depreciation and amortisation** slightly decreased by 2.3% overall (from € 7,991 thousand as at 31 March 2022 to € 7,811 thousand as at 31 March 2023): The component relating to tangible fixed assets (including rights of use) slightly increased by € 68 thousand (+1.5%), while that relating to intangible fixed assets fell by € 247 thousand (-7.4%).

**Provisions and impairment** amounted to € 3,694 thousand, and included provisions of € 2,450 thousand (mainly attributable to € 1,833 thousand for adjustments to provisions for future risks and charges, € 515 thousand for the restructuring provision and finally € 117 thousand for the adjustment estimate of the product warranty reserve) and write-downs for impairment of € 1,244 thousand, relating to intangible assets, including development costs.

**Adjusted EBIT** was positive at € 16,464 thousand, up 8.7% from the same period of the previous year (at € 15,146 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 € 320 thousand were recorded, practically unchanged compared to the March 2022 figure (net expenses of € 350 thousand).

**Exchange rate risk** management resulted in a net loss of € 579 thousand, an improvement compared to the € 1,427 thousand loss in the prior-year period.

**Pre-tax profit** was therefore positive for €17,502 thousand, an increase compared to 2022 (equal to €13,368 thousand).

The estimated balance of **income taxes** was negative to the tune of €5,173 thousand. The impact relating to current taxes was a negative €6,291 thousand (IRES – corporate income tax: €2,525 thousand, IRAP – regional business tax: €776 thousand; taxes from foreign jurisdictions: €3,358 thousand; other income taxes and previous-year taxes: positive for €367 thousand), while deferred taxes were positive at €1,118 thousand.

Therefore, **net profit** as at 31 March 2023 amounted to €12,330 thousand.

## STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

### Statement of financial position as at 31 March 2023

	31 March 2023	31 December 2022
<i>Euro 000's</i>		
Intangible assets	88,432	88,177
Property, plant and equipment	114,108	117,625
Financial assets	3,484	4,688
<b>Non-current assets</b>	<b>206,024</b>	<b>210,489</b>
Inventories	218,096	215,588
Trade receivables and contract assets	118,719	112,513
Trade payables	(178,430)	(181,996)
Contract liabilities	(122,418)	(138,197)
<b>Net operating working capital</b>	<b>35,966</b>	<b>7,908</b>
Post-employment benefits	(10,196)	(10,567)
Provision for risk and charges	(28,608)	(25,015)
Other net payables	(55,380)	(54,629)
Net deferred tax assets	16,791	15,961
<b>Other net liabilities</b>	<b>(77,394)</b>	<b>(74,249)</b>
<b>Net invested capital</b>	<b>164,596</b>	<b>144,147</b>
Share capital	27,403	27,403
Result for the previous year and other reserves	231,945	202,898
Net Result	12,330	30,248
Non-controlling interests	241	245
<b>Equity</b>	<b>271,918</b>	<b>260,793</b>
Bank loans and borrowings and loans and borrowings from other financial backers	25,059	28,937
Other financial assets	(20,696)	(7,164)
Cash and cash equivalents	(111,685)	(138,419)
Net financial position	(107,322)	(116,646)
<b>Total sources of funding</b>	<b>164,596</b>	<b>144,147</b>



Net invested capital amounted to €164,596 thousand, up compared to 31 December 2022 (€144,147 thousand).

Compared to 31 December 2022, net fixed assets decreased by €4,465 thousand due to the fact that depreciation and amortisation are higher than new investments for the period.

Net operating working capital increased by €28,058 thousand compared to 31 December 2022. This change is mainly due to the decrease in contractual liabilities (equal to €15,779 thousand) attributable to the order intake trend in the first quarter of 2023, which was affected by the advance to the previous quarter (fourth quarter 2022) of most of the investments planned by Italian users who wanted to secure the tax credit incentive relating to industry 4.0 at 40% knowing that, with the new year, the rate would be halved. The remaining part of the change is rather a combination of several factors, such as the reduction in trade payables (€3,566 thousand), as evidenced by the reduction in the average days sales outstanding (DSO), thanks to the dynamism of payments at the end of the year, the increase in inventories (€2,508 thousand) and, finally, the increase in trade receivables (€6,206 thousand), in line with the evolution of sales during the period.

Equity amounted to €271,918 thousand (€260,793 thousand as at 31 December 2022).

### Net financial position

<i>Euro 000's</i>	31st March 2023	31st December 2022	30th September 2022	30th June 2022	31st March 2022
Financial assets:	132,381	145,583	108,061	117,201	136,539
<i>Current financial assets</i>	20,696	20,544	7,157	7,266	27,141
<i>Cash and cash equivalents</i>	111,685	125,039	100,903	109,935	109,398
Short-term financial lease payables	(7,072)	(7,504)	(7,983)	(8,524)	(7,194)
Short-term bank loans and borrowings and loans from other financial backers	(1,412)	(4,222)	(4,761)	(7,493)	(5,826)
<b>Short-term net financial position</b>	<b>123,897</b>	<b>133,858</b>	<b>95,317</b>	<b>101,185</b>	<b>123,520</b>
Medium/Long-term financial lease payables	(16,114)	(16,496)	(14,997)	(15,508)	(15,179)
Medium/Long-term bank loans and borrowings	(320)	(561)	(573)	(525)	(395)
Trade payables and other medium/long-term payables	(140)	(155)	(171)	(185)	(285)
<b>Medium/Long-term net financial position</b>	<b>(16,575)</b>	<b>(17,212)</b>	<b>(15,740)</b>	<b>(16,218)</b>	<b>(15,859)</b>
<b>Total net financial position</b>	<b>107,322</b>	<b>116,646</b>	<b>79,577</b>	<b>84,965</b>	<b>107,661</b>

In the NFP statement at 31/03/2023, in application of 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, trade payables due beyond one year have been included.

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 31 March 2023 was positive at €107,322 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 €129,594 thousand (positive at €139,387 thousand at 31 December 2022). Compared to year-end 2022, the indicator decreased by €9,324 thousand, mainly influenced by the previously noted dynamics of net working capital, despite the positive results at operating level.

At the date of approval of this report, the Biesse Group has credit lines in excess of €215.7 million, of which €90.7 million revocable with a duration of up to 12 months and €125 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

	31 March 2023	%	31 March 2022	%	CHANGE % 2023/2022
<i>Euro 000's</i>					
Machines and Systems Division	190,828	91.1%	178,023	90.6%	7.2%
Mechatronics Division	27,090	12.9%	26,853	13.7%	0.9%
Inter-segment eliminations	(8,403)	(4.0)%	(8,277)	(4.2)%	1.5%
<b>Total</b>	<b>209,515</b>	<b>100.0%</b>	<b>196,599</b>	<b>100.0%</b>	<b>6.6%</b>

### Breakdown of revenue by geographical area

	31 March 2023	%	31 March 2022	%	CHANGE % 2023/2022
<i>Euro 000's</i>					
Western Europe	116,749	55.7%	102,420	52.1%	14.0%
Asia-Pacific	23,788	11.4%	24,721	12.6%	(3.8)%
Eastern Europe	27,343	13.1%	27,301	13.9%	0.2%
North America	36,794	17.6%	35,983	18.3%	2.3%
Rest of the World	4,842	2.3%	6,174	3.1%	(21.6)%
<b>Total</b>	<b>209,515</b>	<b>100.0%</b>	<b>196,599</b>	<b>100.0%</b>	<b>6.6%</b>

The distribution of revenues by operating segment remains substantially unchanged with the Machinery-Systems segment (which represents approximately 91.0% of Biesse Group turnover) which recorded an increase of 7.2%. No significant change instead for the Mechatronics segment.

Looking at the turnover by geographical area, the increase concerned the following geographical areas of reference: Western Europe (14.0%) and North America (2.3%). Eastern Europe remained almost stable while Asia-Oceania and the Rest of the World instead recorded a decrease of 3.8% and 21.6% respectively.

Pesaro, 11 May 2023

**The Chairman of the Board of Directors**

Giancarlo Selci

## CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF THE CONSOLIDATED LAW ON FINANCE (TUF)

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

Pesaro, 11 May 2023

**The Manager of financial reporting**

Pierre Giorgio Sallier de La Tour