

# Quarterly Report as at 30 September 2024

Biesse S.p.A.

## QUARTERLY REPORT AS AT 30 SEPTEMBER 2024

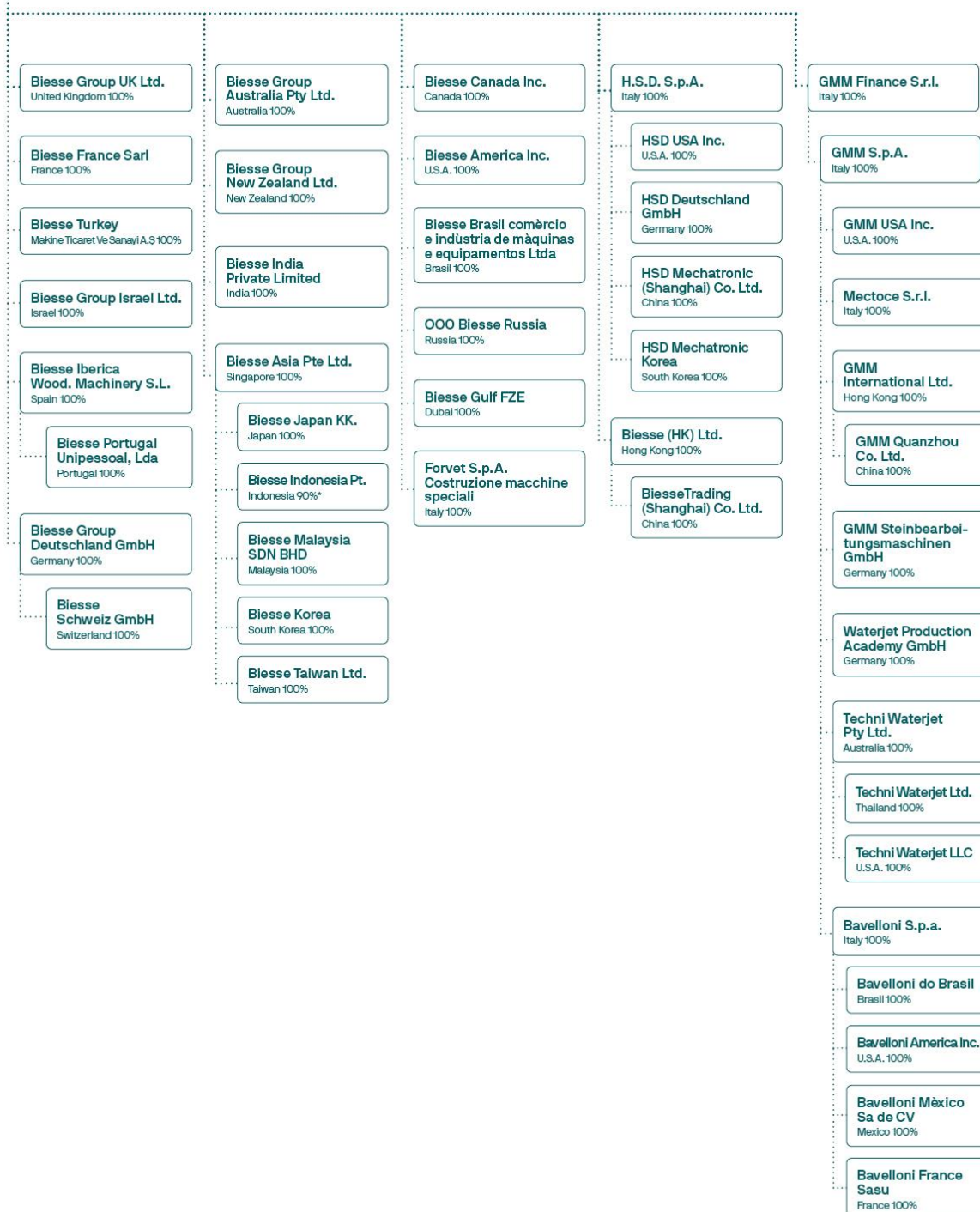
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## THE BIESSE GROUP

### BIESSE GROUP STRUCTURE

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

#### Biesse S.p.A.



\* Il restante 10% è detenuto direttamente da Biesse Spa

## BIESSE GROUP PROFILE

The Biesse Group is an international 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, the Group supports the business development of its customers in the furniture, supply & construction, automotive and aerospace sectors. Today, about 80% of consolidated revenues are made abroad thanks to a constantly growing global network with 12 production sites in three Countries and 19 showrooms worldwide. Thanks to the expertise of our 4,100 employees, we inspire leading companies in their sectors and the most respected names in Italian and international design to unlock the potential of every material.

With respect to the consolidated financial statements for the year ended 31 December 2023, it should be noted that on 29 January 2024, the acquisition of the entire share capital of GMM Finance S.r.l., the holding company at the head of the GMM Group, which includes the companies GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd., as well as their respective Italian and foreign subsidiaries, active in the fields of machine tools for processing stone, glass and other materials, was completed.

Therefore, the Biesse Group's economic and financial situation at 30 September 2024 has been affected by the line-by-line consolidation of the GMM Group from 1 January 2024. Also taking into account the agreements defined between the parties regarding the acquisition method of the GMM Group, the first consolidation balance sheet is represented by the balances of the GMM Group as of 1 January 2024, the reference date for the Purchase Price Allocation (PPA) process required by IFRS 3. IFRS 3 requires that at the acquisition date, the difference between the cost of the combination – equal to the provisional price paid for the acquisition – and the fair value of the identifiable net assets acquired, including contingent liabilities, is determined. As at 30 September 2024, the allocation of the cost of the combination illustrated above (PPA) is still to be considered provisional; pursuant to IFRS 3, the accounting for business combinations can be finalised within twelve months from the date of acquisition. In view of the provisional price of €72.4 million, a positive consolidation difference emerged. The estimate of the *fair values* of the net assets acquired, carried out through the engagement of an independent expert, resulted in the quantification of higher values with respect to the balance sheet data inferred from the accounting situation at the date of acquisition, equal to €36,500,000, gross of the related tax effect, provisionally allocated to tangible and intangible assets for €22,500,000, such as *customer relations* (so-called *customer list*), software, patents, trademarks, land and buildings, plant and machinery, and €14,000,000 to goodwill.

## INTRODUCTION

The Biesse Group's consolidated quarterly report as at 30 September 2024, 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 2023, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 30/09/2024, adjusted, where necessary, to align them with the Group's accounting policies.

## ALTERNATIVE PERFORMANCE INDICATORS

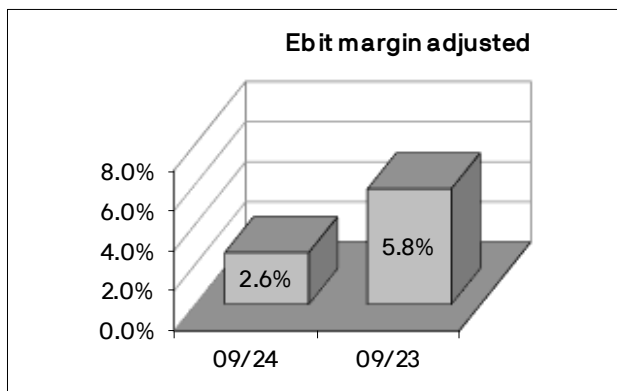
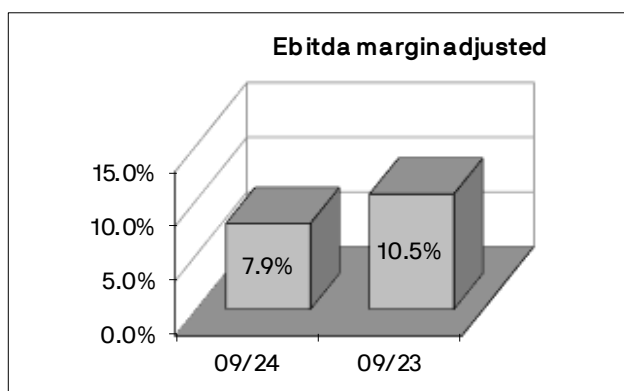
Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to better assess the Biesse Group's performance. The criterion applied by the Biesse Group to set these indicators might not be the same as that adopted by other groups, and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

- *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 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.
- *Net Financial Position excluding IFRS 16*: 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 and without considering the effects resulting from the application of IFRS 16.

## FINANCIAL HIGHLIGHTS

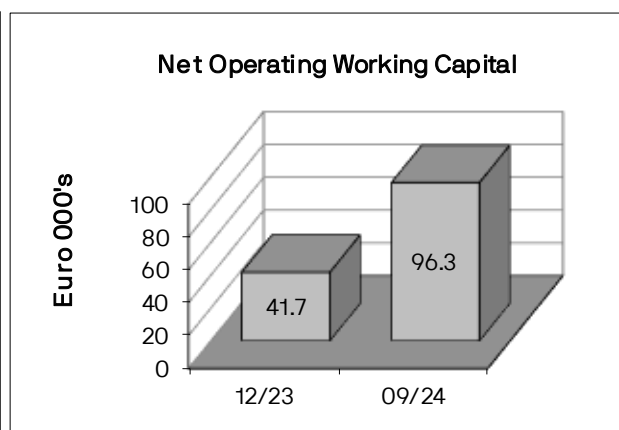
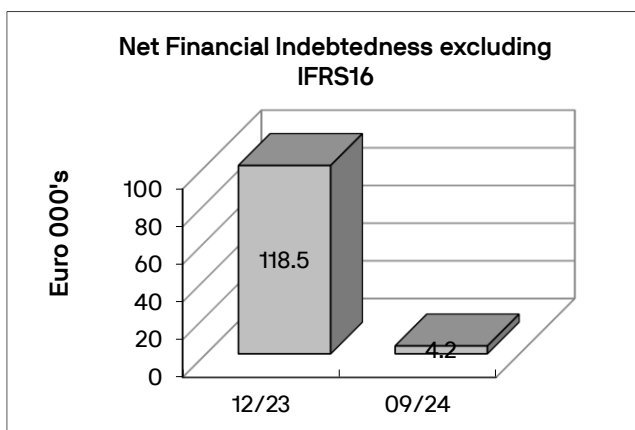
	30 September 2024	% on sales	30 September 2023	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	560,803	100.0%	595,656	100.0%	(5.9)%
EBITDA adjusted <sup>(1)</sup>	44,042	7.9%	62,748	10.5%	(29.8)%
EBIT adjusted <sup>(1)</sup>	14,481	2.6%	34,311	5.8%	(57.8)%
EBIT <sup>(1)</sup>	10,950	2.0%	28,074	4.7%	(61.0)%
Profit/Loss for the period	2,572	0.5%	15,949	2.7%	(83.9)%



### Statement of Financial Position

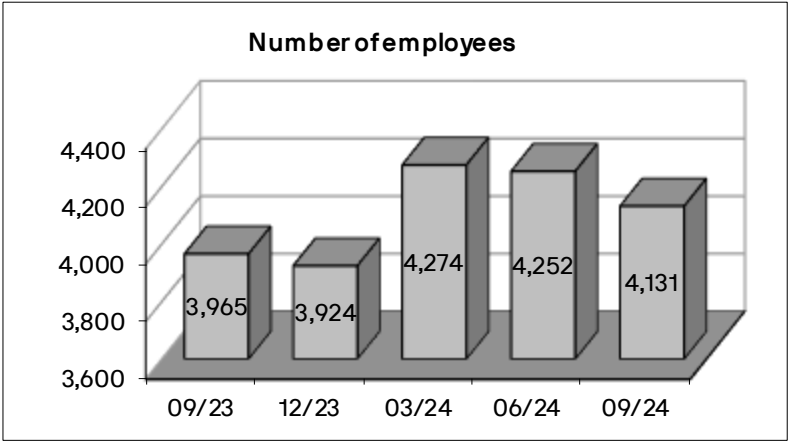
	30 September 2024	31 December 2023
<i>Euro 000's</i>		
Net invested capital (1)	291,937	168,495
Equity	263,856	261,448
Net financial position (1)	(28,081)	92,953
Net Financial Position excluding IFRS 16	4,178	118,458
Net operating working capital (1)	96,313	41,682
Order in take	275,529	282,320

(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 (\*)

	30 September 2024	30 September 2023
Number of employees at period end **	4,131	3,965



\* includes agency workers.

\*\* the 2023 figures don't include GMM Group, which are 420 units in September 2024

## COMPOSITION OF CORPORATE BODIES

### Board of Directors

Chairman	Roberto Selci
Chief Executive Officer	Massimo Potenza
Non-executive director	Alessandra Baronciani
Lead Independent Director	Rossella Schiavini
Independent Director	Massimiliano Bruni
Independent Director	Federica Ricceri
Independent Director	Cristina Sgubin

### Board of Statutory Auditors

Chairman	Paolo De Mitri
Standing Statutory Auditor	Giovanni Ciurlo
Standing Statutory Auditor	Benedetta Pinna
Alternate Statutory Auditor	Silvia Muzi
Alternate Statutory Auditor	Maurizio Gennari

### Control, Risks and Sustainability Committee

Rossella Schiavini (Chairman)  
Federica Ricceri  
Massimiliano Bruni

### Remuneration Committee

Federica Ricceri (Chairman)  
Rossella Schiavini

### Related-Party Transactions Committee

Rossella Schiavini (Chairman)  
Cristina Sgubin

### Independent Auditors

Deloitte & Touche S.p.A.



## DIRECTORS' REPORT ON OPERATIONS

### GENERAL ECONOMIC OVERVIEW

#### GLOBAL ECONOMIC TREND

Global growth showed resilience in the second quarter of 2024 and is expected to remain stable in the third quarter. However, the latest data indicate that the manufacturing sector is slowing down, while monetary policy remains restrictive. These signs, together with high geopolitical tensions and volatility in the financial markets, suggest that adverse growth factors could intensify in the short term. The outlook for global growth and inflation, as reflected in the macroeconomic projections for the euro area formulated by ECB experts in September 2024, is broadly unchanged from those formulated by Eurosystem experts in June 2024. International trade is expected to pick up in the current year and subsequently expand more in line with global activity. For 2024, world trade was revised slightly upwards to reflect the more positive second-quarter results, but the short-term outlook incorporated in the September projections suggests that the strong growth observed in the second quarter will not be lasting. Over the projection horizon, inflation in the major advanced and emerging economies is expected to gradually decline. The world composite Purchasing Managers' Index (PMI) for goods excluding the euro area rose to 53.2 in August from 53.0 in July. This was supported by above-average levels of the output index in the service sector, while output in the manufacturing sector decreased. The decline reflected the pronounced slowdown in manufacturing activity in the US in August, while manufacturing output in China rose marginally in the same month after the previous month's sharp decline. The latest quantitative and qualitative data suggest that the global manufacturing cycle is slowing down in a context of still tight monetary policies and moderating wage growth. These signs, together with heightened geopolitical tensions and recent volatility in international financial markets, suggest that factors unfavourable to global growth may intensify in the short term. World GDP is estimated to have increased by 0.7 per cent in the second quarter, slightly lower than the trend recorded in the first quarter. Nevertheless, it was still in line with the June projections of Eurosystem experts and is expected to remain stable in the third quarter.

#### UNITED STATES

In the US, economic activity is still robust against a backdrop of ongoing adjustment in the labour market and a gradual decline in inflation. Real GDP increased by 0.7% in the second quarter, supported by strong domestic demand and inventories, which more than offset the dampening effect of the strong increase in imports. Robust consumer spending supported activity. In the short term, high-frequency indicators show sustained, if slightly declining growth, with no signs of an impending recession. Market fears of a potential recession intensified in August after the publication of the US employment report in July and the subsequent volatility in global financial markets, which has since subsided. Both the very short-term forecasts by ECB experts and those published by the regional Federal Reserve Banks indicate a slight deceleration of growth in the third quarter, in line with the lagged effects of the Federal Reserve's restrictive monetary policy on economic activity. The US labour market continued to soften, while remaining healthy overall. In August, the increase in non-farm employment was slightly below market expectations and the average monthly gain over the previous 12 months. At the same time, the unemployment rate dropped slightly to 4.2%, while the participation rate remained stable. Over the same period, overall 12-month inflation measured by the CPI fell slightly more than expected, to 2.5% from 2.9% in July. By contrast, 12-month core inflation measured by the CPI was 3.2% in August, unchanged from July.

#### UNITED KINGDOM

In the UK, real GDP growth increased significantly in the second quarter, while inflation rose. In the second quarter of 2024, real GDP increased by 0.6%, only slightly below the 0.7% recorded in the first quarter. After a mild technical recession last year, the British economy experienced a surprisingly robust recovery in the first half of this year, driven by domestic demand. Imports, especially from emerging markets, grew at a fast pace, possibly as a result of early signs that are also evident on a global scale. Growth is expected to moderate in the second half of this year. Despite the current vigorous activity, growth is expected to decline as restrictive monetary and fiscal policies continue. The new Labour government has committed to long-standing budget rules, which limits its ability to manoeuvre to stimulate demand. On the monetary side, real rates have risen considerably in an environment where inflation has fallen to levels close to the Bank of England's target in recent months. Despite these unfavourable circumstances, some upside risks emerge from the continued resilience of households and businesses. In an environment where the savings rate is still growing and real wages have risen, supported by robust wage growth and only modest increases in unemployment, British households may have room to increase spending, despite the adoption of restrictive policies. In July, overall inflation measured by the CPI rose to 2.2%, up from 2.0 in May and June. This increase was expected and reflected the disappearance of negative base effects from energy commodity prices. In July, core inflation measured by the CPI (excluding

energy goods and food) fell to 3.3%, from 3.5% in June, on the back of a decline in services inflation. This moderation in services inflation exceeded the expectations of both the markets and the Bank of England and partly reflected the gradual fading of second-round effects from high energy prices. However, upside risks to the disinflation process remain, as services inflation has been more static this year than expected. In July, the Bank of England started a data-driven easing cycle, reducing the base rate from 5.25% to 5.0%.

## **CHINA**

Economic activity is slowing down in China, while new support for the real estate sector has yet to stabilise the residential property market. In the second quarter, real GDP growth declined sharply to 0.7% from 1.5% in the first quarter, as the contraction observed in the real estate sector dampened consumer spending and the impetus from a stimulus programme dating back to the end of 2023 faded away. July's activity data were mostly weak, despite some positive signs in some manufacturing sectors and exports. Retail sales growth was modest, while industrial production slowed further. Furthermore, capital investment remained weak, as real estate investment contracted despite relatively robust investment in manufacturing and infrastructure. Exports remained the main determinant of growth, driven by falling export prices. Twelve-month growth in nominal exports remained strong in July, despite a larger-than-expected decline. Chinese manufacturers made significant gains in export volumes for all major product categories, as falling export prices contributed to their competitiveness. The real estate market still shows no signs of having reached a low point and therefore continues to hold back growth, while the new package of measures announced in mid-May and the measures taken earlier have not yet had any effect. Given the rather disappointing growth prospects, the Chinese authorities are increasingly concerned that their growth target of "around 5%" will not be reached, and on 30 July, the Chinese Communist Party Politburo called for further policy measures to support consumer spending. Overall inflation measured by China's CPI increased slightly in August, while both core consumer and producer price inflation declined further. The stagnation of domestic demand, mainly in private consumption and attributable to unfavourable developments in the real estate market and weak prices in the industrial sector, suggests that inflationary pressures will remain contained in the Chinese economy.

## **EUROZONE**

The slight increase in euro area output in the second quarter of 2024 over the previous period is entirely attributable to the dynamics of net foreign demand and government expenditure. Weakness in private domestic components persisted. Household consumption declined slightly, following moderate growth in the previous quarter. Gross fixed capital formation fell significantly again, due to the exceptional contraction in intellectual property products in Ireland and stagnation in the other countries as a whole, due to the weak real estate cycle and expectations of sluggish demand from manufacturing firms. On the supply side, GDP was buoyed by value added in services – expanding for six consecutive quarters – against a renewed decline in industrial activity. Among the main countries, output grew in France, Italy and, more markedly, in Spain, while it fell slightly in Germany. The latest month-on-month information suggests a very subdued increase in the area's GDP also in the third quarter. The industrial cycle remained weak, as signalled by the deterioration of business confidence in the main countries, with the exception of France. The manufacturing PMI, which remains well below the expansion threshold, performed particularly badly in Germany, showing persistent deterioration in all index components. In September, the growth impetus provided by services – which in the previous months had benefited from the Olympic Games in France and the good performance of the tourist season – is also expected to have faded. On the demand side, early indicators suggest a modest pick-up in consumption in the third quarter, boosted by rising household disposable income, a resilient labour market and a gradual recovery in confidence. Investment is expected to continue to hold back growth, suffering from ongoing restrictive financing conditions. The contribution of net foreign demand is believed to have decreased compared to the spring months, in line with the decline in quality indicators for foreign orders in the summer and foreign trade data in July. According to ECB expert projections published in September, the area's output will grow by 0.8% in 2024, 1.3% in 2025 and 1.5% in 2026. Compared to last June, the forecasts were revised down slightly, by one-tenth of a percentage point in each of the three years, due to a weaker contribution from domestic demand.

## **ITALY**

In the second quarter, Italian GDP grew by 0.2% over the previous period; the slight recovery in household consumption continued, after the sharp decline at the end of last year. Gross fixed capital formation declined just slightly, with the negative contribution of residential construction offset by increases in all other components. The change in inventories, which had taken more than 2 points off growth in the previous three quarters, supported GDP by 0.3 percentage points. Foreign trade contributed -0.5 percentage points, due to the sharp decline in exports of goods and services, which exceeded estimates from the monthly foreign trade data, against a slight increase in imports. On the supply side, value added continued to decrease in industry, in the narrow sense, and in construction (-0.5 and -0.6%, respectively), while it increased in services. The expansion of the tertiary sector, which affected almost all segments, was

most marked in information and communication services, real estate, and financial and insurance activities. On 23 September, Istat released the general revision of the National Economic Accounts for the period 1995-2023. The new figures change GDP growth significantly upwards in 2021 and 2022, and by 2 tenths downwards in 2023. The revisions were affected by a stronger increase in construction investment and domestic final consumption in 2021 compared to previous figures, and by a faster build-up of inventories in 2022. The modest growth correction in 2023 reflects a significant reduction in the contribution of domestic demand, which was mainly influenced by the sharp deceleration of inventories and the changing dynamics of machinery investment; these developments were only partly offset by the robust increase in construction investment. Changes in net foreign demand were on the whole moderate. Based on Bank of Italy estimates, economic activity increased moderately in the third quarter. The expansion of services continued, while value added remained broadly stable in construction and declined again in manufacturing. On the demand side, the further recovery of consumption was coupled with subdued investment trends and weak net foreign demand. In September, the Ita-coin indicator, which measures output dynamics adjusted for cyclical volatility remained negative, albeit improving. According to the most recent Bank of Italy macroeconomic projections, GDP will grow by 0.6% in 2024 (0.8% excluding the correction for working days), and will grow cumulatively by more than 2% in 2025-26.

## BUSINESS SECTOR REVIEW

### UCIMU – SISTEMI PER PRODURRE

In the third quarter of 2024, the machine tool order index compiled by the UCIMU-SISTEMI PER PRODURRE Research & Business Culture Centre returned to positive territory, registering an increase of 7.9% compared to the period July-September 2023. The absolute value of the index was 52.7 (base value of 100 in 2021). Orders collected across borders were up by 10.7% compared to the same period of the previous year. The absolute value of the index was 94.4. On the domestic front, orders increased by 4.3%, compared to the third quarter of 2023, for an absolute value of 13.7.

Riccardo Rosa, UCIMU president, said, *"The return of the new orders index to positive territory after six consecutive falls is welcome news, as it breaks a trend that has been affecting the sector for too long". "Despite this," continued Riccardo Rosa, "the situation remains complicated for at least two reasons. Firstly, because this upturn is the result of a comparison with one of the weakest order intake quarters on record: the period July-September 2023 is slightly higher in absolute terms than the same quarter in 2020, the year of the pandemic. It is therefore clear that we are still at a very low level."* *"Secondly," added President Rosa, "because if you look at the details of this quarter's results, there is a clear split between the performance of the sheet metal forming and machining operation sector and that of the metal cutting machinery sector."* *"I believe that this is the first time", continued the UCIMU President, "that we have proposed such a detailed (and technical) review, but in fact it has never been so clear that the sector represented by UCIMU is moving at two different speeds. On the one hand, forming companies are able to operate across many markets and, above all, to intercept the demand expressed by very different sectors. On the other, those in the mechanical cutting sector are grappling with particularly complicated contextual problems. One of the reasons for the difficulties faced by the mechanical cutting industry is undoubtedly the strong foreign competition, firstly from Asia, and then the great unknown of the automotive industry, which has paralysed investment in new production technologies, as the crisis affecting the entire German economy has shown. For this reason too, we believe it is essential that our government continues to emphasise at international level, and in Europe in particular, the need to develop policies to support the industrial transition brought about by the change of direction of the sector that has driven the economic and social development of Europe more than any other, namely the automotive industry. It is necessary to think about instruments that can accompany the reorganisation of European production, so that it can continue to guarantee activity and employment in the countries of the Union, while respecting the criteria of green production, which, together with environmental protection, are fundamental elements for the well-being of the population."* *"The electric car is fine, as Confindustria President Emanuele Orsini reminded us at the Assolombarda meeting, but" added Riccardo Rosa, "why not also think about a wider range of technologies that, properly mixed, will make the new mobility model truly sustainable? I believe that opening up on this point could certainly give a new impetus to the whole industry."* *"In the hope that our representatives in Europe will intervene on this point, we reiterate to Minister Adolfo Urso the urgent need to simplify the Transition 5.0 measure so that it can deliver its impact by supporting new investment in energy-saving technologies."*

*"Finally," concluded the UCIMU President, "beyond the contingency, entrepreneurs expect the government to immediately set up a working table for dialogue, with the participation of sector representatives, on the industrial policies that must accompany Italian manufacturing from 2025 onwards, because at the end of next year both Transition 4.0 and Transition 5.0 will come to an end. There is not much time left, we have to*

*act now if we want to support the process of development and competitiveness of our industry in the near future.”*

#### **ACIMALL – ITALIAN WOODWORKING TECHNOLOGY ASSOCIATION (PERFORMANCE OF THE FIRST HALF OF 2024)**

The world of woodworking technology and the furniture industry is still waiting for a change in its economic landscape: In fact, the long season of contraction in orders, which has now lasted for nine quarters, continues, and is certainly the most obvious consequence of the exciting growth achieved by the sector and the economy in general in the 'post-Covid' two-year period.

It has been a severe return to normality that has brought the indices back to the pre-pandemic situation; at the moment there is no sign of this coming to an end. *“We should not indulge in easy pessimism, because values continue to remain at significant levels,”* commented Dario Corbetta, director of Acimall, the association that brings together Italian manufacturers. *“Certainly, the international scenario does not help companies towards a feeling of optimism that would bring everyone back to a real focus on investments in capital goods, but the ‘made in Italy’ sector continues to be one of the jewels of the national economy.”*

Turning to the figures, reported in the quarterly survey carried out by the Confindustria association's Research Office: Data for the period April-June 2024 reveal an overall decrease in orders of 2.8% compared to the same period in 2023. Foreign orders remained unchanged, while domestic orders dropped by a further 5.9% compared to twelve months ago. The order book dropped to 2.9 months of secured production; prices from 1 January 2024 have increased by 0.9%.

The qualitative survey reveals that 45% of the sample of companies surveyed expect production to remain substantially stable, while 50% expect a further decrease and only 5% are leaning towards growth. On the subject of employment, 80% of the respondents – who, remember, belong to a representative sample of the entire sector – expect stability and the remaining 20% expect a contraction. Inventories were stable for 55% of the respondents, increasing for 20% and decreasing for the remaining 25%. This atmosphere was confirmed by the forecast survey data: as far as the domestic market is concerned, 50% of the sample is leaning towards a substantially stable medium to short-term future, 5% expect a period of growth, and 45% expect a spell of decline. Opinions are also rather “aligned” with regard to the foreign market: 50% expect a stable trend, while 35% of the respondents expect decline, and 15% (i.e. 10% “more optimistic” on the foreign side) are counting on demand from the rest of the world to become stronger.

#### **OUTLOOK**

As is now well known, the protracted conflict between Russia and Ukraine and the spread of tensions beyond the Israeli-Palestinian arena continued to have a major impact on international markets, confirming the persistence of general conditions of instability and high tension, with consequent effects on financial market performance (characterised by high volatility).

The economic framework remains significantly influenced by uncertainties stemming from the evolving international geopolitical landscape described above and the persistence of restrictive monetary policies, which have ripple effects on financial dynamics and supply chains. Concurrently, the manufacturing sector is experiencing a broad-based deceleration, with woodworking technology and the furniture industry facing a prolonged period of contraction that has now lasted for several quarters.

The global context in which the Biesse Group finds itself is therefore marked by political and economic difficulties that have inevitably had an impact on the Group's performance. In particular, the slowdown in orders already noted in 2023 and the financial difficulties due to the still restrictive financing conditions that Biesse Group's customers continue to face have had a negative impact on the turnover trend for the period, with possible repercussions at the end of the year.

At the end of the third quarter of 2024, the Biesse Group's portfolio stood at €275,529 thousand, down 2.4% compared to December 2023 (€282,320 thousand), positively impacted by the acquisition of the GMM Group, despite the generalised slowdown in order intake seen during the period in question.

In this scenario, Biesse Group revenues at 30 September 2024 amounted to €560,803 thousand, down (-5.9%) compared to 30 September 2023. This performance was characterised by the downsizing of sales dynamics in certain geographical areas, a phenomenon partially muffled by the consistency of the order book present at the beginning of the year and the acquisition of the GMM Group.



The analysis of the turnover by geographic area shows that the decrease concerned the Europe, Middle East and Africa area (-15.0%), while the Americas and the Asia-Pacific area recorded an increase of 12.2% and 19.8% respectively.

The Europe Middle East and Africa area remains the Biesse Group's reference area, closing with a turnover of €351,634 thousand, representing 62.7% of the total. If, on the other hand, we analyse the distribution of revenues by operating segments (Machine-Systems and Mechatronics), they recorded a decrease compared to the third quarter of 2024 of 4.8% and 18.1% respectively.

The reduction in volumes was in fact reflected in the operating profitability for the period, as indicated by Adjusted Ebitda, which, gross of non-recurring expenses, amounted to €44,042 thousand, a decrease of 29.8% compared to the same period of the previous year. At the same time, there was a decrease in the operating result before non-recurring events (EBIT Adjusted) (€14,481, thousand in the third quarter of 2024 against €34,311 thousand in the third quarter of 2023) with a negative delta of €19,831 thousand and a decreasing ratio to revenue, from 5.8% to 2.6%.

It should be noted that the Biesse Group's economic result for the period in question was negatively impacted by 'non-recurring events' in the amount of €3,531 thousand, of which €1,031 thousand related to the costs incurred for the acquisition of the GMM Group's shares and €2,500 thousand to the adjustment of the corporate restructuring provision already recognised in the financial statements at 31 December 2023.

In addition to what has been described so far on the trend in economic performance, it should be noted that financial performance is also influenced by the dynamics of net operating working capital, which increased by €54,631 thousand compared to December 2023, with a consequent contraction in cash generation. This phenomenon is mainly attributed to the change in the scope of consolidation due to the acquisition of the GMM Group, which significantly impacted the balance of inventories, trade receivables and payables in the third quarter of 2024. The decrease in contractual liabilities (amounting to € 10,278 thousand) is, however, mainly influenced by the slowdown in order intake that began in 2023.

The net financial position (hereinafter also referred to as "NFP") of the Biesse Group at 30 September 2024 was positive for €4,178 thousand (negative for €28,081 thousand including the effects of IFRS 16), a decrease of €114,280 thousand compared to the figure at 31 December 2023, when it was positive for € €118,458 thousand (and positive for €92,953 thousand including the effects of IFRS 16). The change is mainly influenced by the finalisation of the acquisition of the GMM Group (which entailed the payment of a provisional consideration of approximately €69 million), while the remainder of the change is attributable to the consolidation of the GMM Group's net financial debt, the distribution of dividends during the first half of 2024, as well as the dynamics of net operating working capital commented on above, offset by the positive results achieved at the operating level.

Despite the context described above, the Biesse Group continues to pursue with determination the process of organisational transformation aimed at adapting the corporate structure to the business model defined in the *One Company* project launched in previous years and to the volumes of business generated.

In addition, all the Group's strategic projects are being accelerated in relation to the original timetable set out in the 2024-2026 three-year plan, in order to enable the Biesse Group to respond as soon as the market gives positive signals, while for the rest of the year it will continue to complete the process of integrating the GMM Group, with a constant strengthening of its presence in international markets.

## MAIN EVENTS

On **29 April 2024**, the Shareholders' Meeting of Biesse S.p.A. approved:

- the Financial Statements at 31/12/2023 of the parent company Biesse S.p.A., which closed with a net profit of €18,510,616.00 and examined the Group Consolidated Financial Statements and the Sustainability Report;
- the allocation of the profit for the year 2023 and the distribution of a total gross dividend of €0.14 per share;
- the Company's remuneration policy set forth in the first section of the Remuneration Policy Regulation pursuant to Article 123-ter, subsections 3-bis and 3-ter of Legislative Decree No. 58/1998 and resolved in favour of the second section of the aforesaid report pursuant to Article 123-ter, subsection 6, of Legislative Decree No. 58/1998;
- appointed the Board of Directors and the Board of Statutory Auditors for the three-year period 2024-2026.

On **30 July 2024**, the relevant corporate bodies of the companies involved approved the partial demerger of GMM S.p.A. in favour of Biesse S.p.A. (for the part relative to the equity investment held in Bavelloni S.p.A.) and the merger of Forvet S.p.A. Costruzione Macchine Speciali into Bavelloni S.p.A..

## INCOME STATEMENT

	30 September 2024	% on sales	30 September 2023	% on sales	CHANGE %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>560,803</b>	<b>100.0%</b>	<b>595,656</b>	<b>100.0%</b>	<b>(5.9)%</b>
Change in inventories, wip, semi-finished products and finished products	1,312	0.2%	(20,730)	(3.5)%	(106.3)%
Other Revenues	4,796	0.9%	4,348	0.7%	10.3%
<b>Value of production</b>	<b>566,911</b>	<b>101.1%</b>	<b>579,273</b>	<b>97.2%</b>	<b>(2.1)%</b>
Raw materials, consumables, supplies and goods	(223,139)	(39.8)%	(225,904)	(37.9)%	(1.2)%
Other operating costs	(115,904)	(20.7)%	(108,512)	(18.2)%	6.8%
Personnel expense	(183,826)	(32.8)%	(182,109)	(30.6)%	0.9%
<b>Ebitda Adjusted</b>	<b>44,042</b>	<b>7.9%</b>	<b>62,748</b>	<b>10.5%</b>	<b>(29.8)%</b>
Depreciation and amortisation	(26,978)	(4.8)%	(23,270)	(3.9)%	15.9%
Provisions	(2,583)	(0.5)%	(5,166)	(0.9)%	(50.0)%
<b>Ebit adjusted</b>	<b>14,481</b>	<b>2.6%</b>	<b>34,311</b>	<b>5.8%</b>	<b>(57.8)%</b>
Non recurring items	(3,531)	(0.6)%	(6,237)	(1.0)%	(43.4)%
<b>Ebit</b>	<b>10,950</b>	<b>2.0%</b>	<b>28,074</b>	<b>4.7%</b>	<b>(61.0)%</b>
Financial income	2,102	0.4%	1,418	0.2%	48.2%
Financial expense	(4,759)	(0.8)%	(1,852)	(0.3)%	157.0%
Exchange rate income and expenses net	(1,447)	(0.3)%	(3,804)	(0.6)%	(62.0)%
<b>Pre-tax result</b>	<b>6,846</b>	<b>1.2%</b>	<b>23,836</b>	<b>4.0%</b>	<b>(71.3)%</b>
Income taxes	(4,274)	(0.8)%	(7,888)	(1.3)%	(45.8)%
<b>Result of the period</b>	<b>2,572</b>	<b>0.5%</b>	<b>15,949</b>	<b>2.7%</b>	<b>(83.9)%</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 30 September 2024 amounted to €560,803 thousand down 5.9% compared to the figure for the same period in 2023 (revenues of €595,656 thousand), in line with the sales trend for the period and positively impacted by the acquisition of the GMM Group.

The **value of production** amounted to €566,911 thousand, a decrease of 2.1% compared to the figure for the third quarter of 2023 (€579,273 thousand).

**Consumption** as a percentage of sales net of **changes in inventories** decreased slightly by 1.9 p.p. due to the different product and market mix and lower inventory write-downs.

**Other operating expenses** increased in absolute value by €7,391 thousand, increasing their percentage weight over the same period of the previous year (from 18.2% to 20.7%). This phenomenon is solely attributable to the consolidation of the GMM Group, which led to a general increase in all categories within operating expenses.

**Personnel expense** as at 30 September 2024 amounted to €183,826 thousand and recorded an increase in value of €1,716 thousand compared to the figure for the same period of 2023 (€182,109) thousand, +0.9% over the same period of 2023, substantially related to the wages, salaries and related social security charges component attributable to the increase in headcount as a result of the GMM Group integration process (4,131 employees as at 30 September 2024 compared to 3,965 employees as at 30 September 2023), partially offset by the reduction in costs realised thanks to the operation of the solidarity institution

in line with the business model defined under the *One Company* project launched in previous years and the business volumes generated.

**Adjusted EBITDA** for the third quarter of 2024 was positive at €44,042 thousand, while in the same period of 2023 it was positive at €62,748 thousand, down 29.8%.

**Depreciation and amortisation** increased by 15.9% overall (from €23,270 thousand at 30 September 2023 to €26,978 thousand at 30 September 2024): the component relating to tangible fixed assets (including rights of use) up by €3,293 thousand (+22.7%), while that relating to intangible fixed assets increased by €416 thousand (+4.7%). This change is mainly attributable to the higher depreciation charged on assets allocated as a result of the provisional PPA.

**Provisions and impairment** amounted to €2,583 thousand, and included provisions mainly attributable to €1,018 thousand for write-downs of trade receivables, €1,326 thousand for adjustments to provisions for future risks and charges, and finally €714 thousand for the supplementary customer indemnity provision, net of utilisations made in the third quarter of 2024.

**Adjusted EBIT** was positive at €14,481 thousand, down 57.8% from the same period of the previous year (at €34,311 thousand).

**Non-recurring items** show a negative value of €3,531 thousand, of which €1,031 thousand refer to the costs incurred for the acquisition of the GMM Group's shares and €2,500 thousand to the adjustment of the corporate restructuring provision already recognised in the financial statements at 31 December 2023 in line with the organisational transformation process initiated in previous years by the Biesse Group.

With reference to **financial operations**, financial expenses of €2,657, thousand were recorded, up from the September 2023 figure (net expenses of €434 thousand), of which €2,102 thousand related to interest income and financial income and €4,759 thousand to interest expense and financial expenses.

**Exchange rate risk** management resulted in a net loss of €1,447 thousand, down compared to the €3,804 thousand loss in the prior-year period.

**Pre-tax profit** was therefore €6,846 thousand, a decrease compared to 2023 (equal to €23,836 thousand).

The estimated balance of **income taxes** was negative to the tune of €4,274 thousand. The amount relating to current taxes was a negative €5,630 thousand (IRES – corporate income tax: €827 thousand, IRAP – regional business tax: €566 thousand; taxes from foreign jurisdictions: €3,476 thousand; other income taxes and previous-year taxes: negative for €761 thousand), while deferred taxes were positive at €1,356 thousand.

As a result, the Biesse Group's **net profit** for the six months ended 30 September 2024 was a positive €2,572 thousand.

## STATEMENT OF FINANCIAL POSITION

	30 September 2024	31 December 2023
<i>Euro 000's</i>		
Intangible assets	133,939	83,446
Property, plant and equipment	138,694	117,213
Financial assets	4,161	3,519
<b>Non-current assets</b>	<b>276,794</b>	<b>204,179</b>
Inventories	200,530	168,393
Trade receivables and contract assets	114,421	116,619
Trade payables	(120,868)	(135,281)
Contract liabilities	(97,770)	(108,049)
<b>Net operating working capital</b>	<b>96,313</b>	<b>41,682</b>
Post-employment benefits	(12,670)	(10,041)
Provision for risk and charges	(36,469)	(37,512)
Other net payables	(43,598)	(47,175)
Net deferred tax assets	11,567	17,362
<b>Other net liabilities</b>	<b>(81,170)</b>	<b>(77,365)</b>
<b>Net invested capital</b>	<b>291,937</b>	<b>168,495</b>
Share capital	27,403	27,403
Result for the previous year and other reserves	233,882	221,562
Net Result	2,572	12,483
Non-controlling interests	-	-
<b>Equity</b>	<b>263,856</b>	<b>261,448</b>
Bank loans and borrowings and loans and borrowings from other financial backers	131,717	28,279
Other financial assets	(23,985)	(16,758)
Cash and cash equivalents	(79,651)	(104,473)
<b>Net financial position</b>	<b>28,081</b>	<b>(92,953)</b>
<b>Total sources of funding</b>	<b>291,937</b>	<b>168,495</b>

Net invested capital amounted to €291,937 thousand, up compared to 31 December 2023 (€168,495 thousand).

Compared to 31 December 2023, net assets increased by €72,615 thousand, an increase deriving mainly from the consolidation of the GMM Group following the aforementioned acquisition and mainly referring to the values of the assets allocated (albeit provisionally).

Net operating working capital increased by €54,631 thousand compared to 31 December 2023. This increase is mainly attributed to the change in the scope of consolidation due to the acquisition of the GMM Group, which significantly impacted the balance of inventories, trade receivables and payables in the third quarter of 2024. The decrease in contractual liabilities (amounting to € 10,278 thousand) is, however, mainly influenced by the slowdown in order intake that began in 2023.

Equity amounted to €263,856 thousand (€261,448 thousand as at 31 December 2023).



## Net financial position

<i>Euro 000's</i>	30th September 2024	30th June 2024	31st March 2024	31st December 2023	30th September 2024
Financial assets:	103,636	101,783	117,542	121,231	116,498
<i>Current financial assets</i>	23,985	16,112	16,696	16,758	21,435
<i>Cash and cash equivalents</i>	79,651	85,671	100,846	104,473	95,063
Short-term financial lease payables	(10,257)	(9,882)	(9,111)	(7,027)	(6,252)
Short-term bank loans and borrowings and loans from other financial backers	(99,221)	(62,415)	(85,093)	(2,358)	(5,436)
<b>Short-term net financial position</b>	<b>(5,842)</b>	<b>29,486</b>	<b>23,339</b>	<b>111,847</b>	<b>104,811</b>
Medium/Long-term financial lease payables	(22,002)	(21,953)	(20,849)	(18,478)	(14,249)
Medium/Long-term bank loans and borrowings	(41)	(14,737)	(46)	(264)	(284)
Trade payables and other medium/long-term payables	(196)	(206)	(142)	(152)	(163)
<b>Medium/Long-term net financial position</b>	<b>(22,239)</b>	<b>(36,896)</b>	<b>(21,036)</b>	<b>(18,894)</b>	<b>(14,696)</b>
<b>Total net financial position</b>	<b>(28,081)</b>	<b>(7,411)</b>	<b>2,302</b>	<b>92,953</b>	<b>90,115</b>

In the NFP statement at 30/09/2024, 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 30 September 2024 was negative for €28,081 thousand (positive for €4,178 thousand excluding the effects of IFRS 16), a decrease of €121,034 thousand compared to the figure at 31 December 2023, when it was positive for €92,953 thousand (and positive for €118,457 thousand excluding the effects of IFRS 16). Compared with the end of the year, the change is mainly influenced by the finalisation of the acquisition of the GMM Group (which entailed the payment of a provisional consideration of approximately €69 million), while the remainder of the change is attributable to the consolidation of the GMM Group's net financial debt, the distribution of dividends during the first half of 2024, as well as the dynamics of net operating working capital commented on above, offset by the positive results achieved at the operating level.

At the date of approval of this report, the Biesse Group has credit lines in excess of €200 million, of which €100,8 million revocable with a duration of up to 12 months and €100,0 million committed with a duration within 12 months. As at 30 September 2024, revocable lines were utilised for €1,7 million, while committed lines were utilised for €82,5 million as at the same date. All credit lines are unsecured and with no collateral. In addition, as of 30 September 2024, GMM S.p.A.'s outstanding unsecured loan debt amounted to €11,8 million and Bavelloni S.p.A.'s outstanding unsecured loan debt amounted to €2,9 million, for a total of €14,7 million of outstanding unsecured loan debt of the original amount of €38,2 million.

## SEGMENT REPORTING

### Breakdown of revenue by operating segment

	30 September 2024	%	30 September 2023	%	CHANGE % 2024/2023
<i>Euro 000's</i>					
Machines and Systems Division	519,872	92.7%	546,263	91.7%	(4.8)%
Mechatronics Division	57,537	10.3%	70,277	11.8%	(18.1)%
Inter-segment eliminations	(16,606)	(3.0)%	(20,884)	(3.5)%	(20.5)%
<b>Total</b>	<b>560,803</b>	<b>100.0%</b>	<b>595,656</b>	<b>100.0%</b>	<b>(5.9)%</b>

## Breakdown of revenue by geographical area

	30 September 2024	%	30 September 2023	%	CHANGE % 2024/2023
<i>Euro 000's</i>					
EMEA	351,634	62.7%	413,610	69.4%	(15.0)%
AMERICAS	131,981	23.5%	117,605	19.7%	12.2%
APAC	77,188	13.8%	64,440	10.8%	19.8%
<b>Total</b>	<b>560,803</b>	<b>100.0%</b>	<b>595,656</b>	<b>100.0%</b>	<b>(5.9)%</b>

The breakdown of revenues by operating segment was affected by the acquisition of the GMM Group (with the Machine-Systems segment accounting for 92.7% of Biesse Group revenues), while both segments recorded a decrease of 4.8% for Machine-Systems and 18.1% for Mechatronics, respectively.

The analysis of the turnover by geographic area shows that the decrease concerned the EMEA (Middle East and Africa) area (-15.0%), while the Americas and the APAC (Asia-Pacific) area recorded an increase of 12.2% and 19.8% respectively. The EMEA area remains the Biesse Group's reference area, closing with a turnover of €351,634 thousand, representing 62.7% of the total.

Pesaro, 25 October 2024

**The Chairman of the Board of Directors**

Roberto 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, 25 October 2024

**The Manager of financial reporting**

Nicola Sautto