Biesse

Annual Report 2024

Biesse S.p.A.

ANNUAL REPORT AS AT 31 DECEMBER 2024

THE BIESSE GROUP 6

BIESSE GROUP STRUCTURE 6

BIESSE GROUP PROFILE 7

ALTERNATIVE PERFORMANCE INDICATORS 7

FINANCIAL HIGHLIGHTS 8

COMPOSITION OF CORPORATE BODIES 11

DIRECTORS' REPORT ON OPERATIONS 12

GENERAL ECONOMIC OVERVIEW 12

BUSINESS SECTOR REVIEW 14

2024 TREND 17

DIRECTORS' REPORT ON OPERATIONS OF THE BIESSE GROUP 18

INCOME STATEMENT 18

STATEMENT OF FINANCIAL POSITION 21

MAIN RISKS AND UNCERTAINTIES TO WHICH BIESSE S.P.A. AND THE BIESSE GROUP ARE EXPOSED 22

CORPORATE GOVERNANCE 26

PERSONNEL RELATIONS 26

RESEARCH AND DEVELOPMENT ACTIVITIES 26

ESSENTIAL INTANGIBLE RESOURCES 27

RECONCILIATION BETWEEN THE PARENT'S EQUITY AND RESULTS AND CONSOLIDATED EQUITY AND RESULTS 28

TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES 28

OTHER RELATED-PARTY TRANSACTIONS 29

INFORMATION ON SIGNIFICANT COMPANIES OUTSIDE THE EU 30

SHARES IN BIESSE AND/OR ITS SUBSIDIARIES, HELD DIRECTLY OR INDIRECTLY BY MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS AND THE GENERAL MANAGER, AS WELL AS BY THEIR RESPECTIVE SPOUSES WHERE NOT LEGALLY SEPARATED AND BY THEIR MINOR CHILDREN 30

"ATYPICAL AND/OR UNUSUAL" TRANSACTIONS CARRIED OUT DURING THE YEAR 31

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK 31

SUSTAINABILITY REPORT 32

GENERAL INFORMATION 37

ENVIRONMENT 51

TAXONOMY 59

SOCIAL 70

GOVERNANCE 92

RELATION TO EU LEGISLATIVE DEEDS 98

DIRECTORS' REPORT ON OPERATIONS OF BIESSE S.P.A. 102

RELATED-PARTY TRANSACTIONS 106

OTHER INFORMATION 106

EVENTS AFTER THE REPORTING DATE 106

PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING 106

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 108

CONSOLIDATED INCOME STATEMENT 108

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 110
CONSOLIDATED STATEMENT OF CASH FLOWS 111
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 112
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 113
1. GENERAL INFORMATION 113
2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND GENERAL STANDARDS 116
3. MEASUREMENT CRITERIA AND USE OF ESTIMATES 117
4. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA ADOPTED 119
5. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS 130
6. REVENUE AND ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL AREA 133
7. REVENUE 135
8. OTHER INCOME 135
9. CONSUMPTION OF RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS 136
10. PERSONNEL EXPENSE 136
11. AMORTISATION, DEPRECIATION, IMPAIRMENT AND PROVISIONS 137
12. OTHER OPERATING EXPENSE 138
13. FINANCE INCOME AND EXPENSES AND EXCHANGE RATE GAINS AND LOSSES 139
14. BASIC AND DILUTED EARNINGS PER SHARE 139
15. PROPERTY, PLANT AND EQUIPMENT 141
16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES 141
17. GOODWILL 143
18. INTANGIBLE ASSETS 146
19. OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS 146
20. INVENTORIES 147
21. TRADE RECEIVABLES 147
22. OTHER RECEIVABLES 148
23. CASH AND CASH EQUIVALENTS 149
24. CONSOLIDATED EQUITY 149
25. FINANCIAL LIABILITIES 151
26. EMPLOYEE BENEFITS 153
27. INCOME TAXES 155
28. PROVISIONS FOR RISKS AND CHARGES 157
29. TRADE PAYABLES 157
30. CONTRACT LIABILITIES 158
31. OTHER CURRENT AND NON-CURRENT PAYABLES 158
32. FINANCIAL ASSETS/LIABILITIES FOR DERIVATIVE INSTRUMENTS 158
33. FINANCIAL RISK MANAGEMENT 159
34. BUSINESS COMBINATIONS 162
35. RELATED-PARTY TRANSACTIONS 164
36. OTHER INFORMATION 165
37. EVENTS AFTER THE REPORTING DATE 166
38. ANNEXES 167
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 171

SEPARATE INCOME STATEMENT AS AT 31 DECEMBER 2024 171
SEPARATE STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024 171
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 172
SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 173
SEPARATE STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2024 174
SEPARATE STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2024 175
NOTES TO THE FINANCIAL STATEMENTS 176
1. OVERVIEW 176
2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS 176
3. MEASUREMENT CRITERIA AND USE OF ESTIMATES 178
4. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA ADOPTED 179
5. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS 188
6. REVENUE FROM SALES AND SERVICES AND OTHER OPERATING INCOME 190
7. ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL SEGMENT 192
8. CONSUMPTION OF RAW MATERIALS AND CONSUMABLES 192
9. PERSONNEL EXPENSE 193
10. OTHER OPERATING EXPENSE 194
11. PROVISIONS 196
12. IMPAIRMENT LOSSES 196
13. PROFITS/LOSSES OF RELATED COMPANIES 196
14. FINANCE INCOME AND EXPENSE 197
15. DIVIDENDS 199
16. TAXES.... 200
17. PROPERTY, PLANT, EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT AND ASSETS AVAILABLE FOR SALE 201
18. GOODWILL 202
19. OTHER INTANGIBLE ASSETS 205
20. EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES 206
21. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES....209
22. INVENTORIES 209
23. TRADE RECEIVABLES AND CONTRACT ASSETS DUE FROM THIRD PARTIES 210
24. TRADE RECEIVABLES AND CONTRACT ASSETS DUE FROM RELATED PARTIES 211
25. OTHER CURRENT ASSETS DUE FROM THIRD PARTIES 212
26. CURRENT FINANCIAL ASSETS DUE FROM THIRD PARTIES 212
27. CURRENT FINANCIAL ASSETS AND LIABILITIES DUE FROM RELATED PARTIES 213
28. CASH AND CASH EQUIVALENTS 214
29. SHARE CAPITAL AND TREASURY SHARES 214
30. SHARE CAPITAL RESERVES....214
31. OTHER RESERVES AND RETAINED EARNINGS 214
32. DIVIDENDS 215
33. POST-EMPLOYMENT BENEFITS....215
34. DEFERRED TAX ASSETS AND LIABILITIES 217
35. BANK OVERDRAFTS AND LOANS....217
36. FINANCE LEASE LIABILITIES 218

37. NET FINANCIAL POSITION 219
38. PROVISIONS FOR RISKS AND CHARGES 220
39. TRADE PAYABLES TO THIRD PARTIES 220
40. TRADE PAYABLES TO RELATED PARTIES 221
41. CONTRACT LIABILITIES DUE TO THIRD PARTIES 222
42. CONTRACT LIABILITIES DUE TO RELATED PARTIES 223
43. OTHER LIABILITIES DUE TO THIRD PARTIES 223
44. OTHER CURRENT ASSETS AND LIABILITIES DUE FROM/TO RELATED PARTIES 224
45. INCOME TAX PAYABLES 224
46. FINANCIAL ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS 224
47. CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES 225
48. RISK MANAGEMENT AND CLASSIFICATION OF FINANCIAL INSTRUMENTS 225
49. TRANSACTIONS NOT INVOLVING CHANGES IN CASH FLOWS AND RECONCILIATION OF CASH FLOWS 229
50. ATYPICAL OR UNUSUAL TRANSACTIONS 230
51. RELATED-PARTY TRANSACTIONS 230
52. OTHER INFORMATION 231
53. EVENTS AFTER THE REPORTING DATE 231
54. GOVERNMENT GRANTS PURSUANT TO ART. 1, PARAGRAPHS 125-129 OF LAW NO. 124/2017 231
55. REMUNERATION OF DIRECTORS, GENERAL MANAGERS, MANAGERS WITH STRATEGIC RESPONSIBILITIES AND MEMBERS OF THE BOARD OF STATUTORY AUDITORS 232
56. PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING 233

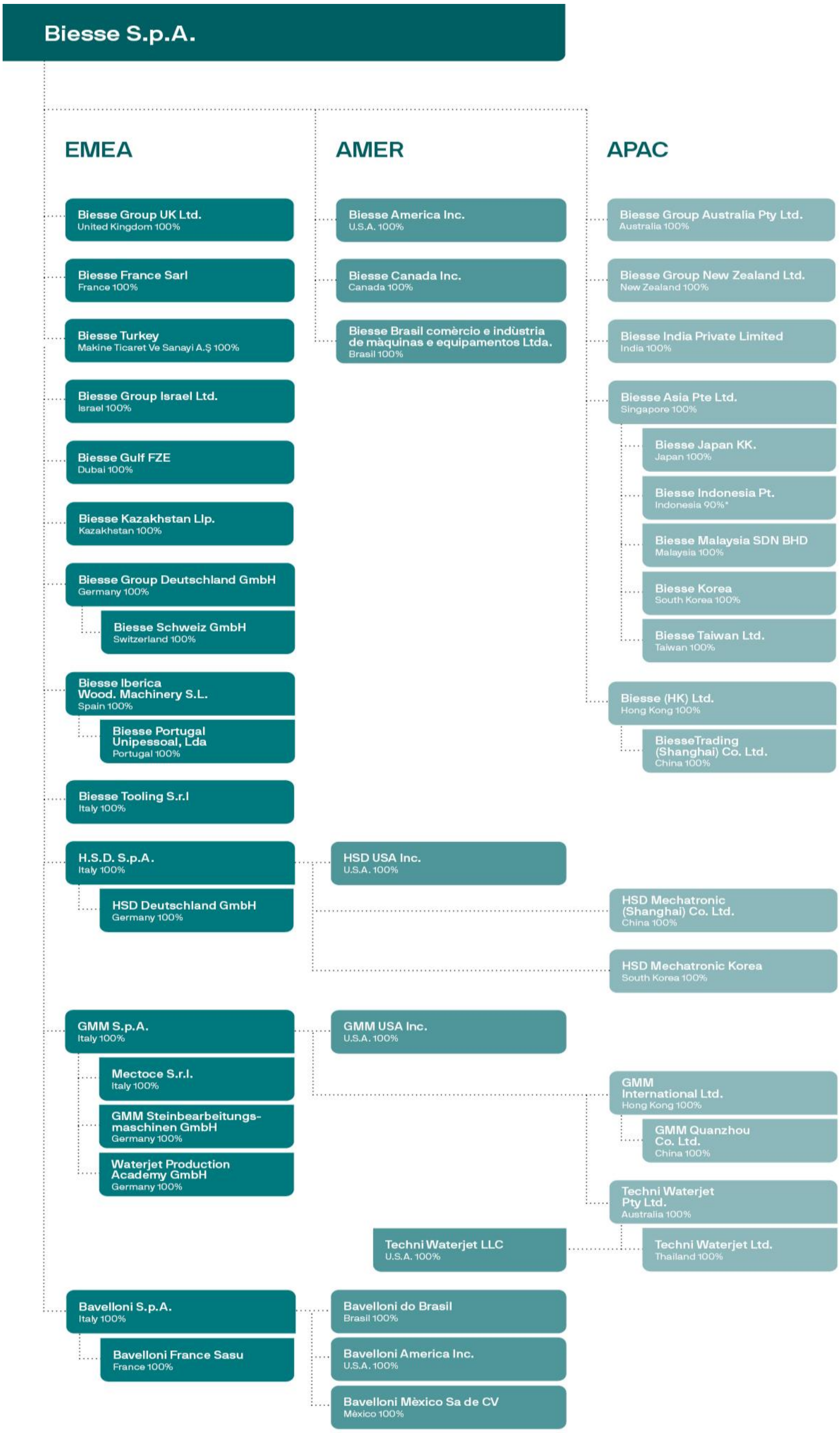
REPORTS 241

REPORT ON THE AUDIT ON THE CONSOLIDATED FINANCIAL STATEMENT 241
REPORT ON THE AUDIT ON THE FINANCIAL STATEMENT 251
REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT 258
REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDER'S MEETING 263

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 Spa

Group structure definitions

"Biesse group' or 'the company': entire group perimeter as depicted above;

"GMM group': scope of the acquisition, 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 sectors of machine tools for processing stone, glass and other materials;

"Biesse S.p.A.": group leader of the Biesse group.

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 an ever-growing global network with 3 production areas and sales showrooms in 19 countries. Thanks to the expertise of our over 3,900 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, was finalised.

In addition to the above, the perimeter of the Biesse group also changed as a result of the following extraordinary transactions: the reverse merger of GMM Finance S.r.l. into GMM S.p.A. on 1 July 2024, with accounting and tax effects backdated to 1 January 2024; the partial demerger of GMM S.p.A. involving the equity investment held in Bavelloni S.p.A. in favour of Biesse S.p.A. with the simultaneous merger of the subsidiary Forvet S.p.A. Costruzione Macchine Speciali into Bavelloni S.p.A. (its subsidiary and a subsidiary of Biesse S.p.A.), which took place on 9 December 2024 with accounting and tax effects of the merger backdated to 1 January 2024. It should be noted that the aforementioned merger and demerger transactions have no accounting effects on the consolidated financial statements.

Finally, it should be noted that on 29 October 2024 the new subsidiary Biesse Kazakhstan Llp was established, wholly owned by Biesse S.p.A.; on 30 October 2024, the sale of the shares of the subsidiary OOO Biesse Russia was finalised and on 26 November 2024, the new subsidiary Biesse Tooling S.r.l., a wholly-owned subsidiary of Biesse S.p.A., was established.

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.

- *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.

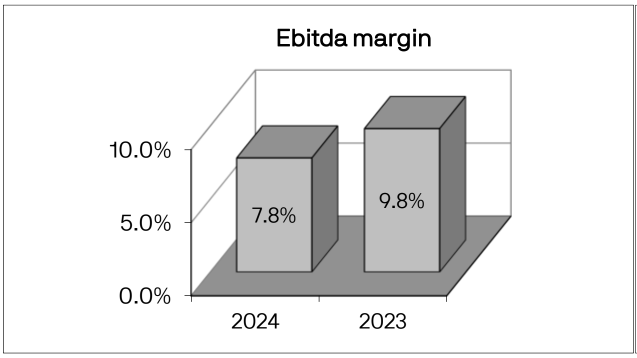
▪ *Net Invested Capital*: this indicator represents the total of Current and Non-Current Assets, excluding financial assets, net of Current and Non-Current Liabilities, excluding financial liabilities.

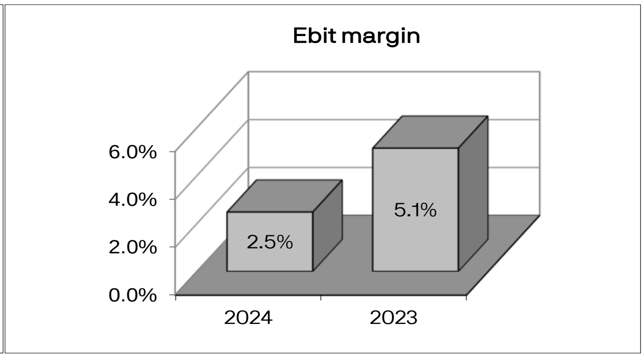
▪ *Net financial position*: this indicator is calculated in compliance with the provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob, which refers to the ESMA Recommendations of 4 March 2021.

▪ *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

Euro 000's	31 December 2024	% on sales	31 December 2023	% on sales	Change %
Revenue from sales and services	754,698	100.0%	785,002	100.0%	(3.9)%
Ebitda (Gross operating profit) adjusted(1)	58,898	7.8%	77,025	9.8%	(23.5)%
Ebit adjusted (1)	18,673	2.5%	40,348	5.1%	(53.7)%
Ebit (1)	14,909	2.0%	24,169	3.1%	(38.3)%
Profit/Loss for the period	3,750	0.5%	12,483	1.6%	(70.0)%

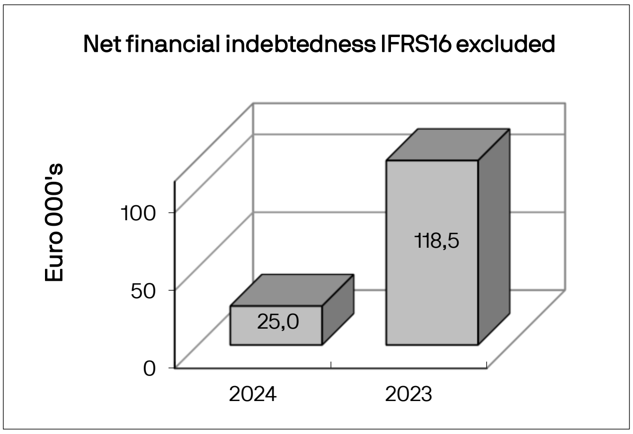


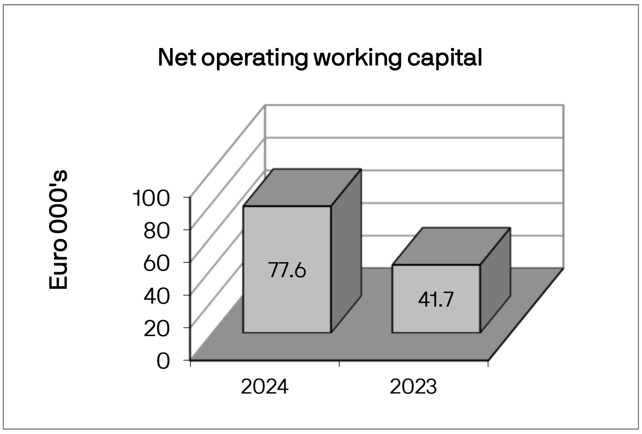


Statement of Financial Position

Euro 000's	31 December 2024	31 December 2023
Net invested capital (1)	268,112	168,495
Equity	263,373	261,448
Net financial position (1)	(4,739)	92,953
Net financial position IFRS16 excluded (1)	24,969	118,458
Net operating working capital (1)	77,623	41,682
Order intake	255,207	282,320

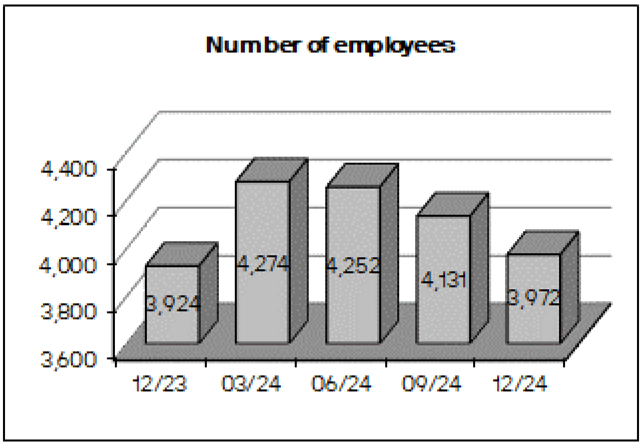
(1) The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report on Operations and the Notes to the Financial Statements.





Personnel (*)

	31 December 2024	31 December 2023
Number of employees at year end **	3,972	3,924



* *Includes agency workers.*

** *The figures for 2023 do not include those of the GMM group, which in December 2024 are 382.*

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

The performance of the world economy, considering all industries, remained robust, albeit unevenly across sectors and regions. In December 2024, the world composite Purchasing Managers' Index (PMI) for goods (excluding the euro area) remained stable at 53.2, unchanged from November. Solid growth in the services sector was offset by continued weakness in the manufacturing sector. This was mainly due to a slowdown in the manufacturing cycle in advanced economies, where the manufacturing PMI index fell to 47.2. In emerging economies, it remained above neutral, despite a slight decline from previous months. Available data on industrial production confirm these regional differences: the three-month changes from the previous three months indicate a slight contraction in advanced economies and a moderate expansion in emerging economies, bringing world manufacturing growth to 1.1% in November. Overall, the ECB's current estimation models point to constant growth over the previous period of around 1.0% in the fourth quarter of 2024 and 1.1% in the first quarter of 2025. World trade growth moderated at the end of 2024, although the strong increase in US imports continued to be a driving factor. Overall, the ECB's very short-term models indicate an average world trade growth of 0.7% in Q4 2024 and Q1 2025. This represents a moderation from the high average growth rates of 1.5% recorded in the second and third quarters of 2024, when fears of port strikes and disruptions along supply chains ahead of the Christmas season, particularly in the United States, had led to an increase in imports.
Although these fears diminished somewhat thereafter, US imports remained robust at the end of the year, possibly amid uncertainties over the new US administration's trade policies. Overall, the granular data indicated that US imports remained a key determinant of global trade growth in the fourth quarter of 2024. Looking forward, while efforts to anticipate potential trade restrictions could continue to support trade in the early first quarter of 2025, unfavourable trends could subsequently emerge, including new tariffs and the failure of observed import anticipation. In December 2024, new orders from abroad in the manufacturing sector declined, indicating continued weakness in the manufacturing cycle and tentative signs of a slowdown in world trade. Overall inflation in Organisation for Economic Cooperation and Development (OECD) member countries increased, but core inflation continues to decline. In November 2024, the 12-month inflation rate as measured by the consumer price index (CPI) in OECD countries (excluding Turkey) rose to 2.7%, from 2.6 the previous month. The rise in overall inflation was largely attributable to increases in energy goods, while the contribution of food remained broadly stable. However, core inflation, which excludes energy and food prices, fell slightly to 3.1%, continuing to slowly return to historical averages. Looking ahead, growth in imports and demand for shipping has started to affect shipping rates, which started to rise in the last quarter of 2024, but are still below the peak level reached in July of that year. Overall, the renewed upside risks for inflation remain contained in the short term.

UNITED STATES

Activity in the US remains robust, although the outlook for inflation has become more uncertain. In the last quarter of 2024, real GDP slowed to 0.6% over the previous period, down from 0.8% in the previous quarter. Personal consumption expenditure (PPS) continued to drive domestic demand, which increased further for both goods and services, mainly due to the increase in real disposable income. The US labour market continues to cool but, at the same time, to show resilience. Overall, 2.2 million jobs were added in 2024, down from the expansion of 3 million in 2023. In December, the unemployment rate dropped to 4.1% from 4.2% in November, while the participation rate remained unchanged at 62.5%, with modest fluctuations throughout the year. Wage growth declined slightly, to 3.9% over the corresponding period, continuing to move closer to the range of 3 to 3.5% that the Federal Reserve System considers consistent with its inflation target. In November, overall inflation measured on the US CPS rose to 2.4% due to higher energy prices, while core inflation measured on the CPS remained at 2.8% and services component inflation fell to 2.5%. Overall, the main sources of inflation are shrinking in the US, as wage growth is expected to continue on a downward trend. At the Federal Open Market Committee's (FOMC) meeting on 29 January 2025, its members considered that downside risks to the labour market had eased amid heightened uncertainty about the inflation outlook, particularly with regard to the impact of proposed changes to trade and immigration policies.

UNITED KINGDOM

UK activity remains weak amid persistent inflation. The UK economy remained weak in Q4 2024. After an unexpected drop in October, real GDP growth in the UK increased marginally in November to zero in the three months to November. This follows an already flat growth in the third quarter. In December, overall inflation measured by the CPI fell slightly to 2.5% from 2.6 in November, partly reflecting the decline in services inflation. Inflation is expected to remain above target throughout 2025, supported by higher government spending and employment taxes, as well as the continued unwinding of energy-related base

effects. In line with the expected increase in inflation, business expectations for price growth in the coming year increased in November and December. This trend is in line with higher household inflation expectations, which could contribute to persistent domestic inflationary pressures. At its December meeting, the Bank of
England maintained the base rate at 4.75%.

CHINA

Chinese activity picked up at the end of 2024, but domestic demand remains weak. In Q4 2024, GDP growth over the previous period increased to 1.6%, from 1.3 in the previous quarter. Monthly indicators for December showed that the recovery in GDP and industrial production was mainly driven by a government programme aimed at exchanging consumer goods for discounts on new products of the same type, as well as a surge in exports. Despite the recent improvement, retail sales remain subdued as persistently negative consumer confidence continues to weigh on a broader spending recovery. Recent monetary policy announcements signal more monetary and fiscal support in the current year. At the same time, the real estate market is showing some localised signs of stabilisation, although the main indicators are still weak. Exports continued to grow, especially to the US, even though Chinese exporters are increasingly concerned about growing trade uncertainty. In December, consumer inflation in China fell further, to 0.1% from 0.2 % in November, while producer price inflation remained in negative territory. On average, producer prices contracted by 2.2% in 2024, leading to a significant downward movement in Chinese export prices.

EUROZONE

In the third quarter of 2024, euro area output accelerated to 0.4%, from 0.2 in the previous period. The higher growth was partly attributable to the strong expansion in Ireland (with a contribution of 0.1 percentage points), due to a marked, albeit temporary, increase in investment in intellectual property. Among the main countries, GDP essentially stagnated in Germany and Italy, while it rose at high rates in Spain; in France, activity benefited from higher demand related to the Olympic Games. In the area as a whole, the negative contribution of net foreign demand was more than offset by that of consumption and investment. The latter, however, net of the Irish contribution, declined. On the supply side, value added rose in services and construction, but fell in industry, excluding the exceptional Irish figure. Available indicators suggest only a modest increase in euro area GDP in the fourth quarter, consistent with the fading of the temporary factors that had supported activity in the summer months. The industrial cycle would have remained weak, as indicated by the further decline in production in October-November compared to the summer, the manufacturing PMI well below the expansion threshold in December and the deterioration in business confidence in the autumn. In the most recent months, the growth impulse provided by activity in services, which in the third quarter had benefited from the good performance of the tourist season, also weakened. On the demand side, available information points to a weakening of consumption. Household confidence fell, interrupting the recovery that had been underway since autumn 2022, and was held back in particular by pessimism about the general economic situation and expectations of a deterioration in the labour market.
Investment would also continue to be affected by still restrictive financing conditions. The contribution of net foreign demand would turn out to be positive, but only thanks to a more pronounced decline in imports than in exports, as suggested by the decline in qualitative indicators for foreign orders. According to Eurosystem experts' projections published in December, after growth of 0.7% in 2024, the area's output will expand by 1.1 in 2025, 1.4 in 2026 and 1.3 in 2027. Compared to last September, the forecasts were revised downwards, overall by about half a percentage point over the three-year period 2024-26. The revision mainly reflects expectations of a more subdued recovery in household spending and exports. In December, according to preliminary estimates, consumer inflation increased to 2.4% over the twelve months (from 2.2 in November), due to the dynamics of the energy component, which turned slightly positive. Core inflation, measured net of food and energy goods, remained stable at 2.7%; services inflation has remained high at 4.0% since the end of 2023, supported by items whose prices adjust later than the overall index. According to the December projections of Eurosystem experts, price growth will be 2.1% in 2025, 1.9 in 2026 and 2.1 in 2027. Compared to the September estimates, the forecast was revised downwards by 0.1 percentage points for 2025, while it remained unchanged for 2026. The revision mainly reflects a steeper decline in the energy component, which more than offset expectations of a larger increase in the food component.

ITALY

In the third quarter, Italian economic activity remained unchanged compared to the previous three months. Domestic demand supported the GDP trend thanks to growth in household consumption and the contribution of changes in inventories, which more than offset the decline in investment. The decline in capital accumulation affected almost all major components. In particular, that of capital goods decreased on a trend basis for the fourth consecutive quarter. Investment in non-residential buildings is growing, benefiting from the implementation of works related to the National Recovery and Resilience Plan (NRRP). By contrast, foreign trade subtracted 0.7 percentage points from GDP growth, due to the sharp contraction

Biesse

in exports of goods and services and the sharp increase in imports. On the supply side, value added continued to fall in industry in the narrow sense (-1.0%), while it rose slightly in construction and services (0.3 and 0.2%, respectively). In the tertiary sector, both the expansion in trade, transport and accommodation services and the contraction in professional services continued more strongly; market activity in the real estate sector declined for the first time since the beginning of 2021. According to our estimates, output will also remain weak in the fourth quarter. The sluggishness in manufacturing continued, although subsiding, while value added was again slightly increasing in construction and services. On the demand side, the recovery of net exports, due to a decrease in imports, was accompanied by a still subdued investment dynamic and a softening in the contribution of consumption after the previous quarter's jump. The Ita-coin indicator, which measures output dynamics adjusted for cyclical volatility, remained close to zero in the autumn months, confirming the continued weakness of economic activity. According to the most recent macroeconomic projections of the Bank of Italy, GDP, which grew by 0.5% in 2024 (by 0.7, excluding the correction for working days), would expand by an average of 1.0% in the three-year period 2025-27.

BUSINESS SECTOR REVIEW

FEDERMACCHINE

In 2024, the Italian capital goods manufacturing industry recorded a generalised decline in all its main economic indicators, a sign of the profound difficulty the sector has been going through in the past 12 months. The year 2025 is expected to be of a different tenor, but the results will be much lower than in 2023. This is, in essence, what emerges from the surveys just carried out by the FEDERMACCHINE Statistics Group, the federation of capital goods manufacturers.

According to estimates, in 2024, the turnover of the Italian industry in this sector will stop at € 52,207 million, 7.8% less than in 2023. Negative feedback from companies on both foreign and domestic markets weighed on the result. Exports are expected to drop to € 36,213 million (-3.9%). In particular, according to the Statistical Group's elaboration from ISTAT data, the main outlet markets of the Made in Italy sector, in the period January-September 2024 (latest available data), were: United States (€ 2,460 million, +3.8%); Germany (€ 1,850 million, -4.1%), France (€ 1,213 million, - 1.3%), China (€ 806 million, -4.7%), Spain (€ 730 million, +2.1%). Domestic deliveries are estimated to drop to € 15,994 million, -15.5% year-on-year, penalised by the drastic reduction in domestic machinery consumption, which will not go beyond € 25,239 million (-17.4%).

2025 looks positive again. Turnover is forecast to grow to € 53,255 million, a 2% increase over the 2024 figure. Exports were essentially stationary at € 36,456 million (+0.7%). Deliveries by Italian manufacturers will grow by 5% to € 16,799 million, driven by the recovery of domestic consumption, which will rise by 4.3% to € 26,327 million.

Bruno Bettelli, president of FEDERMACCHINE, said: "*after the years of great expansion, the Italian capital goods manufacturing industry has recently found itself facing a profoundly different situation. Geopolitical instability, on the one hand, and weak domestic demand, on the other, deeply affected our results. It is the generalised state of complexity that worries us most about the near future. In fact, Italian machinery companies have to deal with difficulties beyond their borders that affect countries near and far and that, in part, are affected by open conflicts in the world's hotspots. But they are also forced to think about how to respond to the criticality of the Italian market, which is proving to be decidedly suffocating. With reference to foreign countries, a sector like ours, which allocates well over half of its turnover to foreign markets, cannot but be concerned about the situation in Germany, which has always been the driving force behind the economy in Europe and is now caught in the meshes of the car crisis. The same applies to France and Poland. If we extend our gaze beyond Europe, the situation does not get any better. Now that Russia has disappeared from our radar, China has significantly reduced its activity with the eurozone players. At the moment, the only lifeboats are the US and Mexico, but the Trump unknown does not allow us to sleep soundly.*

'In light of this situation, beyond the initiatives of individual associations on markets of specific interest, there is a clear need for the federation to work to support the internationalisation activity of the Italian industry. As for Italy," Bruno Bettelli concludes*, "it is to be hoped that the 5.0 transitional perfection, introduced as an amendment to the budget law, will indeed restore some vitality to domestic demand. The Italian manufacturing industry needs to innovate and innovation comes, first and foremost, through investment in new production machinery. That is why it is crucial to already think about the post-Transition 4.0-5.0 that in fact ends with the end of 2025".*

ACIMALL – ITALIAN WOODWORKING TECHNOLOGY ASSOCIATION

These are still 'complex' times that the Italian woodworking technology and furniture manufacturing industry is going through. Preliminary figures for 2024 show how much the 'uncertainties' that for too long have conditioned the actual effectiveness of the 'Industry 5.0' measures and the continuing consequences of the Russian invasion in Ukraine and the Israeli-Palestinian conflict accompanied by stagnation due to the exceptional demand of previous years have affected the overall results.

According to an initial balance outlined by the study office of Acimall, the confederation of industry associations representing companies in the sector, production 2024 stood at € 2.43 billion, an 8.3% increase over 2023.

Both exports (1.7 billion, minus 7.8%) and domestic demand (730 million, minus 9.5%) are down, against a collapse in imports (180 million, minus 40.2%), which shows how Italian supply still 'dominates' demand for technology. A figure, the latter, which in fact "sustains" the balance of trade (€ 1.52 billion, minus 1.5% compared to the final balance of 2023), while apparent consumption stood at 910 million, 17.9% less than the previous year; These are figures that still place Italy at the top of the list of demand for wood technology, both in Europe and worldwide.

The situation is certainly not positive," says Acimall director Dario Corbetta*, "and the sector is suffering from a reality that has been temporarily suspended, first by the arrival of Covid and then by the incentives that have effectively postponed the structural problems of the sector for two years. A scenario whose contours are well known: labour shortages, generational shifts and all the challenges faced by mechanics in manufacturing, not to mention the geopolitical tensions that have inevitably slowed exports to certain markets'.*

With regard to exports, it should be noted that in the first nine months of the year, the United States (129 million, minus 3.6% over the same period in 2023), France (122 million, plus 22%) and Germany (92 million, minus 1.3%) topped the list of our best customers, followed by Poland (74 million, minus 5.4%), Spain (56 million, plus 7%), the UK (46 million, minus 28.7%), China (45 million, plus 16.8%), Sweden (38 million, minus 11.5%), Turkey (35 million, plus 21.4%) and Belgium (32 million, minus 13.4%). The trend in our exports to China and Turkey, where the production of woodworking machinery has grown significantly in recent decades to the point where they are competitors to watch, is very interesting: *"... the fact that our manufacturers are able to further consolidate their role in these markets not only demonstrates the quality of Italy's technological offer, but also that it is precisely the most advanced technologies that make the difference, even if in the case of Turkey it is necessary to consider the possibility of possible triangulation with other destinations,"* adds Director Corbetta. In terms of competitiveness in world markets, Italy continues to play a leading role. If we look at the ranking of the main exporting countries for wood and furniture technology in the period January-September 2024, it is China that confirms its first place, with exports worth € 1,827 million, 7.2% more than in the same period in 2023. In second place was Germany (1,807 million, minus 12.4%) and in third place Italy (1,138 million, minus 7.6%).

On the subject of imports, it should be added that, on a global level, the USA was the world's top supplier customer, purchasing woodworking machinery and plants abroad to the value of € 1,782 million, 0.8% less than in the first nine months of 2023. In second place was Germany (635 million cross-border purchases, minus 8.2%), followed by Canada (486 million, plus 8.4%). On the other hand, if we take a look at Italy's top suppliers, again in the January-September 2024 period, Germany comes in first place with 48 million (minus 48.5%), followed by China (23 million, minus 3.7%) and India (9 million, minus 49.8%).

CONFINDUSTRIA MARMOMACCHINE

According to Confindustria Marmomacchine's processing of ISTAT data, Italian exports of stone machinery and equipment amounted to € 780 million in the period January-October 2024, down 12.6% on the same period last year (€ 892 million). Exports to Turkey (+34.5%), France (+39.7%), Spain (+10.3%) and the United Kingdom (+21.5%) increased, while exports to the United States (-22.2%), Canada (-15.5%) and Germany (-31.2%) decreased.

UCIMU – SISTEMI PER PRODURRE (SYSTEMS TO PRODUCE)

The year 2024 for Italian machine tool, robot and automation manufacturers ended with a substantial drop in almost all economic indicators. The year 2025 is not looking bright, but a timid turnaround is still expected. This, in brief, is what Riccardo Rosa, president of UCIMU-SISTEMI PER PRODURRE, the association of Italian manufacturers of machine tools, robots and automation, explained at the customary end-of-year press conference.

As can be seen from the preliminary figures compiled by the UCIMU-SISTEMI PER PRODURRE Study & Business Culture Centre, in 2024, production stood at € 6,745 million, down 11.4% on the previous year. The drop was driven solely by the sharp contraction in deliveries by manufacturers on the domestic market, which stopped at € 2,255 million, or 33.5% less than in 2023, weighed down by the low propensity to invest on the part of Italian users. The extent of this weakness is expressed by the figure for domestic consumption which plummeted, by 34.8%, to € 3,795 million. This trend also had an impact on the import trend, which dropped, by 36.5%, to € 1,540 million. The performance of Italian manufacturers on the foreign market is different, as shown by the export figure that has grown by 6.3% since 2023, to € 4,490 million, a new record value never reached before. According to UCIMU's elaboration of ISTAT data, in the period January-August 2024 (latest available data), the main markets for the Italian machine tool supply alone were: United States (€ 419 million, +17.8%), Germany (€ 243 million, +12.3%); China (138 million, -15.3%), India (132 million +100%), France (125 million, -9.3%). The export/production figure rose to 66.6%

For 2025, the expected results predict a return to the positive range, but with decidedly moderate increases. In particular, according to forecasts elaborated by the UCIMU Study Centre, production will grow again in 2025, reaching 6,940 million (+2.9% compared to 2024). This result will be determined both by the positive trend in exports, which will remain stable (+0.3%) compared to the 2024 value, at € 4,505 million (a new record), and by the timid recovery of deliveries by Italian manufacturers, which will grow to € 2,435 million (+8% compared to 2024), driven by the revival of domestic demand. Italian consumption of machine tools, robots and automation will grow to 4,070 million, or 7.2% more than in 2024. Imports will also be able to benefit from the (weak) recovery in domestic demand, as shown by the forecast figure of 6.2% growth to € 1,635 million. The export/production figure will drop slightly to 64.9%.

Riccardo Rosa, President of UCIMU, commented: *'After the summer it became clear that 2024 would be "a completely lost year" for the Italian machine tool manufacturing industry, which nevertheless tried (without succeeding) to save the bottom line thanks to overseas activity. And so it was, but our Centro Studi nevertheless had to further revise downwards the estimates presented in September, a sign of the difficulties faced by our companies. The year that is now drawing to a close once again highlights the ability of Italian manufacturers to orient their business rapidly towards the most dynamic areas of the world, starting with the USA where we have been working well for several years now. Looking further ahead, however, the fear that the new US administration may decide to implement a new policy of duties on goods related to our production puts us on the alert and forces us to think carefully about our internationalisation activities. On the other hand,"* continued Riccardo Rosa, *"the big problem for manufacturers remains the domestic market, which, after consuming at an unprecedented rate, is struggling to get going again, also due to the long waits for the fine-tuning and simplification of Transition 5.0 announced by the government authorities in November but not yet made effective. And while it is true that the pace of the two-year period 2021-2022 was not sustainable beyond a certain time limit, it is equally true that the value of the Italian market has now fallen sharply, back to 2016 levels. Too little, I would say. For this, important interventions and measures are needed. Transition 5.0 is certainly a great opportunity because it pushes companies to think about a new and necessary approach of correct use of resources, energy saving and sustainable production as required by European directives. Companies believe in the potential of this tool, but corrective measures need to arrive as soon as possible. Otherwise, the opportunity risks once again remaining only on paper. We particularly appreciate the idea of replacing the obligation to certify energy savings with the possibility of combining a new purchase with the replacement of obsolete machinery (whose depreciation has been completed for at least 24 months). This would mean that new machinery could be purchased under the 5.0 scheme if the purchase was tied to the replacement of a machine at least 7 years old. But we also appreciate the increase in rates, the possibility of combining the measure with incentives for the SEZ or other incentives financed with non-domestic resources, and the extension of the measure to the first four months of 2026. If these adjustments are actually included in the Budget Law, demand should actually restart to the benefit of the country's entire manufacturing sector, which needs to innovate to keep its offer competitive, also in line with the sustainability directives defined by the European Union.*

And on the subject of the green deal," added Riccardo Rosa, "*we cannot but note that the Union's position, which intends to proceed with the endothermic engine's electric transition plan in the timeframe and manner currently laid down, is putting a severe strain on manufacturing in Europe. What we are witnessing today, with the closure of a number of automotive factories and the dismissal of thousands of workers, including those in the supply chain, risks triggering a domino effect that would bring a serious social problem for most of the countries in the area, starting with Italy. We absolutely cannot allow this to happen, which is why I believe it is necessary for all industry representative bodies to make their voices heard before it is really too late. It is a game in which entrepreneurs, managers, workers, and government institutions are all involved in the common interest of defending the industry that is the basis of the country's and Europe's economic system. The manufacturing system is an indispensable factor in the well-being of society. For this reason*," Riccardo Rosa concluded, "*we reiterate to the government authorities the need* *to reason from the beginning of the year on a new industrial policy programme that accompanies and supports business development from 2026 onwards".*

2024 TREND

As is now well known, the continuing consequences of the Russian invasion in Ukraine (with the consequent closure of the Russian market for European countries) and the Israeli-Palestinian conflict, the risks for inflation and international trade linked to the disturbances in the Suez Canal and the Red Sea, continued to have important repercussions on international markets, confirming the persistence of general conditions of instability and strong tensions, with consequent impacts on financial market trends characterised by strong volatility, especially in the first nine months of the year.

Added to the already complex geopolitical scenario in the fourth quarter of the year were fears that the new US administration might implement a new tariff policy for goods also related to our production.

The economic framework therefore continues to be significantly conditioned by uncertainties due to the evolving international geopolitical context described so far, whose tensions have inevitably slowed down exports to certain markets. The continuation of restrictive monetary policies also negatively impacted investment, which continued to suffer from high interest rate financing conditions. At the same time, there was a general slowdown in the entire manufacturing sector, where the world of woodworking technology and the furniture industry continues to experience a season of contraction that has persisted for several quarters now.

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 highlighted during 2023 and the financial difficulties due to the still restrictive financing conditions, which Biesse group customers continued to face during the year, negatively affected the trend in turnover for the period.

At the end of 2024, the Biesse group's order backlog stood at € 255,207 thousand, down 9.6% from December 2023 (€ 282,320 thousand), in line with the generalised slowdown in order intake manifested during the year, despite being positively impacted by the acquisition of the GMM group.

In this context, Biesse group's revenue from sales and services in 2024 was € 754,698 thousand, down -3.9% on 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 EMEA (Middle East and Africa) area (-13.9%), while the Americas and the APAC (Asia-Pacific) area recorded an increase of 19.0% and 20.9% respectively. The EMEA area remains the Biesse group's reference area, closing with a turnover of € 473,979 thousand, representing 62.8% of the total.

On the other hand, the breakdown of revenues by operating segments was affected by the acquisition of the GMM group (with the Machine-Systems segment accounting for 92.7% of Biesse group sales). Both segments recorded a decrease compared to the previous year, with revenues in the Machine-Systems segment dropping by 2.8% and those in the Mechatronics segment decreasing by 16.4%.

The reduction in volumes was in fact reflected in operating profitability for the period, as indicated by Adjusted EBITDA, which, before non-recurring expenses, amounted to € 58,898 thousand, down 23.5% compared to the previous year. At the same time, there was a decrease in operating income before non-recurring events (Adjusted EBIT) (€ 18,673 thousand in 2024 against € 40,348 thousand in 2023) with a negative delta of € 21,675 thousand and a reduction in revenue, which went from 5.1% to 2.5%.

It is also worth mentioning that the Biesse group's economic result for the period was negatively impacted by 'non-recurring events' in the amount of € 3,765 thousand, mainly attributable to the adjustment of the corporate restructuring provision already recognised in the financial statements at 31 December 2023, partially offset by the proceeds from the disposal of the Russian business.

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 € 35,941 thousand compared to December 2023, due to the effect of the acquisition of the GMM group. The cash absorption is mainly attributable to the decrease in contract liabilities (for € 8,477 thousand) negatively impacted by the slowdown in order intake manifested in the latter part of 2023.

The net financial position (hereinafter also referred to as "NFP") of the Biesse group at 31 December 2024 was positive for € 24,969 thousand (negative for € 4,739 thousand excluding the effects of IFRS 16), a decrease of € 93,489 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 completion 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, to the distribution of dividends during the first half of 2024, to non-recurring financial outlays arising from the payment of redundancy incentives in respect of the redundancies identified, as well as to the dynamics of net operating working capital commented on above, only partially offset by the positive results obtained at the operating level.

Despite the context described above, the Biesse group has continued to pursue with determination the process of organisational transformation aimed at adequately sizing the corporate structure in line with the business model defined under the *One Company* project launched in previous years and with the volumes of business generated, while pursuing the integration process of the GMM group, with a constant strengthening of its presence in international markets.

The year also witnessed an acceleration of all the group's strategic projects with respect to the original timelines set out in the 2024-2026 three-year plan, in order to allow the Biesse group to be more streamlined and responsive to the market itself.

In consideration of the measures implemented by the Biesse group and of the conditions on the key markets, there are no elements which may impact on the continuity of the business.

DIRECTORS' REPORT ON OPERATIONS OF THE BIESSE GROUP

As indicated in the Notes to the Consolidated Financial Statements, the accounting principles adopted in the consolidated financial statements as at 31 December 2024 are the same as those adopted in the previous year.

INCOME STATEMENT

Euro 000's	31 December 2024	% on sales	31 December 2023	% on sales	CHANGE %
Revenue from sales and services	**754,698**	**100.0%**	**785,002**	**100.0%**	**(3.9)%**
Change in inventories, wip, semi-finished products and finished products	(3,150)	(0.4)%	(34,900)	(4.4)%	(91.0)%
Other revenues	7,872	1.0%	6,457	0.8%	21.9%
Value of production	**759,420**	**100.6%**	**756,558**	**96.4%**	**0.4%**
Raw materials, consumables, supplies and goods	(300,457)	(39.8)%	(292,034)	(37.2)%	2.9%
Other operating costs	(155,235)	(20.6)%	(146,168)	(18.6)%	6.2%
Personnel expense	(244,831)	(32.4)%	(241,331)	(30.7)%	1.4%
Ebitda Adjusted	**58,898**	**7.8%**	**77,025**	**9.8%**	**(23.5)%**
Depreciation and amortisation	(36,628)	(4.9)%	(30,913)	(3.9)%	18.5%
Provisions	(3,597)	(0.5)%	(5,763)	(0.7)%	(37.6)%
Ebit Adjusted	**18,673**	**2.5%**	**40,348**	**5.1%**	**(53.7)%**
Non recurring-items	(3,765)	(0.5)%	(16,180)	(2.1)%	(76.7)%
Ebit	**14,909**	**2.0%**	**24,169**	**3.1%**	**(38.3)%**
Net financial income	3,367	0.4%	2,310	0.3%	45.8%
Net financial expens	(6,928)	(0.9)%	(2,331)	(0.3)%	197.2%
Net exchange rate loses	(3,378)	(0.4)%	(3,668)	(0.5)%	(7.9)%
Pre-tax result	**7,969**	**1.1%**	**20,479**	**2.6%**	**(61.1)%**
Income taxes	(4,220)	(0.6)%	(7,996)	(1.0)%	(47.2)%
Result for the year	**3,750**	**1.6%**	**12,483**	**1.6%**	**(70.0)%**

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

Revenues for the financial year 2024 amounted to € 754,698 thousand, compared to € 785,002 thousand in 2023, a decrease of 3.9% compared to the previous year, positively affected by the acquisition of the GMM group.

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 2.8% for Machine-Systems and 16.4% for Mechatronics, respectively.

The analysis of the turnover by geographic area shows that the decrease concerned the EMEA (Middle East and Africa) area (-13.9%), while the Americas and the APAC (Asia-Pacific) area recorded an increase of 19.0% and 20.9% respectively. The EMEA area remains the Biesse group's reference area, closing with a turnover of € 473,979 thousand, representing 62.8% of the total.

Breakdown of revenue by operating segment

	31 December 2024	%	31 December 2023	%	Change % 2024/2023
Euro 000's					
Machines and Systems Division	699,499	92.7%	719,865	91.7%	(2.8)%
Mechatronics Division	76,465	10.1%	91,483	11.7%	(16.4)%
Inter-segment eliminations	(21,265)	(2.8)%	(26,346)	(3.4)%	(19.3)%
Total	**754,698**	**100.0%**	**785,002**	**100.0%**	**(3.9)%**

Breakdown of revenue by geographical area

	31 December 2024	%	31 December 2023	%	Change % 2024/2023
Euro 000's					
EMEA	473,979	62.8%	550,460	70.1%	(13.9)%
AMERICAS	180,697	23.9%	151,840	19.3%	19.0%
APAC	100,022	13.3%	82,702	10.5%	20.9%
Totale	**754,698**	**100.0%**	**785,002**	**100.0%**	**(3.9)%**

Value of production amounted to € 759,420 thousand, up 0.4% compared to the figure for 2023 (€ 756,558 thousand).

Consumption as a percentage of sales net of **changes in inventories** decreased slightly by 1.4 p.p. due to the different product and market mix.

Other operating expenses increased in absolute value by € 9,067 thousand, increasing their percentage weight over the previous year (from 18.6% to 20.6%). This phenomenon is solely attributable to the consolidation of the GMM group, which resulted in a generalised increase in all categories included within operating expenses, such as costs for services, lease and rental costs, and miscellaneous operating expenses.

Personnel expense as at 31 December 2024 amounted to € 244,831 thousand and recorded an increase in value of € 3,499 thousand compared to the figure for 2023 (€ 241,331) thousand, +1.4% over 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 (3,972 employees as at 31 December 2024 compared to 3,924 employees as at 31 December 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.

Adjusted EBITDA for the financial year 2024 was positive at € 58,898 thousand, while in 2023 it was positive at € 77,025 thousand, down 23.5%.

Depreciation and amortisation increased by 18.5% overall (from € 30,913 thousand at 31 December 2023 to € 36,628 thousand at 31 December 2024): the component relating to tangible fixed assets (including rights of use) up by € 4,936 thousand (+25.4%), while that relating to intangible fixed assets increased by € 779 thousand (+6.8%). This change is mainly attributable to the higher depreciation charged on assets allocated as a result of the PPA of the GMM group.

Provisions and impairment amounted to € 3,597 thousand and included provisions mainly attributable to € 1,893 thousand for write-downs of trade receivables, € 693 thousand for adjustments to provisions for future risks and charges, € 140 thousand for legal disputes, and finally € 608 thousand for the supplementary customer indemnity provision.

Adjusted EBIT was positive at € 18,673 thousand, down 53.7% from the previous year (at € 40,348 thousand).

Non-recurring items showed a negative value of € 3,765 thousand, of which € 1,818 thousand related to costs incurred for redundancy incentives and other indemnities in relation to the closure of the Alzate Brianza office, € 1,197 thousand to costs incurred for the integration of the GMM group within the Biesse group, € 2,151 thousand to the adjustment of the company restructuring provision already recognised in the financial statements at 31 December 2023 and € 1,401 to income related to the disposal of the business in Russia.

With reference to **financial management**, net charges of € 3,561 thousand were recorded, an increase compared to the figure for December 2023 (net charges of € 21 thousand), of which € 3,380 thousand related to interest income and financial income and € 6,841 thousand to interest expense and financial charges relating to the financial debts taken out by the Biesse group during the 2024 financial year following the acquisition of the GMM group.

Exchange rate risk management resulted in a net loss of € 3,378 thousand, a slight improvement compared to the € 3,668 thousand loss in the prior-year period.

Pre-tax profit was therefore € 7,969 thousand, a decrease compared to 2023 (equal to € 20,479 thousand).

Taxes amounted to a total of € 4,220 thousand; this negative balance is determined as a result of the following factors: IRES taxes and other deferred taxes (negative for € 3,716 thousand) and IRAP (positive for € 389 thousand); provisions for income taxes of foreign companies (€ 6,469 thousand) and taxes relating to previous years (negative for € 1,078 thousand).

The tax rate, net of taxes related to previous years, was 39.4%, a decrease compared to the 2023 rate (43.7%) mainly due to the tax benefit for the subsidiary HSD S.p.A. for the renewal of the Patent Box agreement. The positive effect related to this benefit is partially offset by the non-recognition of deferred taxation on tax losses incurred by certain foreign subsidiaries for which it was deemed prudent not to recognise deferred tax assets.

The Biesse group, therefore, recorded a **profit for the year** of € 3,750 thousand.

STATEMENT OF FINANCIAL POSITION

	31 December 2024	31 December 2023
Euro 000's		
Intangible assets	128,775	83,446
Property, plant and equipment	137,923	117,213
Financial assets	2,967	3,519
Non-current assets	**269,664**	**204,179**
Inventories	177,331	168,393
Trade receivables and contract assets	120,801	116,619
Trade payables	(120,937)	(135,281)
Contract liabilities	(99,572)	(108,049)
Net operating working capital	**77,623**	**41,682**
Post-employment benefits	(11,860)	(10,041)
Provision for risk and charges	(33,319)	(37,512)
Other net payables	(47,512)	(47,175)
Net deferred tax assets	13,516	17,362
Other net liabilities	**(79,175)**	**(77,365)**
Net invested capital	**268,112**	**168,495**
Share capital	27,403	27,403
Profit for the previous year and other reserves	232,221	221,562
Profit for the year	3,750	12,483
Equity	**263,373**	**261,448**
Bank loans and borrowings and loans and borrowings from other financial backers	208,489	28,279
Other financial assets	(22,739)	(16,758)
Cash and cash equivalents	(181,012)	(104,473)
Net financial position	**4,739**	**(92,953)**
Total sources of funding	**268,112**	**168,495**

Net invested capital amounted to € 268,112 thousand, up compared to 31 December 2023 (€ 168,495 thousand).

Compared to 31 December 2023, net assets increased by € 65,486 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 in the Purchase Price Allocation.

Net operating working capital increased by € 35,941 thousand compared to 31 December 2023. The change 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 2024. The decrease in contractual liabilities (amounting to € 8,477 thousand) is, however, mainly influenced by the slowdown in order intake that began in the latter part of 2023.

Equity amounted to € 263,373 thousand (€ 261,448 thousand as at 31 December 2023).

Net financial position

	31st December 2024	30th September 2024	30th June 2024	31st March 2024	31st December 2023
Euro 000's					
Financial assets:	203.750	103.636	101.783	117.542	121.232
Current financial assets	*22.739*	*23.985*	*16.112*	*16.696*	*16.758*
Cash and cash equivalents	*181.012*	*79.651*	*85.671*	*100.846*	*104.473*
Short-term financial lease payables	(10.139)	(10.257)	(9.882)	(9.111)	(7.027)
Short-term bank loans and borrowings and loans from other financial backers	(78.824)	(99.221)	(62.415)	(85.093)	(2.358)
Short-term net financial position	**114.787**	**(5.842)**	**29.486**	**23.339**	**111.847**
Medium/Long-term financial lease payables	(19.569)	(22.002)	(21.953)	(20.849)	(18.478)
Medium/Long-term bank loans and borrowings	(99.857)	(41)	(14.737)	(46)	(264)
Trade payables and other medium/long-term payables	(101)	(196)	(206)	(142)	(152)
Medium/Long-term net financial position	**(119.526)**	**(22.239)**	**(36.896)**	**(21.036)**	**(18.894)**
Total net financial position	**(4.739)**	**(28.081)**	**(7.411)**	**2.302**	**92.953**

In the NFP statement, in application of the new provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob which refers to the ESMA Recommendations of 4 March 2021, trade payables due beyond one year have been included.

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

For the sake of full disclosure, it should be noted that, as this is not specifically regulated, the Net Financial Position does not include the residual debt for the payment of the price adjustment related to the acquisition of the GMM group of € 3.5 million, which is recognised in the balance sheet under Other payables.

The net financial position of the Biesse group at 31 December 2024 was negative for € 4,739 thousand (positive for € 24,969 thousand excluding the effects of IFRS 16), a decrease of € 97,692 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). The change is mainly influenced by the completion 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, to the distribution of dividends during the first half of 2024, to non-recurring financial outlays arising from the payment of redundancy incentives in respect of the redundancies identified, as well as to the dynamics of net operating working capital commented on above, only partially offset by the positive results obtained at the operating level.

At the date of approval of this report, the Biesse group has credit lines in excess of € 310.7 million, of which € 110.7 million revocable with a duration of up to 12 months, € 100.0 million committed with a duration within 12 months. As at 31 December 2024, revocable lines were utilised for € 1.7 million, while committed credit lines were utilised for € 70.5 million as at the same date. All credit lines are unsecured and with no collateral. In December 2024, two long-term amortising loans in the amount of € 100.0 million were subscribed and fully disbursed. It should be noted that these loans are subject to financial covenants relating to the consolidated financial statements, defined in the ratio between the net financial position excluding IFRS 16 effects and EBITDA lower than 3; these covenants were met as of 31 December 2024. Finally, as of 31 December 2024, GMM S.p.A.'s outstanding unsecured loan debt amounted to € 3.2 million and Bavelloni S.p.A.'s outstanding unsecured loan debt amounted to €0.8 million, for a total of € 4.0 million of outstanding unsecured loan debt.

MAIN RISKS AND UNCERTAINTIES TO WHICH BIESSE S.P.A. AND THE BIESSE GROUP ARE EXPOSED

Risk management policy

Effective risk management and the Enterprise Risk Management (ERM) process contribute to a company's sustainable success and maximising its value while complying with applicable regulations.

The Biesse group has therefore defined an Enterprise Risk Management Policy and a procedure (hereinafter also the "ERM Model" or the "Model"), applicable to Biesse S.p.A. and all the Companies in the group, to assess and quantify business risks. In particular, the ERM model adopted by Biesse is inspired by the international standards "Enterprise Risk Management - Integrated with Strategy and Performance" (as updated in 2017 by the Committee of Sponsoring Organisation (CoSO) of the Treadway Organisation) and the UNI 31000:2018 Standard, "Risk Management - Principles and guidelines". Furthermore, as part of the risk assessment phase during the ERM process, the implications attributable to environmental, social and governance (so-called ESG) risks are also considered, as required by the indications provided in the guide "Enterprise Risk Management - Applying enterprise risk management to environmental, social and governance-related risks" (Guide prepared by the CoSO in partnership with the World Business Council for Sustainable Development (WBCSD). In particular, the new policy is addressed to the corporate bodies, employees and associates who operate within the Biesse group and who are involved in various ways in the ERM process.

More specifically, the Enterprise Risk Management process adopted by the Biesse group aims to integrate risk management activities into the organisation's processes and culture, following an approach of gradual implementation and continuous improvement of the process itself. This approach allows: (i) both effective learning of risk management issues by the Board of Directors and Management, (ii) and the adaptation of the Risk Management process to the constantly evolving structure of the organisation.

The main objectives of the ERM are described below:

- ensure greater awareness in making strategic decisions (risk-informed), taking into adequate consideration current and prospective risks, as part of an organised and overall vision;
- promote the dissemination of risk management in business processes, in order to ensure consistency in management methodologies and tools and in risk control;
- develop a common language and spread an adequate risk culture in the Group, according to an integrated approach, also through specific communication and training initiatives that increase awareness of exposure to risks and the ability to manage them;
- acquisition of an integrated view of risks at Group level;
- ensure the performance of activities by coordinating risk owners and other actors involved in the process.

Governance and organisational structure for risk management

From an organisational point of view, the main actors in Biesse's risk management are:

- **The Board of Directors** (BoD) of Biesse S.p.A., with the support of the Control and Risk Committee (CRC), defines the guidelines for the Internal Control and Risk Management System in line with company strategies and evaluates, at least once a year, the adequacy of this system in relation to the characteristics of the business and the risk profile assumed, as well as its effectiveness.
- **The Chief Executive Officer** of Biesse S.p.A., in agreement with the Co-Chief Executive Officer, is responsible for identifying the principal business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and for submitting them periodically to the review of the Board of Directors.
- The **Control and Risk Committee** (CRC) of Biesse S.p.A., in assisting the Board of Directors, examines the content of periodic information relevant to the Internal Control and Risk Management System. In addition, it expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware.
- **The Risk Management function,** which is an integral part of the Strategy function, has the task of coordinating the ERM process and systematically supporting, as a methodological watchdog, the Chief Executive Officer in implementing the guidelines defined by the Board of Directors, and the company management (risk owners) in identifying risks, assessing them and drawing up the relevant treatment plans.
- The **Risk Owner** is the person responsible for the process on which the risk impacts, responsible for defining the actions to be taken for the purpose of mitigating the risk itself and its monitoring. In this context, all the main functions of the Biesse group are involved.

Risk Management Process

The Biesse ERM Model provides an integrated and systemic view of activities to achieve improvements in efficiency, effectiveness and cost effectiveness. It involves the following stages:

- **context definition**: analysis of the internal and external context in which the Biesse group operates and its evolution over time. This analysis is carried out in cooperation with the key Organisational Departments/Functions of the Biesse group.

- **risk identification**: identification, description and assessment of risks. To this end, the Risk Management function, together with the Risk Owners, analyses the risk components of activities and processes. The risks identified are classified on the basis of the Group's “Risk Model”, as a risk categorisation model, which represents a constant reference point for management, control and integrated risk reporting for the Risk Management function and for the Board of Directors. Biesse’s risk model does not have a category of risks classified as ESG, but each risk has been assessed according to its impact on social, environmental and governance sustainability issues (ESG related).
- **assessment of existing risks and controls**: for each identified risk, the Risk Owner, with the support of the Risk Management function, carries out an assessment based on probability, impact, interconnectivity and speed. The latter two items provide a dynamic view of the risk that supports the identification of its causes, effects and speed of occurrence, also facilitating the optimisation of mitigation actions. Interconnectivity refers to the analysis that identifies, qualifies and quantifies the relationships between risks. Speed refers to the rate of onset or the time it takes for a risk event to occur.
- **risk management**: the Biesse Board of Directors has the task of defining the acceptable level of risk in relation to the factors that have emerged and been analysed. Following the residual risk assessment, the directives to be undertaken are established by implementing the most appropriate measures to minimise risks and maximise opportunities.
- **monitoring and reporting**: The monitoring and reporting phase is designed to ensure the detection and analysis of trends in the main risks that have emerged.

Risk Model

The Risk Model developed by Biesse allows for a common definition of Biesse group risks. It also provides an overview of the main business risks and supports the analysis of the main risks for better understanding.

It proposes a classification of risks on the basis of two main macro-areas:

- External Risks (also including climate change/natural events and energy transition), related to the occurrence of external events that are difficult (or partially) predictable or influenced by Biesse;
- Internal Risks, divided in turn into:
    - **Strategic**: connected to events that may influence strategic guidelines or the organisational and business model adopted by Biesse. This family includes the risks associated with the adopted business model, the reference markets, innovation, investments, sustainability and the management of relationships with stakeholders in general;
    - **Operational**: connected to inefficient and effective processes, with negative consequences on Biesse's value creation. This family includes risks concerning production, product quality, supply chain, business continuity (linked to the unavailability of production sites and their operational continuity), planning and reporting processes and legal aspects;
    - **HR**: this family includes risks related to personnel management;
    - **Financial**: related to the ineffective and efficient management of events that originate from the reference financial markets: market risk, liquidity risk, credit risk;
    - **Compliance**: related to regulatory obligations, whether external, such as legislative obligations (including issues of health, safety at work and the environment), whether internal, such as compliance with the Group's Code of Ethics and the company's procedural system;
    - **ICT**: connected to failures, defects or unplanned events affecting IT resources (e.g. computer systems/applications to support the business) or to deficiencies in physical security measures or cyber attack with negative impacts on the integrity, availability, confidentiality, authenticity and/or continuity of Biesse's services or processes, as well as the violation or imminent threat of violation of business regulations and practices in the field of information security.

The Internal Risk categories in turn are subdivided into further subcategories that allow for a more detailed analysis.

The Risk Management function is responsible for ensuring that the Risk Model is periodically updated.

Biesse's main risks

Below are the Biesse group's top risks that may affect the achievement of the Group's business objectives and results.

Transformation of the current customer care model

The current customer care model, still too closely linked to a central control model, is no longer adequate to maintain an effective relationship with customers distributed worldwide, to take care of their needs throughout the customer journey, also given the lack of an omnichannel approach to service delivery. However, during the transition phase, this could cause operational disruptions and inefficiencies, with the risk of a temporary impact on the quality of after-sales services offered.

Downsized sales trends

Risk associated with the slowdown in order intake manifested in certain geographical areas in which the Biesse group operates. This downsizing could impact the company's financial targets.

Moving to the Hub model and localisation of production

The shift to the industrial hub model, aimed at overcoming the concept of an extended supply chain and localising production by materials and geographic areas, should improve production efficiency and reduce costs. However, this transition exposes the Biesse group to potential operational inefficiencies, discontinuities in the supply chain or difficulties in managing the scalability of operations. These factors could jeopardise the productivity and profitability of the company.

Lack of alignment to common Group guidelines

The risk arising from the non-implementation of common guidelines for the Group's business processes (the 'One Company' model) is that Biesse may not guarantee the correct and efficient management of operational processes, with inconsistent treatment between the different business entities. This could undermine the ability to exploit synergies and opportunities for operational simplification, impairing the effectiveness of activities and limiting the potential for improved business performance.

Change Management

With the changes and uncertainty taking place in the global economic landscape came the need for the Biesse group to operate with a leaner organisational model in order to develop the ability to adapt to different contexts with speed and competitiveness. This path of change could jeopardise the achievement of corporate objectives due to inertia and thus slow adoption of the new model.

Competitive lock-in

Risk linked to the possible interruption or termination of the relationship with some of the most important business partners, negatively affecting the Group's business with consequences on sales and economic results, i.e. an inadequate management of new strategic partnerships between Biesse and the dealers and/or insufficient/failure to monitor the activities of the latter could result in an ineffective distribution strategy.

Global competitive environment

We operate in a sector that has seen the entry of new players in individual markets in recent years. It is therefore possible that these players will continue to pursue an expansion strategy, with a potential impact both on the Group's market shares and sales margins.

Customer relationships

Inattentive monitoring of the markets in which the Group operates and untimely responses to customer needs could lead to a reduction in competitiveness, with a relative impact on production volumes and/or lower profitable prices or jeopardise future business opportunities.

Risks relating to climate change

The risks deriving from climate change are the result of dynamic interactions between climate-related hazards, exposure and vulnerability of human society, affected species or ecosystems (IPCC, AR6 Synthesis Report, 2022). Climate-related risks fall into two main categories:

- physical risks, related to the physical impacts of climate change;
- transition risks, linked to the transition to a low-carbon economy (TCFD, Final Report, 2017).

During 2024, an in-depth analysis of climate risks was carried out to understand the strategic implications for the group. The risks identified are described in detail in the Sustainability Report under ESRS E1 Climate Change paragraph SBM3.

Risks associated with the organisation of the Biesse's sales force

The organisation of the sales force is crucial to Biesse's business success, with a direct impact on company performance. A sales network that is not aligned with the Biesse group's strategic guidelines, combined with deficiencies in technical skills or a lack of focus on overall results, could prevent adequate support for planned growth objectives. Furthermore, the weakness of the sales network could hinder the transition to a multi-material approach (Wood, Glass, Stone, Material and Metal), limiting the team's ability to effectively support the company's overall strategy.

Development of the offer portfolio

Should the Biesse group fail to develop and offer innovative and competitive products compared to those of its main competitors in terms of, among other things, price, quality and functionality, or should there be any delay in launching new models that are strategic to the Biesse group's business, the Biesse group's market share may decline, negatively affecting its business prospects as well as its results and/or financial position.

Strategy

This is the risk deriving from exposure to changes in profitability with respect to volume volatility or to changes in customer behaviour (business risk), as well as the risk of a decline in profits or capital deriving from business discontinuities linked to new strategic choices adopted, from wrong business decisions or from inadequate implementation of decisions.

CORPORATE GOVERNANCE

The Corporate Governance system of Biesse S.p.A. complies with the principles set out in the Corporate Governance Code for Listed Companies and the international best practices. The Board of Directors approved on 14 March 2025 the Corporate Governance and Ownership Structure Report pursuant to Art. 123-bis of the Consolidated Law on Finance, for financial year 2024.

Said Report is published on the Company's website www.biesse.com in the "Governance and Investors" subsection "Corporate Governance - Corporate Governance Reports" and constitutes a reference for legal purposes.

Biesse S.p.A.'s model of management and control is a traditional model (as provided in Italian Law), which calls for Shareholders' Meetings, a Board of Directors, a Board of Statutory Auditors and Independent Auditors. The corporate bodies are appointed by the Shareholders' Meeting and hold office for three years. The representation of Independent Directors, as defined in the Code, and their role in both the Board and the Company's Committees (Internal Control, Risk Management and Sustainability Committee, Related-Party Transactions Committee, Remuneration Committee), are fit for ensuring the interests of all shareholders are balanced and all sides of a discussion are freely aired in the meetings of the Board of Directors.

PERSONNEL RELATIONS

The group's organisational transformation process continued throughout 2024, supported by the strategic projects outlined in the business plan and necessary to respond to emerging needs and new challenges for the group. These projects focus on the overall improvement of internal dynamics and the optimisation of human resources management, with a focus on group employees. For an in-depth discussion of personnel issues, see ESRS chapter S1 Own Workforce in sections S1-4 and S1-5 of the Sustainability Report.

The strategic projects are based on the recently revised corporate values that shape the identity of the company. Biesse's Vision, Mission and Values, as well as the way it conducts its business, are described in detail in chapter ESRS G1 - Business Conduct, paragraph G1-1, of the Sustainability Report.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities in 2024 mainly include those for technological updating and the regular renewal of standard products. Instead, they do not include expenses for development to order by specific customers, or costs for customising standard products, expenses which are included in the cost of sales and thus invoiced to the customers themselves. The extent of this commitment shows, in concrete terms, the strong orientation to stand as a supplier of solutions, and not just of products, which has always been a feature of the Biesse group, and which over the years has led it to a position of strong leadership on the market.

ESSENTIAL INTANGIBLE RESOURCES

In its value creation process, the Biesse Group considers intellectual, human and social-relational capital as essential intangible resources. In particular, intellectual capital contributes to the development of our distinctiveness and thus to the creation of value, in a cross-cutting way with human and social capital. In fact, product innovation has always driven growth and strengthened the Group's leadership position. With regard to human capital, its quality is crucial to Biesse's growth and, consequently, to drive the creation of value over time. People, with their wealth of knowledge, their skills developed and consolidated over time, their managerial abilities, their commitment, their loyalty and their sense of belonging, are a key element in all the company's activities and must be protected and their rights guaranteed. Finally, in terms of social-relational capital, it has enabled the company to gain increasing market share over the years and become a global player in its target market.

RECONCILIATION BETWEEN THE PARENT'S EQUITY AND RESULTS AND CONSOLIDATED EQUITY AND RESULTS

In compliance with Consob Communication No. DEM/6064293 of 28 July 2006, a schedule showing the reconciliation of the Parent's equity and results for the year with the consolidated equity and results for the year is shown below.

Euro 000's	Equity 31/12/2024	Result for 2024	Equity 31/12/2023	Result for 2023
Equity and profit for the year of the parent	**210,285**	**6,630**	**207,264**	**18,511**
Elimination of carrying amount of consolidated equity investments:				
Difference between carrying amount and amount of equity held	65,959		71,189	
Pro-quota results contributed by investees		13,898		20,807
Derecognition of impairment losses/reversal of impairment losses on equity investments		3,128		4,371
Dividends		(24,041)		(31,928)
Elimination of the effects of transactions between consolidated companies:				
Intercompany losses included in closing inventories	(12,279)	4,134	(16,413)	723
Intercompany losses on non-current assets	(591)		(591)	
Equity and profit of the year attributable to owners of the parent	**263,373**	**3,750**	**261,448**	**12,483**
Non-controlling interests	-	-		
Total equity	**263,373**	**3,750**	**261,448**	**12,483**

TRANSACTIONS WITH ASSOCIATES, PARENTS AND THE LATTER'S SUBSIDIARIES

With reference to relations with the parent company Bi.Fin. S.r.l. the following details are noted:

Euro 000's	Revenues			Costs	
	For Year ended 31/12/2024	For Year ended 31/12/2023		For Year ended 31/12/2024	For Year ended 31/12/2023
Parent					
Bi. Fin. S.r.l.	1	1		1	23

Euro 000's	Receivables			Payables	
	For Year ended 31/12/2024	For Year ended 31/12/2023		For Year ended 31/12/2024	For Year ended 31/12/2023
Parent					
Bi. Fin. S.r.l.	-	-		44	1,066

It is hereby declared that pursuant to Art. 2.6.2., paragraph 13 of the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A., all of the conditions set forth in Art. 37 of Consob Regulation No. 16191/2007 have been complied with.

OTHER RELATED-PARTY TRANSACTIONS

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

During the year, transactions with the aforementioned parties were as follows:

Euro 000's	Revenues			Costs	
	For Year ended 31/12/2024	For Year ended 31/12/2023		For Year ended 31/12/2024	For Year ended 31/12/2023
Other related companies	**-**	**24**		**863**	**2,153**
Se. Mar. S.r.l.	-	24		863	2,152
Other	-	-		-	1
Members of the Board of Directors				**3,684**	**3,122**
Members of the Board of Statutory Auditors					
Members of the Board of Statutory Auditors				**189**	**163**
Executives with strategic functions	-	-		**1,873**	**1,566**
Total	**1**	**25**		**6,610**	**7,027**

Euro 000's	Receivables			Payables	
	For Year ended 31/12/2024	For Year ended 31/12/2023		For Year ended 31/12/2024	For Year ended 31/12/2023
Other related companies					
Se. Mar. S.r.l.	-	7		317	632
Other	-	-		-	-
Members of the Board of Directors					
Members of the Board of Directors	-	-		73	106
Members of the Board of Statutory Auditors					
Members of the Board of Statutory Auditors	**-**	**-**		71	69
Total	**-**	**7**		**505**	**1,873**

The transactions disclosed above, which are mainly of a financial nature, were carried out under terms and conditions that were not different from those that would theoretically be applied in arm's length transactions.

BIESSE SPA'S OFFICES AND LOCAL BRANCHES

The venues where the company carries out its activities are indicated below:

Via Toscana, 81 Pesaro (PU) - Italy
Via Toscana, 75 Pesaro (PU) - Italy
Via dell'Economia SN Pesaro (PU) - Italy
Piazzale Alfio de Simoni SN Pesaro (PU) - Italy
Via della Tecnologia SN Pesaro (PU) - Italy
Via dell'Economia, 40 Pesaro (PU) - Italy

The Company has a branch office in Dubai (United Arab Emirates) Port Said, Deira.

INFORMATION ON SIGNIFICANT COMPANIES OUTSIDE THE EU

Biesse S.p.A. controls, either directly or indirectly, some companies established and regulated by the law of States outside the European Union ("Significant Companies outside the EU" as defined by Consob Regulation No. 16191 of 29 October 2007 as amended).

With reference to these companies, it should be noted that:

- all Significant Companies outside the EU prepare an accounting statement for the purpose of drawing up the Consolidated Financial Statements; the balance sheet and income statement of these companies are made available to the shareholders of Biesse S.p.A. in the times and in the manner provided for by the relevant regulations;
- Biesse S.p.A. obtained the articles of association as well as the composition and powers of the corporate bodies of the Significant Companies outside the EU;
- the Significant Companies outside the EU:
    - provide the independent auditors of the parent with the information required for auditing the annual and interim financial statements of the parent itself;
    - have an administrative and accounting system fit for submitting on a regular basis to the Management and the independent auditors of Biesse S.p.A. the data related to performance, financial position and cash flows required for preparing the Consolidated Financial Statements.

SHARES IN BIESSE AND/OR ITS SUBSIDIARIES, HELD DIRECTLY OR INDIRECTLY BY MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS AND THE GENERAL MANAGER, AS WELL AS BY THEIR RESPECTIVE SPOUSES WHERE NOT LEGALLY SEPARATED AND BY THEIR MINOR CHILDREN

	No. of shares held directly and indirectly at 31/12/2023	No. Of shares sold in 2024	No. Of shares purchased in 2024	No. of shares held directly and indirectly at 31/12/2024	% of share capital
Roberto Selci Chairman	0			0	0.00%
Massimo Potenza Chief Executive Officer	2,050		2,350	4,400	0.02%
Alessandra Baronciani Non-Executive Director	0			0	0.00%
Rossella Schiavini (Lead indipendent Director)	0			0	0.00%
Massimiliano Bruni Independent Director	0			0	0.00%
Federica Ricceri Independent Director	0			0	0.00%
Cristina Sgubin Independent Director	0			0	0.00%
Paolo De Mitri Chairman of the Board of Statutory Auditors	0			0	0.00%
Giovanni Ciurlo Member of the Board of Statutory Auditors	0			0	0.00%
Benedetta Pinna Member of the Board of Statutory Auditors	0			0	0.00%

"ATYPICAL AND/OR UNUSUAL" TRANSACTIONS CARRIED OUT DURING THE YEAR

In 2024, there were no such transactions.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

There are no significant events to be reported after 31 December 2024.

Outlook for 2025

To date, the scenario has been characterized by significant difficulties in our sector because of external phenomena as enduring restrictive monetary policies that are directly impacting interest rates and which only recently have recorded signs of loosening, still able however to slow down investments, government incentives related to industry 5.0 which struggle to take off, political conflicts about the tariffs announced by the US government which will have impacts on export, the sharpening of the already strong geopolitical tensions, a negative economic situation of the main reference markets of the Group, and the disruptions of the supply chains in the Suez Canal and in the Red Sea.

Despite the difficult and turbulent context, Biesse Group is determined to continue the process of strategic transformation and to reach a sizing of company's structure adequate to the new model of business defined by the One Company project. They are accelerating the main projects involved in the three-year plan 2024-2026, in the absolute conviction that the long-term strategy, as defined by it, will allow to achieve as soon as possible the benefits included in the plan itself. The focus is on the process of cost rationalization, in order to maintain an economic and financial equilibrium.

The strategic projects contained in the Group's three-year plan 2024-2026 can be summarised as follows in the so-called **6 'Must Win Battles'**:

Brand Architecture and Product Experience: strengthening of Biesse group brand architecture for lines, machines and components, through the launch of new Material Hubs and a renewed Customer Journey, with the aim of creating a distinctive and memorable brand and product experience.

Offering Development: Complete overhaul of the Biesse group's product catalogue, aimed at reducing complexity and ensuring greater scalability of the portfolio.

Geographical Focus: strengthening of the Biesse group's international presence through an integrated organisation adapted to the specificities of individual markets.

Inorganic Expansion: completion of the integration process of the GMM group, with continued strengthening of its presence in international markets.

Supply Chain Evolution: increased efficiency of the Extended Supply Chain and clear distinction between commercial and industrial activities through the evolution of Industrial Hubs.

People, Processes & Technology Management: optimisation of the skills mix and organisational sizing, with the continuation of change management activities.

Despite the uncertain market scenarios commented upon in the previous sections of the report, Biesse group management remains confident in the achievement of the company objectives set thanks to the soundness of the initiatives contained in the strategic plan.

SUSTAINABILITY REPORT

Here below you can find the section dedicated to the Biesse Group Sustainability Report for the year 2024. This report is prepared, for the first time, in accordance with the European Corporate Sustainability Reporting Directive (CSRD). The report is structured according to the *European Sustainability Reporting Standards* (ESRS) of the CSRD. Each chapter includes a section on significant impacts, risks and opportunities, followed by an analysis of the policies, objectives and actions taken by the group.

CONTENTS

General Information	38
Environment	52
E1- Climate change	52
E2 - Pollution	64
E5- Circular economy	66
Taxonomy	60
Company	71
S1 Own workforce	71
S2- Workers in the value chain	82
S3- Affected communities	85
S4- Consumers and end-users	89
Governance	93
G1- Business conduct	93
Annex 1	101
Relation to EU legislative deeds	101

TABLE OF CONTENTS - DISCLOSURE REQUIREMENTS

The following table of contents lists the reporting requirements in the ESRS standards and relevant to Biesse, which guided the preparation of the sustainability report.

ESRS 2 - General information

BP-1	General basis for preparation of sustainability statements	38
BP-2	Disclosures in relation to specific circumstances	38
GOV-1	The role of the administrative, management and supervisory bodies	40
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	41
GOV-3	Integration of sustainability-related performance in incentive schemes	41
GOV-4	Statement on due diligence	42
GOV-5	Risk management and internal controls on sustainability reporting	42
SBM-1	Strategy, business model and value chain	43
SBM-2	Interests and views of stakeholders	45
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	47
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	48
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement 4.2	50
MDR-P	Minimum disclosure requirements on Policies	Please refer to each topical standard
MDR-A	Minimum disclosure requirements on Actions	Please refer to each topical standard
MDR-M	Minimum disclosure requirements on Metrics	Please refer to each topical standard
MDR-T	Minimum disclosure requirements on Targets	Please refer to each topical standard

ESRS E1- Climate change

GOV-3	Integration of sustainability-related performance in incentive schemes	52
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	52
E1-1	Transition plan for climate change mitigation	55
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	54
E1-2 and MDR-P	Policies related to climate change mitigation and adaptation	55
E1-3 and MDR-A	Actions and resources in relation to climate change policies	56
E1-4 and MDR-T	Climate change mitigation objectives	56
E1-5	Energy consumption and mix	57
E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	57

Taxonomy		60

ESRS E 2 - Pollution

IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	64
SBM 3	Material impacts, risks and opportunities and their interaction with strategy and business model	64
E2-1 and MDR-P	Pollution-related policies	64
E2-2 and MDR-A	Pollution-related actions and resources	65
E2-3 and MDR-T	Pollution-related objectives	65
E2-4	Air, water and soil pollution	66
E2-5	Substances of concern and substances of very high concern	66

ESRS E 3 – Water and Marine Resources

IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	48

ESRS E 4 – Biodiversity and Ecosystems

IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	48

ESRS E5- Circular Economy

IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	66
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	67
E5-1 and MDR-P	Resource use and circular economy policies	67
E5-2 and MDR-A	Actions and resources in relation to resource use and circular economy	67
E5-3 and MDR-T	Resource use and circular economy policies	69
E5-4	Incoming resource flows	69
E5-5	Resource outflows	69

ESRS S1 - Own workforce

SBM-2	Interests and views of stakeholders	46
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	71
S1-1 and MDR-P	Policies related to own workforce	73
S1-2	Processes for engaging with own workers and workers' representatives about impacts	73
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	74
S1-4 and MDR-A	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	74
S1-5 and MDR-T	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	75
S1-6	Characteristics of the undertaking’s employees	75
S1-7	Characteristics of non-employee workers in the undertaking’s own workforce	76
S1-8	Collective bargaining coverage and social dialogue	77
S1-9	Diversity metrics	77
S1-12	Persons with disabilities	78

S1-11	Social protection	78
S1-13	Training and skills development metrics	79
S1-14	Health and safety metrics	80
S1-15	Work-life balance metrics	81
S1-10 S1- 16	Adequate wages Remuneration metrics (pay gap and total remuneration)	81
S1-17	Incidents, complaints and severe human rights impacts	81

ESRS S2 – Workers in the value chain

SBM-2	Interests and views of stakeholders	45
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	82
S2-1 and MDR-P	Policies related to value chain workers	83
S2-2	Processes for engaging with value chain workers about impacts	84
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	84
S2-4 and MDR-A	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	85
S2-5 and MDR-T	Targets related to managing material negative impacts, advancing positive impacts, and managinveg material risks and opportunities	85

ESRS S3 – Affected communities

SBM-2	Interests and views of stakeholders	46
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	85
S3-1 and MDR-P	Policies related to affected communities	86
S3-2	Processes for engaging with affected communities about impacts	86
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	87
S3-4 and MDR-A	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	87
S3-5 and MDR-T	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	88

ESRS S4 – Affected communities

SBM-2	Interests and views of stakeholders	45
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	89
S4-1 and MDR-P	Policies related to consumers and end-users	90
S4-2	Processes for engaging with consumers and end-users about impacts	91
S4-3	Processes to remediate negative impacts and channels enabling consumers and end-users to raise concerns	91
S4-4 and MDR-A	Actions on material impacts for consumers and end-users and effectiveness of these actions	91
S4-5 and MDR-T	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	92

ESRS G1 - Business conduct

GOV-1	The role of the administrative, management and supervisory bodies	93
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	93
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	94
G1-1 and MDR-P	Corporate culture and business conduct policies	94
G1-2	Supplier relationship management	96
G1-3	Prevention and detection of corruption and bribery	97
MDR-A	Actions and resources related to business conduct issues	97
G1-4	Established cases of corruption and bribery	98
G1-6	Payment practices	98

Relation to EU legislative deeds 99

GENERAL INFORMATION

[BP-1] General basis for preparation of sustainability statements

This sustainability statement has been prepared on a consolidated basis. Its scope of consolidation is the same as that adopted by the Annual Financial Report.
Sustainability reporting covers the value chain both upstream and downstream to the extent that it was possible to use direct data[1], as well as indirect data[2]. Furthermore, as required, in the double materiality analysis process, both suppliers and key customers were involved in identifying the impacts, risks and opportunities (also 'IRO') that the Biesse group and its value chain generate.
The company did not make use of the option to omit information on intellectual property, know-how or innovation results. In addition, the Biesse group is not subject to the exemption from disclosure of information concerning upcoming developments or matters under negotiation pursuant to Articles 19bis(3) and 29bis(3) of Directive 2013/34/EU.

[BP-2] Disclosures in relation to specific circumstances

Definition of short, medium and long term time horizons
This sustainability statement uses the same time horizons as defined by ESRS 1, as follows:

- Short-term: period adopted by the undertaking as the reporting period in its financial statements(i.e. one year);
- Medium-term: up to five years after the end of the short-term reference period;
- Long-term: more than five years.

Value chain estimation
To identify and assess ESG impacts, risks and opportunities related to the value chain, both upstream and downstream, the company used industry average data on direct, indirect and customer suppliers. The materiality of impacts, risks and opportunities was determined by assessing the Biesse group's influence on these sectors, based on the size of the orders placed and comparison with those from other industries.
For the purpose of identifying possible impacts, risks and opportunities related to the value chain, the company used estimates and metrics based on direct and indirect sources. In particular, the structure of the value chain was reconstructed using theoretical models proposed in the literature in order to obtain a more precise and detailed view of the different steps and actors involved. Both suppliers and customers with whom the Biesse group does business directly were considered, as well as indirect suppliers, i.e. those located further down the value chain (beyond *Tier 1*). For the latter, the company has identified them in a logical-inductive manner, considering the activity carried out by direct suppliers and the materials supplied by them. Starting with the identification of direct and indirect suppliers and customers, the impacts, risks and opportunities related to them were identified in relation to sustainability issues.
In addition, to determine the impact, the sustainability reports of direct and indirect suppliers and customers, where available, were also examined. Based on the estimated reconstruction of the value chain, industry averages were used as metrics to better understand the performance and dynamics of each segment of the supply chain. The level of accuracy of estimates for indirect suppliers may be limited, since, although information on the sectors to which they belong is available, it is not possible to identify with certainty the individual suppliers involved. Therefore, estimates are primarily based on the general characteristics of the sector and information from available sustainability reports, recognising that there may be some uncertainties associated with this methodology. Nevertheless, the Biesse group considers the analysis performed to be adequate and sufficiently robust to support the assessments and conclusions set forth in the paper. As far as direct suppliers are concerned, the estimation is more accurate, since direct checks were carried out in the field. However, here too, the estimates are based on available data and information, and therefore there may be margins of uncertainty, even if these are small compared to those for indirect suppliers.
Where available, estimates were also used for customers, but the input data were more accurate, as specific customers were identified and their sustainability reports were analysed. Although these are still estimates, the analysis of the sustainability reports has made it possible to obtain more precise information than that available for indirect suppliers, thus reducing the margins of uncertainty.
The company will assess the possibility and feasibility of undertaking a more detailed analysis in future years to improve the accuracy of estimates.

[1] Direct data: from relevant customers and suppliers, i.e. those with whom Biesse has an ongoing relationship in terms of orders.
[2] Indirect data: data from estimates and analyses of available documents regarding the various actors in the supply chain. This analysis was conducted with reference to the suppliers of raw materials (steel and aluminium) that constitute some of the main materials used by Biesse. In this regard, the group's supply chain was reconstructed up to the raw material extraction stage.

Biesse

Sources of estimation and outcome uncertainty

In order to ensure the reliability of the reported information, the use of estimates has been minimized as much as possible. Any estimates are based on the best available information as of the date.

In particular, the estimates used for quantifying the data are inherently characterized by a higher level of uncertainty, are mainly derived from the measurement of greenhouse gas (GHG) emission data for Scope 3 and from the accounting of the weights of the incoming resources. In both cases, these data come partly from company information systems and partly from estimates based on existing data. In each case, an appropriate indication is provided in the margin of each figure, included in the relevant section, to ensure transparency and clarity on the sources and methods used. Further estimates refer to analyses carried out when conducting materiality analyses, when identifying impacts, risks and opportunities related to the value chain. Moreover, the data related to Capex and Opex in the short term (2025) come from what was defined during the budgeting phase.

The cause of the above-mentioned measurement uncertainties stems from the lack of availability of data from the downstream and upstream value chain, particularly with regard to indirect suppliers.

In assessing value chain impacts, risks and opportunities, the Biesse group made assumptions and approximations based on available data. Moreover, forward-looking information contained within the financial statements, by its very nature, is subject to a certain degree of uncertainty, as it is based on assumptions and forecasts about future events that may change significantly. When the 2024 Report was prepared, no changes or errors relating to previous years were identified.

Information from other regulations or generally accepted sustainability reporting standards and templates included in the sustainability statement

The company used the UNI EN ISO 14064-1:2019 standard for the quantification and reporting of greenhouse gas emissions. The type of greenhouse gases as well as their quantification, in accordance with UNI EN ISO 14064-1:2019, was verified by an accredited external party, which also issued the relevant certificate of conformity.

Incorporation by reference

The table below lists the disclosure requirements of the ESRS, which are dealt with in the Annual Financial Report, with an indication of the corresponding section.

Table 1. References to other sections of the Financial Report

ESRS principle	ESRS topic	Disclosure Requirement	Paragraph	Information to be Reported	Reference to other sections of the Financial Report
ESRS 2	General information	SBM-1: Strategy, business model and value chain	40, (a) i R.A. 12-13	Description of significant groups of products and/or services offered, including changes made during the reporting period	Biesse group profile
ESRS 2	General information	[SBM-1] Strategy, business model and value chain	40, a) ii R.A. 12-13	Description of significant customer groups and/or markets, including changes during the reporting period	Notes to the Consolidated Financial Statements (Note 6)

[GOV-1] The role of the administrative, management and supervisory bodies

The Biesse group Board of Directors consists of 7 members, 2 of whom are executive and 5 non-executive. There is no employee representation on administrative, management and supervisory bodies. The governing body is composed of administrators with the professional skills and expertise necessary for the tasks assigned to them, including those related to sustainable development.

Table 2. Percentage of members of the administrative, management and supervisory bodies by gender

Administrative, management and supervisory bodies	% Women	% Men
Board of Directors	57%	43%
Control, Risks and Sustainability Committee	67%	33%
Remuneration Committee	100%	0%
Related-Party Transactions Committee	100%	0%
Board of Statutory Auditors	33%	67%

The average ratio between male and female members of the Board of Directors is 0.75 because the number of women is higher.
The percentage of independent board members is 57%.
The bodies in charge of overseeing impacts, risks and opportunities are: the Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors. The responsibilities of the Board of Directors and the Control, Risk and Sustainability Committee with regard to impacts, risks and opportunities are explained in the Group Sustainability Policy and in the Corporate Governance Report. In addition, an active role in identifying impacts, risks and opportunities is played by the Strategy & Sustainable Development function, which has organised itself, as of 2023, by introducing two specific areas: the *Corporate Social Responsibility* function, coordinated by a *Corporate Social Responsibility Manager,* and the *Risk and Process* function. The latter, through the figure of the *Risk Manager*, is responsible for integrating the risk management process within the organisation.
Within this organisational structure, each member of the Senior Management[3] periodically identifies the impacts, risks and opportunities relevant to his or her area of responsibility and communicates them to the *Corporate Social Responsibility* department. Senior Management periodically monitors impacts, risks and opportunities, identifying, during regular meetings, possible strategies to address them. Furthermore, Senior Management is informed about the identification of further impacts, risks and opportunities during specific stakeholder involvement sessions.
In particular, with reference to risks, the Biesse group has defined an "*Enterprise Risk Management Policy*" and a Procedure (hereinafter also referred to as the "ERM Model") to identify, measure, manage and monitor the main risks that may compromise the ability to implement strategies and achieve corporate objectives. In particular, the model adopted by the Biesse group is inspired by the international standards "*Enterprise Risk Management – Integrated with Strategy and Performance*" and the UNI 31000:2018 Standard. Moreover, as part of the risk assessment phase during the ERM process, the implications related to environmental, social, and governance (ESG) risks were also taken into consideration, based on the guidelines provided in the guide "*Enterprise Risk Management – Applying enterprise risk management to environmental, social and governance-related risks*. The new model applies to Biesse S.p.A. and all Biesse group companies. In particular, the policy is addressed to the corporate bodies, employees and associates who operate within the group and who are involved in various ways in the ERM process.
More specifically, the *Enterprise Risk Management* process adopted by the Biesse Group aims to integrate risk management activities into the organisation's processes and culture, following an approach of gradual implementation and continuous improvement of the process itself.
The function in charge of coordinating the process of identifying, managing and monitoring impacts, risks and opportunities is called *Strategy & Sustainable Development.* Heading this function is the *Chief Strategy & Sustainable Development Officer*, who, with regard to ESG issues, employs a *Corporate Social Responsibility Manager* to identify and analyse possible impacts, risks and opportunities generated by the group.
The control of the proper and adequate execution of the process of identifying impacts, risks and opportunities is carried out by the Control, Risk and Sustainability Committee, which regularly interfaces with the *Corporate Social Responsibility Manager* and the *Chief Strategy & Sustainable Development Officer*.
At the top of the ESG governance structure are the Board of Directors, which includes the Control, Risk and Sustainability Committee and the Board of Statutory Auditors. They report directly to the shareholders' meeting. Members of Senior Management are hierarchically subordinate to the Board of Directors.

[3] Senior Management refers to the directors reporting to the CEO

Members of the Senior Management include the *Chief Strategy and Sustainable Development* Officer, who heads the function of the same name.
Each function, according to its competencies, is responsible for managing impacts, risks and opportunities that are considered significant. This is possible thanks to a process-organised structure with procedures governing the roles, responsibilities, functions and actions to be implemented also in the area of Impacts, Risks and Opportunities (IRO) concerning sustainability.
The Control, Risk and Sustainability Committee has the task of overseeing sustainability issues, relating to the management of the company's impacts and risks on the environment and people, connected to the company's operations and its dynamics. The Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors oversee the definition of the corporate strategic plan and its targets through regular meetings. The plan integrates the relevant impacts, risks and opportunities within the strategic projects, which contain the actions for its successful implementation, as well as the progress made in its achievement.
The members of the Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors have adequate and complementary expertise on sustainable development issues. Some of them are university professors specialising in sustainability issues, contributing to academic research on these topics. Others, on the other hand, sit on the boards of other companies, where they play strategic roles, thus bringing a broad, multidisciplinary perspective to the company's decision-making process.
In addition, if necessary, the company ensures adequate training for any needs by making use of training updates through external and internal experts.

[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Control, Risk and Sustainability Committee (CCRS) is the body, constituted within the Board of Directors, entrusted with the task of overseeing the process of managing impacts, risks and opportunities, interfacing with the *Chief Strategy & Sustainable Development Officer* and the *Corporate Social Responsibility Manager* every six months. It is the duty of senior management, through regular meetings, to ensure that adequate business processes and procedures are in place to identify possible IROs and to assess the effectiveness of policies, actions and metrics adopted to address them.
The Biesse group CCRS expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware. In addition, the CCRS monitors the development of business risks and their updating on a quarterly basis in order to assess whether such risks could jeopardise the proper execution of the Strategic Plan. This analysis is carried out through the quarterly monitoring of strategic projects, which represent the implementation of the corporate strategy and related policies, aimed at achieving the set objectives.
In the financial year 2024, the CCRS approved material issues arising from impacts, risks and opportunities. Senior Management also supervised and verified the adequacy and completeness of all identified IROs. In addition, the group has implemented a number of policies to mitigate the identified impacts. The first list of IROs to be addressed in the following period by the Control, Risk and Sustainability Committee was approved in 2024.

[GOV-3] Integration of sustainability-related performance in incentive schemes

As of the year 2024, the Company has introduced a sustainability target, known as the *CSR Index*, into the short-term incentive system of the General Manager, who also holds the position of CEO, members of the Senior Management and managers reporting to them. The latter is determined as the percentage of tonnes of CO_2 equivalent (scope 1 and 2) compared to the base year 2019. However, for the administration and control bodies (Board of Directors, internal Board Committees and Board of Auditors), with the exception of the General Manager/CEO, there are no incentive systems.
The gross annual remuneration of the CEO and Managers with Strategic Responsibilities is composed of a fixed component and a variable component, linked to the achievement of specific performance targets, also of a non-economic nature. In particular, the variable component of the remuneration of the above-mentioned figures includes both short-term and medium to long-term incentives. Short-term incentives are subject to the achievement of company objectives defined annually, while medium- to long-term incentives are valid for three years.
The Remuneration Policy stipulates that the objective related to the *CSR Index* is measured on the basis of a minimum, target and maximum level of performance. If the minimum level is reached, the target-related bonus share is zero. If the target is reached for a value between the minimum level and the target, or between the latter and the maximum level, the bonus is calculated by linear interpolation. If the maximum level is reached or exceeded, the bonus is equal to the total value allocated for it. The share of short-term

variable remuneration that depends on the level of achievement of the *CSR Index* is 10% of the total variable remuneration.
The *CSR Index*-related targets of the CEO/General Manager and Senior Management are proposed by the Remuneration Committee, approved by the Board of Directors and subsequently measured by the Committee. This resolution is implemented annually.

[GOV-4] Statement on due diligence

The due diligence process makes it possible to identify, assess and manage any risks related to ESG areas. Indeed, the duty of care requires the integration of sustainability criteria into strategic and operational decisions, including activities such as assessing the environmental impacts of business operations, respecting human rights along the supply chain and implementing transparent governance practices. This duty is discussed in several chapters within the sustainability statement. In detail, it is possible to identify the duty of care in the description of the corporate strategy, in which ESG objectives are integrated into the business plan (ESRS E1), in the assessment and qualification of first-tier suppliers, which also includes ESG criteria (ESRS G1 and S2), and in the description of corporate governance practices (ESRS G1). The due diligence process ensures the group's regulatory compliance, mitigates identified risks and improves corporate resilience, fostering a responsible approach to different issues.

[GOV-5] Risk management and internal controls on sustainability reporting

The Internal Control and Risk Management System of the Biesse Group (hereinafter also referred to as "SCIGR") complies with the principles contained in the Corporate Governance Code promoted by Borsa Italiana and, more generally, with the best practices on the subject, existing at national and international level. The SCIGR, as an integral part of business activity, therefore involves and applies to the entire organisational structure of Biesse[4]. This SCIGR also gradually integrates the risks and controls relevant to sustainability reporting from 2024 onwards. The SCIGR identifies the roles and responsibilities of the actors involved in its definition and proper preparation and implementation. Starting in 2025, an initial pilot phase will be carried out to verify the applicability of the identified tests.
Taking into account the characteristics of the activities performed by the Company and its subsidiaries, risks are identified on the basis of the following criteria:

- Nature of the risk, with particular reference to risks related to the sustainability plan, as well as those related to compliance with internal and external rules and regulations;
- Significant likelihood of the risk occurring;
- Company's ability to reduce the impact of risk on its operations;
- Significant entity of risk.

The risks identified by the Biesse group in relation to sustainability reporting, although of limited magnitude, may concern, on the one hand, the opportunity to progressively reduce the use of estimates, and on the other hand, the importance of refining procedures to ensure a more in-depth double materiality analysis. The periodic verification of its adequacy and effective functioning and its possible revision constitute an essential part of the SCIGR's structure, in order to enable its full and proper effectiveness. The first controls were defined in 2024 and will be monitored in 2025 to verify the effectiveness of the system set up. Furthermore, the company integrates the findings of the assessment of the internal controls by following a process that includes:

- Gap analysis: comparison of the results of the risk assessment with the effectiveness of the existing controls to identify possible areas for improvement;
- Adoption of corrective actions: implementation of specific actions to strengthen controls where risks are not adequately mitigated;
- Alignment of company procedures: updating procedures to ensure that they adequately respond to emerging risks and that controls are effective.

Furthermore, the Board of Directors, in addition to what is verified within the SCIGR, at least at the time of the approval of the half-yearly and annual consolidated financial statements:

- examines what significant business risks have been brought to its attention by the CEO and assesses how they have been identified, assessed and managed. To this end, particular attention

[4] Organisational structure means: Biesse S.p.A. and its subsidiaries, including the governing and supervisory bodies, management at all levels and company personnel.

is paid to examining changes in the nature and extent of risks during the last reporting year and assessing the group's response to these changes;

- assesses the effectiveness and adequacy of the Company's SCIGR as well as that of its strategically important subsidiaries in addressing these risks, paying particular attention to any inefficiencies that have been reported;
- considers what actions have been taken, or should be taken in a timely manner, to rectify these deficiencies;
- prepare any additional policies, processes and behavioural rules that enable the group to react appropriately to new or inadequately managed risk situations.

[SBM-1] Strategy, business model and value chain

Data on the workforce[5] can be found in ESRS S1, paragraph S1-6.
As shown in the table of references to the other sections of the Financial Report, for information on the type of products and services offered and customers, please refer to the section "*Biesse Group Profile*" in the Management Report.
The sustainability strategy envisages as objectives for the three-year period 2024-2026 a 50% reduction inCO_2 emissions (scope 1 and 2) with respect to the 2019 baseline by 2030, the verification according to ESG criteria of suppliers covering 60% of Biesse S.p.A.'s spend[6] and 50% of the people, identified as *key people*, who have joined the company transformation project[7] and are its promoters. The objectives defined in the sustainability plan, relating to supplier evaluation and people engagement, are an integral part of the corporate strategy, as they are included in the projects that the group implements in order to realise the strategic plan. In addition, in 2023, the group started studying the environmental characteristics of some company-relevant products in order to assess their environmental impact and consider what actions can be taken to improve their performance in the coming years.
The data used to describe the business model and value chain include qualitative and quantitative information from internal and external stakeholders. This data includes financial performance metrics, supply chain data, customer feedback and market analysis reports. In particular, data are collected in the following ways: Reports and Internal Audits, Stakeholder Surveys, Market Analyses, data requested from suppliers and logistics partners.
The above information is protected by technological and organisational safeguards to ensure compliance with EU privacy regulations and to preserve the company's intellectual capital.
These methods ensure the accuracy, reliability and security of the data used to describe our business model and value chain, in line with our commitment to transparency and sustainability.
The Biesse group's strategic plan envisages an expansion of the product portfolio geared towards multi-materiality. The aim of this approach is to offer a product range that is capable of processing a plurality of materials, allowing the customer to create different products through the many solutions offered by the Biesse group. In addition, the strengthening of markets allows the company to be ever more present and to respond promptly to customer requests.
The value chain of a company like Biesse involves various players, such as suppliers of raw materials and components, including steel, composite materials, electronic components and industrial software. In the design and development phase, we find collaborations with engineering firms and research and technology development centres. Production is supported by industrial automation companies and suppliers of specific assembly machinery. In logistics and distribution, there are specialised logistics operators and transport partners, as well as local dealers or distributors who handle marketing and sales in the markets. Finally, the after-sales phase includes companies specialising in technical assistance and maintenance that provide ongoing support to customers. The value chain structure is adequately organised to support the specificity of the group's business.
The value chain is illustrated in graphic form in the image below.

Figure 1. Graphical representation of the Biesse group value chain

[5] The workforce data are reported as required by ESRS S1 para 40 (a) (iii).
[6] 60% of the spend refers to the perimeter of Biesse S.p.A. (including suppliers related to production) This percentage is calculated based on the spend for 2023 and updated annually
[7] Business transformation projects are described within the ESRS S1

UPSTREAM

TIER4	TIER3	TIER2		TIER1
Resource extraction and processing for refining	**Main component productions**	**Processing and production of industrial materials**	**Transport from sub-suppliers to suppliers**	**Materials - Production of semi-finished products**
Extraction of minerals and metals for structural parts and raw materials for semiconductor production.	Production of steel for structural machine parts. Production of electronic and semiconductor boards.	Production of coils and sheets for heavy and light carpentry. Foundries to produce aluminium billets. Production of semi-finished products for Assemblies and Commercial components	Transport of commercial and semi-finished products and packaging to warehouses.	Suppliers of: • heavy carpentry • light carpentry • aluminium extrusions • Castings • mechanical machining • plastics and phenolics • Switchboard manufacturers • commercial components

CORE PROCESS

Inbound Logistics	**Production**	**Outbound Logistics**	**Marketing e *Sell-in***	**Service**
Transport of products and semi-finished products, as well as packaging, from suppliers to Biesse warehouses. Warehouse management - planning and control of incoming and outgoing raw materials/semi-finished products (for production).	Design activities, aimed at developing new machines and components and solutions to improve the customer's machining processes. Processing and assembly activities to produce finished products. Testing of finished products Packaging of finished products	Transport of finished products from Biesse to customers (B2B) or to Biesse warehouses	Sales and installation through direct channels (B2B) or intermediaries of finished products to customers in different industries	After-sales support to customers on Biesse branded products through remote assistance and on -site technical support services. Management and sale of spare parts to Biesse customers

DOWNSTREAM

***Sell in* Industry scope**	**Outbound Logistics**	***Sell-out***	**Product use by the end user**	**Product end-of-life and waste disposal**
Wood sector: Residential construction Furniture / Furnishing Funeral services **Glass sector:** Residential construction Furniture / Furnishings Photovoltaics Hardware **Stone sector:** Residential Building Furniture / Furnishing Funeral services **Sector other materials:** Residential construction Furniture / Furnishings Aerospace Supplies and Components Land Transport Transport Containers and Packaging Medical Equipment	Transport of finished product to sales centres	Sale of finished products to end consumers.	End-user use and consumption of products	Disposal of used products, at end of life, performed by the end user according to local regulations.

[SBM-2] Interests and views of stakeholders

Biesse

Stakeholder involvement is an interactive process aimed at identifying, consulting and interacting with communities or groups interested in the company's activities, projects and decisions and allows the Biesse group to consider additional impacts, risks and opportunities to those identified internally.
The group identified the following main stakeholders: shareholders and investors, customers, the financial community, employees, suppliers and business partners, media and trade journals, public administration, government and regulatory bodies, trade union representatives, local communities, universities and research centres.
For the year 2024, the following stakeholders were involved in the materiality definition process: suppliers, customers and universities.
Stakeholders were involved through working tables to help them understand the concept of dual materiality and identify new impacts, risks and opportunities related to their situation. With regard to suppliers and customers, in-person or online workshops were organised and then anonymous questionnaires were administered to identify further impacts beyond those already identified by the company, if any. Each was therefore required to assess the impacts according to the evaluation criteria set by the company. The same was done for universities, through direct interviews with researchers working in the field of sustainability reporting. Shareholders and investors are regularly involved through regular meetings when the annual budget and interim financial reports are approved. The references for shareholders and investors are published on the site so that they are available for any enquiries.
The stakeholder involvement process is aimed at identifying impacts, risks and opportunities (IROs) related to sustainability issues that could be potentially relevant to the Biesse group. The IROs identified in the stakeholder involvement process and their assessment in terms of significance and likelihood of occurrence are added to those already identified earlier.

Table 3. Corporate commitments and stakeholder engagement actions

Stakeholder	Summary of commitments and activities	Actions of involvement	Expectations of stakeholders
Shareholders and investors	Events for financial analysts and support offered by the investor relator. Information on performance and stock market trend of the title. Sharing of ongoing projects on ESG topics	Shareholders' meeting Dialogue channels managed by the Investor Relator within the Group	Growth of stock value Transparency in corporate governance, long-term goals, and business performance, including ESG topics.
Customers	Daily customer service activities. Assistance in the selection and customisation of products to offer machines and systems for the creation of complete plants.	Direct customer support channels (Biesse Service and Biesse Parts) Visits to show-rooms and production sites Invitations to events and exhibitions	Product reliability, safety and technological innovation Continuous support and advice Information on the correct use and regular maintenance of the machinery
Financial community	Accurate and precise measurement of economic performance. Accurate and transparent reporting, in line with current regulations, Attendance at events and conferences, to convey information on the Group's performance and to acknowledge trends in the relevant markets.	Participation in events, conventions and conferences Discussion tables	Ability to meet financial obligations Compliance with current regulations and principles of transparency, clarity, fairness, and accountability

Employees	Communication channels to encourage employees to report suspected violations of the Codes and Regulations adopted by the Group. Sharing of ESG activities through internal communication channels.	Channels for collecting reports of violations of the Group's regulations	Safe, fair workplaces Job stability and corporate welfare Fair compensation policies and meritocratic systems
Suppliers and business partners	Daily interactions with suppliers by the purchasing department to ensure production continuity and achieve the set objectives.	Discussion tables	Compliance with contractual terms and conditions Continuity in supply requests Fair and non-discriminatory treatment Opportunities for the development of strategic partnerships to enhance business activities
Media and trade magazines	Collaboration with media and trade magazines through interviews, presentations, and dedicated events. The group is committed to contributing to the promotion of informational campaigns related to technological innovations, new machinery, industry news, or any actions taken in support of the community and the environment.	Interviews Company presentations Corporate events and trade fairs Press conferences or workshops	Detailed presentation of the Group trend Presentation of the social and cultural initiatives undertaken Presentation of technological innovations
PA, government and control bodies	The Group guarantees the utmost integrity and fairness in its relationships with Public Administration, government bodies, and regulatory authorities, based on principles, roles, and responsibilities defined in accordance with current regulations, with the aim of maintaining a constructive relationship that serves the interests of the community.	Institutional dialogue tables	Compliance with the laws in force Fight against corruption and bribery Crime prevention pursuant to Legislative Decree 231/2001 Seriousness and transparency in addressing the needs of the Public Administration
Trade union representatives	Meetings with trade union representatives to protect workers' rights in the context of activities carried out on behalf of the Group. Involvement of trade union representatives in the Group's ESG topics.	Regular meetings	Implementation of measures to safeguard the health and safety of employees Compliance with contractual terms and conditions
Territory, local communities and NGOs	Initiatives supporting the social and cultural development of the territory promoted by the Group	Initiatives for engaging local communities	Promotion of local development Participation by the Group in cultural

			development and social inclusion projects and support for the same Support for the territory in case of emergencies
Universities and research centres	Development of joint projects to promote the advancement of new technologies and/or business practices. Collaboration with research centres to promote and ensure the integration of new specialised professionals into the Group.	Workshops and working groups with university students Career days at partner universities Partnerships with important universities and schools in Italy and in the world	Involvement of students in school-to-work alternation programmes and internships Collaborations with universities and research centres to develop and disseminate engineering and technical skills

The interests and opinions of the group's main stakeholders related to the business strategy and its business model were taken into account and analysed when conducting the dual materiality analysis, during which they were appropriately involved. The interests of the stakeholders involved were represented in terms of impacts, risks and opportunities and listed within each standard, if considered material. The Control, Risk and Sustainability Committee and the Board of Statutory Auditors are informed on a half-yearly basis about the progress of the dual materiality analysis and the stakeholder involvement process.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The relevant IROs identified by the group, the connection to the corporate strategy and the mitigation actions put in place are described within each standard.
Listed below are the ESRS standards reported by the group and the connection to the material issues identified by the Biesse group.

Table 4: Reporting ESRS topics and the Biesse group material topics

ESRS principle	ESRS topic	ESRS sub-topic	Biesse group material topic
ESRS E1	Climate change	Climate change mitigation Climate change adaptation Energy	Climate change
ESRS E2	pollution	Pollution of air Pollution of water Pollution of soil Substances of concern Substances of very high concern	Pollution
ESRS E5	Circular Economy	Resource inflows, including resource use Waste Resource outflows related to products and services	Materials and waste management
ESRS S1	Own workforce	Working conditions Other work-related rights Equal treatment and opportunities for all	Employee management and development
ESRS S2	Workers in the value chain	Working conditions Equal treatment and opportunities for all Other work-related rights	Supplier Relations
ESRS S3	Affected	Communities' economic, social and	Relationship with

	communities	cultural rights	local communities
ESRS S4	Consumers and end-users	Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end-users Social inclusion of consumers and/or end users	Customer loyalty
ESRS G1	Business conduct	Corporate culture Protection of whistle-blowers Corruption and bribery Management of relationships with suppliers including payment practices	Business Conduct

The current financial effects of risks and opportunities relevant to the company did not require adjustments to the carrying amounts of assets and liabilities reported in the financial statements for the current year.
During the preparation of the new strategic plan, the risks and opportunities arising from the *macro-trends* that are essential for defining the Biesse group's objectives and strategic directions were analysed. The company also reorganised its business processes to identify the roles and responsibilities of each function to address IROs through actions and projects implemented within each area of competence. Moreover, by integrating environmental, social and governance sustainability principles into the business plan, it is possible to mitigate emerging risks, enhance opportunities and support long-term sustainable growth.
The new regulations on sustainability reporting implied a more thorough identification and assessment of relevant Impacts, Risks and Opportunities for the group. The relevant identification is the result of a dual materiality analysis process, which for the financial year 2024 was conducted in a more precise and punctual manner, in compliance not only with the provisions contained within the ESRS standards, but also with the operational guidelines issued by EFRAG.

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

The process put in place by the Biesse group to identify material Impacts, Risks and Opportunities (IRO) is structured as follows:

- Phase 1: Analysis and understanding of the context;
- Phase 2: Stakeholder identification;
- Phase 3: Identification of Impacts, Risks and Opportunities (IRO) related to sustainability issues and Stakeholder involvement
- Phase 4: Assessment of Impacts, Risks and Opportunities (IRO) and identification of sustainability issues related to relevant IROs.

The main assumptions made concern any IROs potentially found along the value chain over which the Biesse group has no direct control or limited information. These assumptions concern, for example, the working conditions of workers along the value chain, the geographical location of the Biesse group's upstream and downstream activities, and the type of resources used. With regard to the identification, assessment, prioritisation and monitoring of current and potential impacts on the environment and society, the steps taken are described below.

Phase 1: Analysis and understanding of the context
In the first phase, an analysis of internal documentation was carried out, i.e. a benchmark analysis and a context analysis in order to identify relevant aspects for the organisation in view of its business, business relations, the sustainability context in which the group operates and the expectations of its stakeholders.
In particular, the company examined the main socio-economic, geopolitical, environmental and technological macro-trends in relation to the changing context in which it operates. The Biesse group also mapped its business relationships with the various players in its value chain. In addition, the sustainability reporting standards published by EFRAG and in particular ESRS 1, Appendix A, paragraph AR 16 were considered.
Finally, the company took into account the recently published strategy and of the sectors in which it operates. Input from experts outside the organisation was also evaluated.

Phase 2: Stakeholder identification

Over the years, the Biesse group has identified stakeholders who can influence or be influenced by the company's activities. In 2024, the Stakeholder involvement process included the following activities:

- Mapping of the various stakeholders with whom the group interacts in order to properly identify the categories to be engaged;
- Identification of key stakeholders with whom to promote ongoing dialogue initiatives, taking into account the external context and the evolution of the Biesse group;
- engagement of stakeholders in a differentiated manner for the identification and assessment of potential positive and negative impacts[8], both real and potential[9], generated by the organisation on the environment, the economy, and people, including any impacts on human rights;
- continuous communication of results and activities to be undertaken through the publication of the sustainability report, or through targeted communications to the relevant groups.

Phase 3: Identification of Impacts, Risks and Opportunities (IRO) related to sustainability issues and Stakeholder involvement

Thanks to the Contextual Analysis, it was possible to investigate the positive and negative, current and potential (inside-out perspective) impacts generated by the Biesse group in relation to each of the relevant aspects that emerged from the analysis conducted in the previous phase and through the use of internal documentation. The analysis also considered the geographical context in which the production sites are located and a reconstruction of the value chain in order to consider further impacts attributable to the operational activities of suppliers and customers. The group also assessed the impacts of business relationships with its suppliers and customers.

All impacts were validated or integrated through the involvement of the identified business functions and stakeholders, each for the part of their competence. Having obtained a list of Impacts, the Company then defined, for each one, whether they involved the group as such and/or the downstream and/or upstream part of the value chain. In addition, impacts were classified as actual and potential. For potential impacts, the relevant time horizon within which they may occur was defined.

Phase 4: Determination and assessment of impacts, risks and opportunities

The Impacts identified in the previous phase were subject to validation and evaluation by suppliers, customers, academics and company management.

In particular, an initial assessment was made of the stakeholders involved (university, suppliers and customers). They were asked to evaluate the impacts they had identified by assigning a rating in terms of the likelihood of their actual realisation and the severity/magnitude of the impact should it occur. This assessment was carried out when filling out the questionnaire, as far as suppliers and customers are concerned, and directly as far as academics are concerned.

The list of identified impacts was also subject to assessment by Senior Management, in parallel with the assessments carried out by the other stakeholders involved. In particular, each member was presented with the list of impacts previously identified and linked to the relevant function he or she chaired; for each impact they were asked to give an assessment, according to shared metrics, the relative likelihood and magnitude. The assessment of the magnitude and likelihood of impacts made by management and the stakeholders involved was carried out considering qualitative-quantitative metrics appropriately identified by the Biesse group.

The process put in place by the group for the identification of material Risks and Opportunities follows the same steps as for the identification of impacts. However, the process has some differences, which are explained below.

An initial list of risks was extracted from the ERM risk register through a selection of those pertaining to ESG dimensions. This list was supplemented through the Stakeholder involvement process as described above.

The assessment of the likelihood and magnitude of risks and opportunities was carried out by the Group Chief Financial Officer, on the Group perimeter, and by the Chief Financial Officer of Biesse India Private Limited, on the Indian perimeter. The CFOs' assessment of the magnitude and likelihood of risks and opportunities was carried out by considering qualitative-quantitative metrics appropriately identified by the Biesse group. These metrics were developed by considering the time frame within which a given risk or opportunity may occur, and the related financial effect on the consolidated financial statements expressed as a percentage of EBITDA and revenue.

The Biesse group's risk model does not have a category of risks classified as ESG, but each risk is assessed according to its impact on social, environmental and governance sustainability issues (ESG related).

[8] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.

[9] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.

For the purpose of identifying an initial list of risks, necessary to carry out the Double Materiality process, the Biesse group made use of the ERM *(Enterprise Risk Management*) system, used by the *Risk Management* function, selecting all risks that, following analysis, are linked to sustainability issues. In addition, the list of risks updated as a result of the Dual Materiality process is submitted to the *Risk Manager* for review for a potential update of the list extracted from ERM, thus integrating into the overall risk management process.
In identifying the IROs, the Biesse group used industry studies, *reports* from *peers* and customers and suppliers to get an overall picture of the applicable IROs. In addition, the IROs were analysed by considering both production plants and business locations and where relevant identifying different IROs depending on the plant.
With regard to risks, the decision-making process and the related internal control process are entrusted to the management (Risk Owner and any other corporate entities identified by them), with the support of the *Risk Management* function, which prepares an intervention plan shared with the CEO and submitted for review by the CCRS and the BoD. In order to provide an up-to-date representation of the trends of the risks monitored and their respective management plans, periodic reports are provided to the BoD and the Risk and Control Committee of the Group, and, when necessary, to the Control Bodies/Supervisory Body as information to support the Group's strategic decision-making. With regard to strategy-related impacts, the CEO oversees those identified and verifies that they are integrated into the plan's strategic projects, which are shared with the BoD on a quarterly basis.

[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Regarding the dual materiality process, please refer to the specific section.
Information on topics assessed as non-material

Table 5. Non-material topics

ESRS principle	ESRS topic	Information on the non-materiality of the topic
ESRS E3	Water and marine resources	The group analysed its own water consumption and estimated the consumption that could be generated along the value chain by comparing it with the consumption generated by other industries. This analysis showed that the impact the group generates on water and marine resources is not significant. In addition, following the analysis of its own operations, it was found that there is no risk to the company as this resource is mainly used during the testing phase of the machines, limiting its use significantly. With regard to the upstream and downstream use of the resource, the team carried out analyses of the available documentation and found that there are currently no significant risks given the limited use of the resource.
ESRS E4	Protection of biodiversity and ecosystems	Production sites are located in industrial zones, outside protected natural areas. In addition, the production sites comply with the environmental regulatory requirements of the country in question. From the assessment made, both in terms of economic significance and in terms of the material purchased and consumed for production, the impact the group generates on biodiversity and ecosystems is not significant. The dependence on biodiversity is not direct, as the company has no significant impact on natural ecosystems. Based on internally available information, the entire value chain does not appear to be significantly exposed.

For the evaluation of the IROs by each stakeholder involved, the company used a dual evaluation system. With regard to impacts, two metrics were identified concerning the likelihood as well as the severity/magnitude of impacts; these use a numerical scale between 1 and 5. For the probability scale, metrics related to the frequency with which an impact might occur are associated, for the magnitude, the scale is related to the geographical size of the impact and its remediability. A similar evaluation system was considered for risks and opportunities. However, unlike the impacts, financial parameters expressed in terms of EBITDA and revenue, agreed with the group CFO, were considered for the magnitude of risks and opportunities. In order to determine the material IROs, the company decided, for impact materiality, to consider all impacts with an overall medium severity/magnitude as material, while for financial materiality, all risks/opportunities with an overall medium/low magnitude were considered material.

ENVIRONMENT

ESRS E1- Climate Change

[GOV-3] Integration of sustainability-related performance in incentive schemes

As described in ESRS 2, paragraph GOV-3, the Biesse group has defined a remuneration policy that integrates emission reduction targets into the variable component of management. In this regard, from the year 2024, a sustainability target defined as the *CSR Index* will be included in the short-term variable system of the CEO-General Manager, the first line management and managers reporting to the latter.
The share of short-term variable remuneration that depends on the level of achievement of the *CSR Index* is 10% of the total variable remuneration. The details are defined in ESRS 2 paragraph GOV-3.
The Remuneration Policy stipulates that the objective related to the *CSR Index* is measured on the basis of a minimum, target and maximum level of performance.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The IROs considered relevant and identified during the dual materiality process described in ESRS 2 paragraph IRO 1.

Below are the positive and negative[10], current and potential[11] material impacts identified by the group considering the time horizon[12] and the perimeter within which the impact is identified (Biesse[13], Upstream[14], Downstream[15]).

ESRS	Description of Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS E1	Generation of GHG emissions along the value chain (Scope 3), with negative impacts in terms of contribution to climate change.	Negative	Current		x	x	x	Respectful approach
ESRS E1	Generation of GHG emissions within the Group's production activities (Scope 1 & 2), with negative impacts in terms of contribution to climate change.	Negative	Current		x			Respectful approach

The relevant risks and opportunities identified by the group are listed below.

[10] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[11] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[12] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[13] In the tables shown, Biesse means the entire Biesse group
[14] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[15] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS E1	Physical risks arising from climate change-related causes (e.g., heat stress, flooding, intense precipitation) that could generate physical damage, production disruptions, and supply chain interruptions.	Risk	Medium	x	x	x	The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E1	The introduction of national regulations leading to production stoppages due to extreme heat (temperatures exceeding 35°C) could negatively impact profits, resulting in financial losses, due to the loss of operational capacity at the Group's sites. *(Transition risk - emerging regulation)*	Risk	Medium	x			Group Compliance System.
ESRS E1	Failure to meet sustainability requirements could lead to a reduction in demand for the Group's products and services, with severe repercussions on the Group's reputation. *(Transition risk - reputation)*	Risk	Medium	x			The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E1	Renewable energy consumption, such as entering into PPA agreements or increasing the amount of energy purchased with GO certificates, would lead to a lower exposure to potential greenhouse gas taxes, a reduction in the group's carbon footprint, energy cost savings, and an improvement in the company's brand image. *(Transition opportunity - Energy sources)*	Opportunity	Short	x			The opportunity is pursued independently of its direct connection to the strategic plan
ESRS E1	The opportunity to enter emerging markets, attracting additional customers, through the competitive advantage of offering sustainable products. The outcome would be a reduction in emissions related to the use of the sold products and purchased products, impacting the company's Scope 3 emissions. *(Transition opportunity - Products and services)*	Opportunity	Short	x			The opportunity is pursued independently of its direct connection to the strategic plan
ESRS E1	The application of CSRD requirements, which will be in effect for Biesse's 2024 sustainability report, to be published in 2025, could incur incremental costs for structuring reporting activities. Furthermore, failure to meet these reporting requirements could lead to reputational damage and penalties. *(Transition risk - current regulation)*	Risk	Short	x			Group Compliance System.
ESRS E1	The opportunity for self-production of renewable energy can reduce the company's CO2 emissions while simultaneously reducing operational costs, thanks to the amount of energy produced and used by the plant. Using photovoltaic technology throughout the group could lead to reduced exposure to potential greenhouse gas taxes, a reduced carbon footprint, energy cost savings, and a improved corporate branding. *(Transition opportunity - Energy sources)*	Opportunity	Short	x			The opportunity is pursued independently of its direct connection to the strategic plan
ESRS E1	Costs associated with transitioning to low-emission methods and technologies (shifting from high-emission technologies, such as fossil fuels, to cleaner and more sustainable alternatives to address climate change). *(Transition risk - technology)*	Risk	Medium	x			The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E1	Disruption of the supply chain due to extreme weather events, resulting in economic and reputational damages for the Group. *(Physical risk)*	Risk	Medium		x	x	The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E1	Increased operational costs due to rising production costs driven by changes in raw material prices (e.g., natural gas) and energy costs. (Transition risk - market)	Risk	Medium	x			The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.

In formulating its business strategy, the Biesse group considered the possible occurrence of an increase in the frequency of extreme weather events as well as changes in the national and international legislative scenario. This analysis considered different climate change scenarios, developed *by the Intergovernmental Panel on Climate Change* (IPCC) up to 2100 compared to the period 1986-2005 (so-called "*Representative Concentration Pathway*" (RCP)), considering the exposure of its production facilities and the vulnerability of the supply chain. Physical risks were considered for the group's strategic suppliers[16]. In addition, the impact of climate policies, technological innovation, changes in market demand and regulatory developments on macroeconomic trends was analysed. The climate change scenarios refer to RCP 2.6, RCP 4.5 and RCP 8.5. The first is the scenario compatible with a *range of* global warming below 2°C compared to pre-industrial levels (1850-1900) by 2100. The second is compatible with an intermediate scenario, where an average temperature increase of about 2.7°C is expected by 2100. The last one, on the other hand, is a scenario in which no particular climate change measures are implemented. In this scenario, a global temperature increase of about +4.4°C above pre-industrial levels is estimated by 2100. The scenarios consider the geospatial coordinates of production sites, business locations and strategic suppliers, using dedicated climate risk analysis software. For transition risks, different scenario analyses prepared by *Network for Greening the Financial System* (NGFS) and *International Energy Agency* (IEA) were used. With reference to the latter, each scenario is developed taking into account several variables: market, regulation and technology with a time horizon to 2050. The scenarios are used to develop

[16] Strategic suppliers are the main suppliers with whom Biesse actively seeks to grow the business. These suppliers are relevant in terms of technological features and are more integrated in projects/processes with Biesse.

forecasts and analyses of commodity transactions, providing a methodological basis for understanding possible future developments. Transition risks were analysed over different time horizons of short, medium and long term. The identification of transition risks is essential to assess how changes related to decarbonisation and market transformation may affect corporate assets. The NGFS and IEA scenarios provide a basis for analysing how key variables, such as the introduction of stricter emissions regulations, technological developments and changing consumer preferences, may affect asset value and profitability. In addition, a study on key climate regulations was also conducted through a dedicated *compliance* project.
The analysis, already conducted at the end of 2023 in anticipation of the preparation of the group's strategic plan, was continued in more detail in 2024.
By conducting the above analyses, the Biesse group has assessed its strategy in terms of resilience against both physical and transitional risks, demonstrating its adequacy in addressing climate change challenges in the short and medium term. The integration with *Enterprise Risk Management* (ERM) also ensures constant alignment between the group's risk assessments and short- and medium-term strategies. The Biesse group's resilience is also supported by a business model based on diversification, industrial clusters in different geographical areas and technological development. As part of the insurance risk assessment activities, the group annually carries out Loss Prevention activities for the property risks of the Top Locations, with particular attention to the evaluation of the main exposures to natural and catastrophic events. In order to respond to and mitigate the potential financial effects identified through the evaluations, the Group adopts specific insurance policies.
In addition to the physical and transition risks related to climate change, which will be monitored and managed with the aim of reducing their potential impacts, the group will continue to monitor interesting climate-related opportunities for the sector, thanks above all to the strong drive expected from the development of renewable sources, the use of energy efficient technologies and the strong growth of digitalisation.
The climate and transition risk analysis is updated together with the group risk analysis. This approach makes it possible to assess how and to what extent the business model is able to respond effectively to these challenges.

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities related to climate

In order to understand its overall environmental footprint and define its mitigation strategy, the Biesse group identified its impacts by calculating the greenhouse gas (GHG) emissions generated at its production sites and along the supply chain. In particular, the Biesse group's production process and related business activities generate scope 1 and 2 emissions, while scope 3 emissions are produced by various actors along the supply chain, both upstream and downstream.
Risks associated with climate change result from dynamic interactions between climate hazards, exposure and vulnerability of human societies, species or ecosystems involved (IPCC, AR6 *Synthesis Report*, 2022). These risks fall into two main categories:

- Physical risks, linked to the concrete effects of climate change, which are in turn divided into *chronic risks*, i.e. associated with structural and persistent changes in climatic conditions, and *acute risks,* linked to extreme events of high intensity.
- Transition risks associated with moving towards a low-carbon economy (TCFD, *Final Report*, 2017).

As already mentioned in the previous section (SBM-3), for the assessment of physical risks, the group considered different climate scenarios developed by the IPCC, (i.e. RCP 2.6, 4.5 and 8.5) using dedicated *software*, while for transition risks, different scenario analyses prepared by NGFS and IEA were used. The company also consulted the stakeholders defined in ESRS 2 in order to assess the appropriateness of these risks in the business context.
Through this analysis, it was possible to assess the applicability of these scenarios with respect to its own activities, the geographical context in which it operates and the characteristics of the manufacturing sector. This approach enabled the identification of potential risks and emerging opportunities, providing the basis for strategic planning.

Table 6 Classification of climate-related hazards

Classification of climate-related hazards (Commission Delegated Regulation (EU) 2021/2139)				
	Temperature	**Winds**	**Water**	**Solid mass-related**
Chronic	Temperature stress			
Acute	Fires	Storms	Floods	Landslides
	Heatwaves		Heavy rainfall	
			Drought	

[E1-1] Transition plan for climate change mitigation

The Biesse group has defined a decarbonisation plan for scope 1 and 2 emissions that is integrated into the 2024-2026 strategic plan. This plan provides for a series of interventions inspired by the *Science Based Target Initiative* (SBTi) cross-sectoral reduction pathway for the areas considered. In particular, the plan sets targets for reducing the group's greenhouse gas emissions until 2030 but has not yet defined climate neutrality targets to 2050. The current decarbonisation plan will then be supplemented in order to prepare the transition plan for climate change mitigation by 2029 in accordance with the CSDD.
The main mitigation actions identified by the group to implement the plan include:

- energy efficiency in production plants to limit the use of electricity and natural gas, which are the main energy carriers used by the company;
- installation, where possible, of photovoltaic panels and the purchase of green energy;
- gradual transition to a hybrid fleet of company cars.

With regard to the product portfolio, the group's objective is the study and environmental characterisation of products to enable a proper analysis of environmental impacts and assess the feasibility of interventions and improvements.
In order to support the defined plan, in 2024 the group supported capital expenditure (Capex) that involved the installation of 200Kwp of photovoltaic panels at the Nelamangala (India) site for a total amount of approximately € 90,000. This investment is classified as eligible according to the provisions of Regulation (EU) 2020/852 (so-called European Taxonomy). In addition, for the financial year 2024, there were operating expenses (Opex) of approximately € 15,000 that meet the criteria of the Taxonomy Regulation. In order to achieve its objectives, the group intends to allocate additional resources in the following years as shown in the table of planned actions below.
With regard to locked-in emissions[17], the products manufactured by the group and the materials used were considered. For the Biesse group, these emissions are related to the use of machines by users when powered by energy from non-renewable sources. In this case, emissions from the machine remain blocked until it is decommissioned or replaced. As for the materials of which these machines are made, they are mainly steel and aluminium and, to a lesser extent, electronic components. The production of such materials is a highly energy-intensive process that could result in the generation of locked-in emissions along the supply chain.
For your information, please note the exclusion of the group from the scope of Regulation (EU) 2022/2453.
It is important to emphasise that the decarbonisation plan described is an integral part of the sustainability plan, which in turn is integrated into the group's 2024-2026 strategic plan. It is also aligned with the company's financial planning. The plan was approved by the Board of Directors on 28 February 2024.

[E1-2] Policies related to climate change mitigation and adaptation

A new integrated quality, environment, health and safety policy (QHSE policy) was adopted in 2024. It defines common guidelines for all group companies and is aimed at employees, collaborators and those working on behalf of the Biesse group to mitigate and manage environmental impacts. Consistent with the identified IROs, the policy addresses the group's commitment to climate change mitigation, energy efficiency, the adoption of renewable energy and, more generally, the preservation of natural resources. The adoption of the policy is monitored through the implementation of strategic projects and through the implementation of the ISO 14001:2015 certified environmental management system. The policy was approved by the group's Board of Directors and is available online on the group's website.

[17] The term 'locked-in emissions' refers to GHG emissions that are 'embedded' or unavoidable due to existing infrastructure, technology and machinery.

[E1-3] Actions and resources in relation to climate change policies

Actions implemented by the group to achieve the goals set out in the decarbonisation plan include the installation of photovoltaic panels to reduce emissions from company operations, the transition to a hybrid company fleet to reduce the impact of transport, and the purchase of renewable energy to power production processes. These initiatives aim to reduce the company's carbon footprint, contributing to the achievement of the targets included in the group's sustainability plan. The actions taken apply to all group companies and have been planned according to specific time horizons.
To date, the Pesaro site has photovoltaic plants covering an area of about 16,500m^2 with an installed capacity of 1,265 KWp. Photovoltaic panels with a capacity of 200 KWp were also installed at the Indian site of Nelamangala in 2024. About 60% of Biesse's corporate fleet (Biesse S.p.A, HSD S.p.A and Bavelloni S.p.A. plant of Volvera) is hybrid. The purchase of renewable energy, which started in 2020 in a phased manner, aims instead to reach 100 per cent by 2030. In addition, training programmes for employees have been initiated in 2024 to promote specific skills and awareness on these issues, indirectly supporting climate change mitigation. This training amounted to a total of 816 hours delivered in several sessions addressed to the technical department.
The total GHG reductions achieved according to the new actions implemented in 2024 are over 1500 tCO_2 for the Indian site and over 4500 tCO_2 for Bavelloni S.p.A. plant of Volvera, HSD S.p.A. and Biesse S.p.A. sites.
In 2024, the company did not need to resort to financing to implement the actions in the sustainability plan in order to achieve the planned targets.
Although there is currently no structured Capex plan, the company intends to allocate the necessary resources to achieve the objectives defined in the plan.

	Current 2024	Short term
Financial resources allocated for planned actions (Capex)	88,000	
Financial resources allocated for planned actions (Capex)	306,000	230,000

[E1-4] Targets related to climate change mitigation and adaptation

Within the sustainability plan, the effectiveness of actions taken to address relevant impacts, risks and opportunities is monitored through a series of KPIs. This approach makes it possible to regularly assess progress against defined targets, which reflect the commitments made within the integrated QHSE policy. The main targets set out in the plan include:

- Reduction of CO_2 emissions of scope 1 and 2 *(market-based)* by 50% compared to base year 2019 by 2030;
- Achieving 100% renewable energy by 2030;

The Biesse group compiles the greenhouse gas inventory in accordance with ISO 14064-1. All group companies are included in the reporting scope. In defining the targets, the methodology used for calculating emissions is the same as the one used for the aforementioned inventory, ensuring consistency in the calculation. The base year identified for setting the plan's targets is 2019, as this is a year not affected by Covid-19, also including the entire amount of GHG emissions generated by the GMM group[18].
From the baseline, emission reduction targets were defined. The targets identified were calculated in absolute terms, i.e. without taking into account possible market developments. In setting the targets, no different market scenarios or substantial changes in temperatures that might occur in future years were considered. These factors could affect the achievement of the set goals. Therefore, any changes in sales volumes, as well as regulatory developments or changes in the environment that might impact the targets initially set, will be adequately described and considered.
The GHG inventory is certified by an accredited third party.
Among the main decarbonisation levers that the group intends to adopt in order to achieve its goals are:

- the installation of photovoltaic panels;
- the purchase of renewable energy;
- the transition to a hybrid fleet;

[18] The 2019 baseline was supplemented with emissions generated by the GMM group in 2019, where present, or using more recent values and allocated to the base year.

- energy efficiency actions in production plants through a careful analysis of the consumption of the different energy carriers used;
- Environmental characterisation of new Biesse group products

Each lever contributes to a different extent to the achievement of the targets.

[E1-5] Energy consumption and mix

The total energy consumption of the group is shown in the table below.

Table 7 Energy consumption and mix

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	-
(2) Fuel consumption from crude oil and petroleum products (MWh)	21,971
(3) Fuel consumption from natural gas (MWh)	13,357
(4) Fuel consumption from other non-renewable sources (MWh)	-
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	4,223
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	39,551
Share of fossil sources in total energy consumption (%)	**76%**
(7) Consumption from nuclear sources (MWh)	0
Share of consumption from nuclear sources in total energy consumption (%)	0
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) MWh)	47
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	11,234
(10) Consumption of self-generated non-fuel renewable energy (MWh)	1,408
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**12,689**
Share of renewable sources in total energy consumption (%)	**24%**
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)	**52,240**

[E1-6] Gross Scopes 1, 2, 3 and total GHG emissions

In 2024, the Biesse group compiled the GHG inventory according to ISO 14064-1. The categories accounted for in the inventory were selected according to the significance process, which is updated annually. The selected criteria as well as the methodological process adopted, described in the inventory process documents, made it possible to identify the significant categories for the year 2024, which are: indirect emissions from transport and emissions from products used, each with the relevant subcategories and emissions from the use phase. In particular, although the latter category is significant[19], data on the utilisation phase are currently not yet available, which generates uncertainty in the estimates that could compromise the reliability of the information provided. The data required for a correct reporting of the category are manifold due to the large number of machine models for different types of processing, the

[19] An initial estimate made on a sample of about 100 woodworking machines, on which more detailed information was collected, shows that the emissions related to the use of these machines amount to about 35 thousand tCO2e

variety of materials processed and, ultimately, due to the differentiated use by customers in terms of processing hours. For these reasons, the category in 2024 is not accounted for in the inventory. The group undertakes to collect the data in order to make the estimate for the following year.
The Biesse group's inventory, in accordance with the reference standard, is measured in tonnes of CO2e equivalent (t CO2e) and takes into account emissions relating to the main greenhouse gases (CO2, CH4, N2O, HFCs, PFCs, SF6, NF3).

Below are the categories included in the inventory with descriptions and respective quantities:

Table 8. Gross GHG emissions of scope 1, 2, 3

	Base year 2019[20]	2024
Scope 1 GHG emissions[21]		
Total gross GHG emissions of Scope 1 (tCO2eq)	8,816	7,820
Scope 2 GHG emissions[22]		
Total gross market-based Scope 2 GHG emissions (tCO2eq)	10,372	2,068
Total gross location-based Scope 2 GHG emissions (tCO2eq)	8,666	7,195
Total GHG emissions of Scope 1 and 2		
Total gross (market-based) Scope 1 and 2 GHG emissions (tCO2eq)	**19,187**	**9,888**
Total gross (location-based) Scope 1 and 2 GHG emissions (tCO2eq)	**17,482**	**15,015**
Significant scope 3 GHG emissions[23]		
Total gross indirect (scope 3) GHG emissions (tCO2eq)	NA	334,682
1. Purchased goods and services[24]	NA	319,357
4. Upstream transport and distribution[25]	NA	1,619
5. Waste generated during the operations[26]	NA	118
6. Business travel[27]	NA	4,077

[20] The baseline includes the companies of the Biesse group and the companies of the GMM group
[21] For the purpose of calculating direct scope 1 emissions, the emission factors given in the document '*UK Government GHG Conversion Factors for Company Reporting*' from the DEFRA 2024 source were used
[22] Scope 2 indirect emissions are calculated according to the methodology defined by the *GHG Protocol* using average emission factors for specific national energy mixes for electricity production. Specifically for scope 2 - location-based emissions, the emission factors 'International Comparisons' (source Terna 2019) and AIB, *European Residual Mixes* 2023 were used. For scope 2 - market-based emissions, the emission factors 'International Comparisons' (source Terna 2019) and AIB, *European Supplier Mixes* 2023 were used. For the Canadian commercial site, *Residual Mix Canada* 2022 was used, as it was present in the data obtained from the electricity supplier.
[23] The calculation was carried out in accordance with 'ISO 14064-1:2018 / UNI EN ISO 14064-1:2019' for each category identified as relevant. It should be noted that the software SimaPro 9.6.0.1 (Prè, 2023) and in particular the internationally recognised Ecoinvent 3.10 database was used for the quantification of GHG emissions.
[24] Material codes whose purchase cost exceeds €10,000 which together account for 56% of the purchased codes (calculated based on the estimated weights of the codes) have been taken into account, as per Biesse internal procedures, the relevant suppliers are only qualified and verified above this threshold. For each code, the acquired data in kg was reported; where it was not possible to convert the unit of measurement to kg, the average weight for the family to which it belongs was associated. To model and associate an emission factor, the most representative material in that category was considered for each item.
[25] The kilometres travelled by truck for incoming materials to the production sites were considered from suppliers who account for 80% of purchases at each production site (Biesse S.p.A., including Biesse India Private Limited ltd and HSD S.p.A., GMM S.p.A., Bavelloni S.p.A. plant of Volvera S.p.A., Bavelloni S.p.A. and TWJ). For each article, goods receipts were extracted from the management system showing the incoming quantities and the supplier. Where the material weight figure was not available in the management system, an estimate was made. The truck type and Euro class were defined on the basis of an internal data collection process via Survey or by applying a conservative estimate where data was not available.
[26] With reference to the waste generated during the operations, all EWC codes produced in the reference year were considered for the Italian production sites, while at the Indian and Thai sites they were broken down by various waste types and disposal scenarios. The source of the data is the quantity (kg) of waste produced together with the distance plant-site of disposal/recovery (km).
[27] For all Biesse Group sites, data was collected on travel by plane. The data on the route, the kilometres travelled and the number of people on the trip were provided directly by the travel agencies. Where agency data were not available, they were extrapolated from airline tickets and purchase invoices.

7. Employee commuting[28]	NA	3,776
9. Downstream transport[29]	NA	5,735
Total GHG emissions		
Total GHG emissions (market-based) (tCO2eq)	NA	**344,570**
Total GHG emissions (location-based) (tCO2eq)	NA	**349,697**

Table 9. GHG Intensity based on net revenue

Energy intensity versus net revenue	2024
Total GHG emissions (location-based) versus net revenue[30] (tCO_{2eq}/EUR thousand)	0.46
Total GHG emissions (market-based) versus net revenue (tCO_{2eq}/EUR thousand)	0.46

[28] The kilometres travelled by employees and their mode of travel were taken into account as a result of the Internal *Survey*. The answers obtained (33%) were re-proportioned to the total number of employees using their own or public means of transport, excluding the proportion of employees using company-owned means of transport (20% of the total number of employees responding to the *Survey*).

[29] The km travelled for the shipment of finished products (machines) from the factories considered (Biesse S.p.A., Biesse India Private Limited ltd, Bavelloni S.p.A. plant of Volvera., GMM S.p.A., Bavelloni S.p.A., TWJ) to the customer's place of dispatch. For Biesse S.p.A., including Biesse India and Bavelloni S.p.A. plant of Volvera, and TWJ, the sales activity figure in kg was estimated based on the number of machines sold and assuming an average weight figure. For GMM S.p.A. and Bavelloni S.p.A., the weight was obtained from the packing list produced at the time of shipment. The type of vehicle and class of vehicle were estimated by internal *survey* or by applying a conservative estimate where the data was not available.

[30] Net revenue is disclosed in Note 7 of the Notes to the Financial Statements.

TAXONOMY

The EU Taxonomy Regulation (EU Regulation No. 2020/852) of 18 June 2020 provides a unified system for classifying economic activities that can be considered environmentally sustainable.
Specifically, the Taxonomy provides a classification system to define which economic activities can be considered environmentally sustainable and thus contribute substantially to the achievement of one of the following six objectives:

- climate change mitigation;
- climate change adaptation;
- use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and reduction;
- protection and restoration of biodiversity and ecosystems.

An activity may therefore be considered *taxonomy-eligible*, i.e. potentially contributing substantially to one of the six environmental objectives, if it is described in the list of activities identified by the Regulation itself.
In order to be able to define whether an eligible activity is *taxonomy-aligned*, the following criteria must be jointly fulfilled:

- make a substantial contribution with regard to the identified economic activity;
- technical screening criteria;
- not cause significant harm ('Do Not Significant Harm' or 'DNSH'), i.e. avoid negative effects on other environmental objectives;
- carry out their activities in compliance with minimum safeguards, recognising the importance of human rights and labour standards.

Following the publication of EU Regulation 2020/852, the following regulatory updates have occurred as of today:

- Delegated Act on Climate (2021/2139 EU);
- Delegated act ex Art. 8 (2021/2178 EU);
- Supplementary Delegated Act on Climate (February 2022);
- Delegated Regulation 2023/2485 on complementary activities for climate objectives;
- Delegated Regulation 2023/2486 on the four non-climate-related environmental objectives, also amending and supplementing the Delegated Disclosure Regulation (EU 2021/2178).

Pursuant to the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the Biesse Group is required to include in its sustainability reporting information on how and to what extent its activities are associated with eco-sustainable economic activities within the meaning of the EU Taxonomy. The Regulation requires the reporting of turnover (Turnover), capital expenditure (CapEx) and operating expenditure (OpEx) associated with activities considered eligible and aligned to the Taxonomy.

Analysis of eligible and aligned activities according to the European Taxonomy

In order to comply with the above-mentioned disclosure requirements, the Biesse group has carried out an analysis of its economic activities to identify those to be considered "*Taxonomy-eligible*" or "*Taxonomy-aligned*" with reference to the objectives governed by the Delegated Act on Climate, which includes the objectives of mitigation of and adaptation to climate change, and assessments of eligibility ("*Taxonomy-eligible*") with reference to the objectives included in the annexes (Annexes I, II, III, IV) of the Delegated Act on the Environment, published in June 2023 by the Commission. From the outcome of these analyses, it emerged that none of the group's economic activities are currently eligible, and therefore the entire turnover is not aligned with the European Taxonomy. In particular, in relation to the portion of "*Taxonomy-eligible*" or "*Taxonomy-aligned*" turnover, which represents the portion of net revenues deriving from services or products, including intangible products, originating from economic activities aligned to the taxonomy on total net revenues, in 2024, it was considered that the Biesse group does not carry out any activity considered applicable to the taxonomy. This result is obtained by comparing the Biesse group's activities, in consideration of the NACE codes and the specific activities carried out by the group companies, with the list of activities included in the Regulation and the most recent published interpretations. With regard to capital expenditure and operating expenditure in 2024, a number of investments classified as eligible in accordance with the Regulation have been identified, the details of which are described in the tables attached. In this regard, it should be noted that, in conducting this analysis and preparing the related disclosures, the Biesse group has adopted a prudent overall approach based on the interpretations available to date, in accordance with the applicable regulatory requirements. Further analysis will be carried out over the coming months, in light of the progressive evolution of the Regulation, as well as the strategic decisions taken by the group. Pursuant to the regulatory requirements in the Delegated Act relating to Article 8 of Regulation 2020/852, the attached tables (prepared in accordance with the provisions of Annex II of the Delegated Regulation (EU) 2021/2178) show the share of aligned, eligible, non-aligned and non-taxonomy-eligible economic activities in turnover, capital expenditure and total operating expenditure. With reference to the disclosure in accordance with Art. 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178 which requires the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas activities, it should be noted that the Biesse group has not reported these templates as no eligible and/or aligned activities have been identified with reference to these areas.

Table 10. Proportion of turnover from products or services associated with economic activities aligned with the taxonomy - disclosure coverage year 2024[31]

Financial year	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites	Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigatioN	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		I/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	YN/	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned)		0	**0%**														**0%**		
Of which enabling		0	**0%**														**0%**	**E**	
Of which transitional		0	**0%**														**0%**		**T**
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	**0%**														0%		
eligible activities (A.1+A.2)		0	**0%**														**0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		754.698	**100%**																
TOTAL		754.698	**100%**																

	The proportion of Turnover to Total Turnover.	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

[31] The Code is an abbreviation of the relevant objective to which the economic activity is likely to make a substantial contribution, as well as the section number of the activity in the relevant Annex that covers the objective, i.e:
Climate Change Mitigation: CCM
-Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and Ecosystems: BIO.
Where activities are eligible to make a substantial contribution to more than one objective, codes for all objectives should be indicated.
Y - YES, activity eligible for taxonomy and aligned to taxonomy with relevant environmental objective
Y - YES, activity eligible for taxonomy and aligned to taxonomy with relevant environmental objective
N/EL - Ineligible, activity not eligible for taxonomy for relevant environmental objective.

Table 11. Proportion of investment expenditure (CapEx) from products or services associated with economic activities aligned with the taxonomy - disclosure coverage for the year 2024[28]

Financial year	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites	Code (a)	CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category (enabling activity or)	Category (transitional activity)
		I/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	0	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0%**														**0%**		
Of which enabling		0	**0%**														**0%**	**E**	
Of which transitional		0	**0%**														**0%**		**T**
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of photovoltaic solar systems and ancillary	CCM 7.6	88	0,2%	N	N	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		88	**0,2%**	2,5%	1,5%	0%	0%	0%	0%								4%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		88	**0,2%**	%	%	%	%	%	%								**4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		38.622	**100%**																
TOTAL		38.710	**100%**																

	The proportion of CapEx to total CapEx.	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.2%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 12. Proportion of operational expenditure (OpEx) related to products or services associated with economic activities aligned with the taxonomy - disclosure for the year 2024[28]

Financial year	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)									
Economic activites	Code	OpEc	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Cirular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category (enabling activity or)	Category (transition al activity)
		I/000	%	Y; N; N/EL;	Y; N; N/EL;	Y; N; N/EL;	Y; N; N/EL;	Y; N; N/EL;	Y; N; N/EL;	Y/N	Y/N	YN/	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
environmentally sustainable activities (Taxonomy-aligned)		0	**0%**														**0%**		
Of which enabling		0	**0%**														**0%**	**E**	
Of which transitional		0	**0%**														**0%**		**T**
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Installation, maintenance and repair of photovoltaic solar systems and ancillary technical equipment Italy		15	1,3%	N															
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15	1,3%														0%		
A. OpEx of Taxonomy eligible activities		15	**1,3%**														**0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		1.143	**98,7%**																
TOTAL		1.158	**100%**																

	The proportion of $OpEx$ to total $OpEx$.	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	1.3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

ESRS E2 - POLLUTION

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities related to pollution

The IRO identification process was carried out for the group's production sites according to ESRS2 paragraph IRO-1. In this phase, different types of stakeholders, such as management, key suppliers and customers, were consulted in the manner described in ESRS 2. In addition, in order to understand the possible impacts of the group's operations on the surrounding communities, the functions involved in the management of the environmental system were involved and documentation from the relevant pollution authority was consulted.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the positive and negative[32], current and potential[33] material impacts identified by the group considering the time horizon[34] and the perimeter within which the impact is identified (Biesse[35], Upstream[36], Downstream[37]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS E2	Air pollution caused by pollutant emissions generated by Biesse's value chain, with indirect impacts on the ecosystem (NO2, SO2, CO, O3, particulate matter (PM)).	Negative	Current			X		The impact is continuously evaluated and managed, regardless of its direct connection to the strategic plan.
ESRS E2	Generation of air pollutant emissions, with consequent impacts on the environment and on the health of living beings (NO2, SO2, CO, O3, particulate matter (PM)).	Negative	Current		X			The impact is continuously evaluated and managed, regardless of its direct connection to the strategic plan.

The relevant risks and opportunities identified by the group are listed below.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS E2	Violation of regulations and exposure to sanctions and litigation related to soil, water, and air pollution (increase in costs, fines, and reputational damage due to non-compliance with environmental regulations concerning water use, treatment, and waste management).	Risk	Short	X			The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E2	Inadequate management of hazardous substances that could result in potential sanctions for the group.	Risk	Short	X			The risk is managed on an ongoing basis, regardless of its direct connection to the strategic plan.
ESRS E2	Violation of environmental regulations (Legislative Decree 152/06) by Biesse and third-party companies related to activities carried out on production lines and in company offices.	Risk	Short	x			Group Compliance System.

[E2-1] Pollution-related policies

In 2024, a new integrated Quality, Environment, Health and Safety (QHSE) policy was adopted and approved by the BoD, aimed at defining common guidelines to mitigate and manage environmental impacts. This policy promotes a harmonised group-wide approach, integrating environmental issues into business

[32] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[33] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[34] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[35] In the tables shown, Biesse means the entire Biesse group
[36] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[37] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

processes and activities. It also offers strategic directions for improving the overall performances of the group. This policy applies to the entire group and is addressed to employees, collaborators and those working on behalf of the Biesse group.
Alongside the identified IROs, the policy emphasises the group's commitment to reducing negative impacts related to pollution, the use of hazardous substances and, more generally, the protection of environmental resources. It also devotes special attention to training and promoting the health and safety of employees, recognising their fundamental role in supporting safety management in the workplace and in environmental emergency situations.
The Biesse group is committed to applying available advanced technologies to minimise the possible environmental impacts of its activities on air, water and soil, using international standards and local regulations as a reference. These principles are implemented through a process aimed at compliance with local and international regulations. With the adoption of the new corporate strategy, the Biesse group has also updated its QHSE policy, reinforcing its commitment to the mitigation of negative impacts related to air, water and soil pollution, as well as the management and treatment of water resources at its production sites.
The policy is also implemented through the adoption of environmental management systems certified according to ISO 14001:2015.

[E2-2] Pollution-related actions and resources

The company adopts a legislative compliance monitoring plan to ensure compliance with local and national environmental regulations in the countries where it operates. Emissions from production activities in all the group's plants are monitored annually, verifying compliance with the limits set by existing legislation. Atmospheric emissions are the most important environmental aspects for the group in terms of pollution.
As far as water pollution is concerned, a water purifier was installed at the Volvera site in 2024 to manage the discharges resulting from machine testing. With regard to soil pollution in Pesaro, underground tanks have been eliminated in order to avoid possible risks of soil pollution.
The management of pollution-related environmental impacts is dealt with in day-to-day operations, without a dedicated investment plan at the moment (Capex and Opex). However, the Italian production sites in Pesaro, Gradara, Lugo and Pieve Vergonte and the Indian sites in Makali and Nelamangala have adopted an Environmental Management System (EMS) certified according to ISO 14001:2015. The EMS provides a systematic framework to identify, manage and reduce environmental impacts, encourages continuous improvement in environmental performance, promotes transparency and corporate responsibility, and allows for anticipation of possible risks related to legislative non-compliance.
As of 2024, the Biesse group audits first-tier suppliers through controls aimed at ensuring compliance with environmental and occupational health and safety regulations. As part of these audits, compliance with mandatory regulations, the possible presence of serious air, water and soil pollution situations are ascertained and, at the same time, awareness of these issues is promoted.

The table below shows the financial resources allocated to the actions described in ESRS E2.

	Current 2024	Short term
Financial resources allocated for planned actions (OpEx)	30,000	-
Financial resources allocated for planned actions (CapEx)	577,000	-

It is emphasised that the group does not adopt specific metrics but uses legal references to monitor pollutant emissions to water, air and soil.

[E2-3] Pollution-related objectives

Currently, environmental targets related to pollution have not been formalized, and the Biesse group's objectives have been defined in compliance with the current regulations[38] . Compliance with legal limits is monitored continuously, using recognised tools such as the use of nationally and internationally accredited laboratories to measure environmental impacts. Any critical issues are regularly checked, analysed and documented, ensuring constant alignment with the standards required by law. Stakeholders, in the specific case of the local authority, are involved in the target setting and monitoring process, in

[38] Legislative Decree (Dlgs) 152/2006 Environmental Regulations (Italy); The Water (Prevention & Control of Pollution) Act, 1974 and The Air (Prevention & Control of Pollution) Act, 1981 (India); Factory Act, B.E.2535 (1992) Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Thailand); The baseline value is established on the basis of the thresholds and parameters imposed by law, while the baseline year corresponds to the entry into force of the specific regulations applicable at the individual sites.

accordance with national law. As far as air pollution is concerned, although negligible in amount, it can be traced back to emissions generated during the machine testing phase or in the production phase of the tools used in the machines to process the various materials. The targets, in this case, relate to compliance with the legal limits of the relevant country. Considering the group's production process, there is no significant contribution to soil and water pollution to date. Consequently, no specific targets for improvement were defined; The activities described above and currently underway focus exclusively on prevention and control actions. The analysis of this issue on suppliers is carried out within the audits described in the chapter on ESRS S2, paragraph S2-4, and will be progressively extended over the three-year period

[E2-4] Air, water and soil pollution

The analysis carried out on the group's various production sites according to the laws in force in the states where the company operates has not revealed any cases of exceeding the prescribed pollution thresholds to date.
The Biesse group has a periodic monitoring plan, making use of accredited laboratories in order to verify compliance with legal obligations in the subject matter. The frequency of these checks, proportionate to the size of the individual sites, is guaranteed for each production site from the time the environmental permit is issued by the competent authority or by specific regulations in force in the country that define the scope and frequency of the checks.
For the European sites, there were no exceedances of the limits provided by Regulation (EC) No 166/2006, while at the group level, there are no exceedances of the limits set by local laws.

[E2-5] Substances of concern and substances of very high concern

The company in all its establishments, considering the quantities and types of substances and preparations in use, does not fall within the scope of the material accidents Directive.
With regard to hazardous substances, as of 2022, the Lugo production plant has eliminated cobalt from all its production lines, in order to limit the potentially harmful aspects of this substance for the health and safety of people, as well as for the environment.
Hazardous and extremely hazardous substances are present in extremely small quantities, taking into account the size of the company. Some of these substances are still used within the Bregnano plant and are listed in the table below.

Table 13. Substances of very high concern (kg)

Description	Total amount of substances of very high concern used
Cobalt powder 400 mesh (kg)	145
Next 100 pre-alloyed powder (kg)	604
Lignocel fine hardwood fibres (kg)	1287

ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

[IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

For the process of identifying the relevant Impacts, Risks, Opportunities (IRO) related to the use of resources and the circular economy, the Biesse group considered the activities in place at the company and those related to the value chain. Please refer to what is described in ESRS 2 regarding the analysis methodologies and assumptions made in the identification phase of the IROs described below.
Stakeholder involvement, which on this issue mainly took place with key suppliers and customers, was carried out through round tables and interviews, thanks to which it was possible to identify additional IROs not previously identified and to attribute the assessment to those identified by the company.

[SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the positive and negative[39], current and potential[40] material impacts identified by the group considering the time horizon[41] and the perimeter within which the impact is identified (Biesse[42], Upstream[43], Downstream[44]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS E5	Promotion along the value chain of the culture of responsible handling of materials used and proper waste management.	Positive	Potential			X	X	Respectful approach.

The relevant risks and opportunities identified by the group are listed below.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS E5	Failure to intercept the technological evolution of the market, in particular with reference to the possibility that the proposed technology (of product and production process) may be obsolete compared to the competition, thus losing competitiveness.	Risk	Medium	x			Offering Development.
ESRS E5	The entry into force of the Plastic Tax in Italy could directly impact the Biesse group as the group's purchases single-use plastic packaging products from countries outside of Italy. In addition, Biesse could be affected by an increase in the cost of non-reusable plastic packaging due to the tax that Italian-based manufacturers must pay.	Risk	Short	x			Group Compliance System.

[E5-1] Resource use and circular economy policies

The Biesse group's Sustainability and *Health, Safety & Environment* (HSE) Policy lists the fundamental principles that guide the company's commitment to environmental protection, employee health and safety and sustainable economic development. Key contents of the policy include promoting the use of materials from renewable, recycled or certified sources[45] and progressively reducing the use of virgin resources, reducing emissions along the supply chain and optimising processes to reduce waste and wastage of resources such as water and energy.
The policy is currently applicable only to the Biesse group's activities and production sites, without exclusions, and is approved by the Board of Directors. The company is also committed to complying with local and international regulations and the principles of sustainable development promoted by the United Nations.
In defining policy, the Biesse group considers the needs and interests of key stakeholders, including employees, suppliers, customers and local communities, through regular consultations, roundtables and interviews. The policy is made available to all potentially interested parties, including stakeholders involved in its implementation, through transparent communications and publication on official company channels.

[E5-2] Actions and resources in relation to resource use and circular economy

Biesse Group products, whether lines, machinery or components, are inherently low impact in terms of resource use. Direct emissions of climate-changing gases are extremely low or almost non-existent, consumption of non-dispersible fluids (such as lubrication oils and greases) is low, and the use of hazardous substances is insignificant considering the group's entire production process and is limited to

[39] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[40] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[41] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[42] In the tables shown, Biesse means the entire Biesse group
[43] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[44] Downstream refers to what is described and defined in ESRS2 regarding value chain information.
[45] In the case of paper and cardboard procurement, the use of FSC or PFSC certified materials is promoted.

the production phase of material processing tools. However, these are massive products, consisting of hundreds of kilograms of processed materials, so adopting a circular approach can generate significant environmental benefits. Sustainable use of resources, right from the extraction and processing of materials, is therefore crucial to maximising environmental benefits.

The Biesse group's materials management is based on two main approaches. The first aims to reduce the use of materials and favour the use of solutions with a lower environmental impact. This is pursued through more efficient design and the adoption of energy-efficient technologies. The second approach focuses on the maintenance, recovery and reconditioning of specific components, through careful quality management and the prevention of damage and breakdowns, avoiding the replacement of worn-out and no longer repairable components.

Preventive maintenance processes also make it possible to monitor and optimise machine operation by limiting breakdowns and rejects of non-repairable components. These processes are implemented from the machine design phase through to the use phase and are applied to all materials in the sectors in which the Biesse group operates. The group's activities are aimed at optimising the operation of machinery in order to improve production efficiency, reduce energy wastage and limit the production of waste material.

The products manufactured by the Biesse group, given their complexity, use non-renewable raw materials that require complex extraction and processing processes to obtain the necessary semi-finished products. However, where possible, the company actively works with suppliers to ensure the inclusion of a minimum amount of recycled materials in the main components, without compromising the performance and quality of the final product. Currently, the steel purchased for the production of Biesse S.p.A. machines contain a percentage of recycled material ranging from 5% to 20%, while the aluminium contains more than 25% depending on the specific production or processing batches. These values are influenced by technical constraints related to product design, which must guarantee performance and safety standards.

In 2024, Biesse S.p.A. organised the training course for designers 'New Perspectives on the Approach to Sustainability', structured in a theoretical and a practical part, with the aim of providing participants with an understanding of the principles of sustainable design. The theoretical section addressed key topics such as the circular economy, sustainable practices in industry, and the importance of moving beyond the traditional '*Take Make Waste*' paradigm. In addition, the new European regulations on ecodesign were analysed with a special focus on generative design. Participants were able to put the concepts they learned into practice using dedicated software with tools for generative design. This experience gave them the opportunity to apply the principles of this type of design to Biesse S.p.A. products, allowing them to gain a deeper understanding of how to integrate sustainable and innovative solutions in the future. The focus was on reducing waste, optimising the use of materials and simplifying end-of-life dismantling processes, achieved through fewer assemblies and components.

In parallel, research projects on the introduction of alternative materials and energy efficiency were initiated. Two new patented technologies[46] ('*Hydrogen Force System*' and 'Dynamic Vacuum'), which have already been introduced to the market, reduce energy consumption compared to conventional models. These savings have been certified[47] by an independent body to ensure transparency in the communication to the end customer. In addition, the first EPD (Environmental Product Declaration) study on electrospindles for woodworking was recently published, the first in a series dedicated to studying the life cycle of Biesse S.p.A. products. This study aims to characterise the environmental impact of products and identify strategies to reduce consumption and materials.[48] The actions developed by the group currently cover the Biesse S.p.A.. perimeter and refer to the three-year strategic planning period.

As far as product life is concerned, the estimated lifetime is 15-20 years. As far as the end-of-life of the machines is concerned, this is not handled directly by the company, but remains the responsibility of the end customer, who is in charge of disposal and scrapping. For tools, although they are consumable components, there are studies aimed at extending tool life and minimising the number of parts requiring replacement.

Biesse S.p.A., Biesse India, HSD S.p.A and Mectoce srl have an environmental management system certified in accordance with ISO 14001:2015 that allows them to effectively monitor the management of relevant environmental aspects and identify potential improvement actions. Actions and progress are monitored through quantitative and qualitative indicators, with annual updates reported in annual sustainability reports. The indicators on which the company has constant control are energy consumption, the amount of waste produced per category and the amount of water consumed, which are monitored from the year of certification. These indicators are calculated using the primary data[49] available including the entire reporting boundary. The metrics used are subject to third-party verification by the auditing company during the assurance process.

[46] The technologies mentioned are *the Hydrogen Force System and* Dynamic Vacuum, which result in energy savings compared to machines without this technology.
[47] Certification was obtained according to the 14021 standard: 2016
[48] https://www.environdec.com/library/epd16417
[49] Primary data means data from invoices, bills from suppliers of electricity, natural gas, diesel, water and the company fleet, and waste managers.

The table below shows the financial resources allocated to the actions described in ESRS E5.

	Current 2024	Short term
Financial resources allocated for planned actions (OpEx)	507,000	-

[E5-3] Resource use and circular economy objectives

At present, the group has not yet set specific targets related to resource use as in-depth studies are underway to assess the environmental impacts of products and identify possible future actions. However, the company monitors that the policy is correctly translated into actions at the company sites by mitigating the identified risks.

[E5-4] Incoming resource flows

The materials used by the company mainly comprise semi-finished products derived from the assembly of different types of components, including electrical and electronic parts, as well as commercial materials used in machines and electrospindles. The raw materials purchased also include materials for machine testing, as well as a share of aluminium and other raw materials used in the production of components. Packaging consists mainly of paper, cardboard, wood and plastic films, used to protect components and machinery during transport. Although rare soils are used in the manufacture of electronic components, they represent a minimal component of the total volume of raw materials and semi-finished products purchased by the group for production.

Table 14. Resource inflows (ton)[50]

Significant resource inflows	Quantity
Mechanical assemblies[51]	37,646.32
Commercial materials[52]	4,588.66
Technical Materials[53]	50,656.98
Packaging[54]	376.70
Rare soils[55]	3.05
Other materials[56]	25,750.61

In production, the only materials of organic origin used are wood, paper and cardboard packaging.
Secondary or recycled materials are only present to the extent that component suppliers use recycled material in their production processes.
The total figure for products used in 2024 is based on the group's purchasing data. This information includes all codes purchased by the company during the reference year. When available, each code was associated with a specific weight. Where this information was not available, an estimate was made based on the relevant product categories.

[E5-5] Resource outflows

The Biesse group produces machinery and components consisting mainly of metal, electronic and plastic parts.
The useful life of the machines and their components, strongly influenced by the use and maintenance schedules followed, averages between 15 and 20 years, in line with the market average. As far as tools are concerned, the average life is also in line with the market. However, it is not possible to define an

[50] Inflow data involve Biesse S.p.A. including Biesse India, Bavelloni S.p.A., HSD S.p.A. and GMM S.p.A. and TWJ. The figures are estimated on the basis of purchases made in 2024.
[51] Mechanical assemblies refer to electropneumatic assemblies, electromechanical assemblies, mechanical assemblies.
[52] Commercial materials refer to industrial PCs, electronic components, air conditioners.
[53] Technical materials refer to machining, raw material, aluminium extrusions, polymer components, sheet metal, electromechanical assemblies, heavy fabrications, sheet metal.
[54] Wood, paper and cardboard packaging and plastic films. To date, the company does not have the information on the sourcing of wood, paper and cardboard packaging from sustainable supply chains.
[55] Rare soils contained in magnets and cerium oxide.
[56] Other materials means all other codes that are not classified in the previous categories and are components with different characteristics (e.g. buttons, nozzles, tubes...).

unambiguous value because it depends significantly on the type of machining, the machine used and the tool itself.
However, the group is engaged in continuous studies aimed at prolonging the service life of all products, prioritising quality and functionality.
Although there is currently no codified repairability rate, Biesse group products are structurally designed to be repairable, thus reducing the need for replacement due to obsolescence or breakage.
In terms of waste management, at the Pesaro campus and at the Indian sites of Nelamangala and Makali, the Biesse group has implemented an environmental monitoring system to analyse the type and quantity of waste produced, optimising its differentiation and promoting its recovery. The company also works with other supply chain actors to develop and promote materials with a low environmental impact, such as those containing recycled material (e.g. packaging), helping to reduce impacts along the entire value chain.
The waste produced by the group is derived from production waste from the manufacturing business for the assembly of machines and components. They mainly consist of metal waste, oils and lubricants, paint residues and mixed packaging (paper, cardboard and plastic).
The data used for the calculation of waste comes from various sources, specific to each geographical area. For Italian sites, reference is made to the MUD (Modello Unico di Dichiarazione Ambientale); for European sites, data are collected according to the waste traceability systems adopted by each country, in accordance with the Waste Framework Directive (2008/98/EC); while in non-European countries, waste management registers defined by local regulations are used. These sources provide information on both the quantity and the type and composition of waste generated.

Table 15. Resource outflows (in kg)

Waste			
Waste	2024		
	Total	Hazardous waste	Non-hazardous waste
Total amount of waste generated	2,793,744		
Total amount, by weight, of waste destined for **RECOVERY** in the following types of operations: (i) preparation for re-use (ii) recycling (iii) other recovery operations	2,279,632	Preparation for reuse	Preparation for reuse
		-	-
		Recycling	Recycling
		-	-
		Other disposal operations	Other disposal operations
		22,855	2,256,777
Total amount, by weight, of waste destined for **DISPOSAL** in the following types of operations: (i) incineration (ii) landfilling (iii) other disposal operations	514,112	Incineration	Incineration
		28,620	-
		Disposal in landfill	Disposal in landfill
		-	-
		Other disposal operations	Other disposal operations
		293,575	191,917
Percentage of waste destined for recovery[57]	82%		

For the sake of completeness of information, the weight of waste produced by the business premises should be added to the above data, the total amount of which is 312 tonnes[58], for which the disposal scenario was assumed.

[57] Recovery operations are those identified R1 to R13 as defined in Annex II of EU Delegated Regulation 2022/1288. To date, there is no accurate data on waste destined for recycling according to operations R3 to R5 as defined in Annex II of EU Delegated Regulation 2022/1288.
[58] The waste figure for foreign locations is an estimated figure based on the number of employees within each country.

SOCIAL

ESRS S1 - OWN WORKFORCE

[S1-SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The majority of workers in the company's workforce are employees, plus a residual number of employees with atypical contracts. Of the latter, the majority are temporary workers, trainees and freelancers. In relation to these categories of workers, the company has identified relevant impacts, risks and opportunities (IROs) as described in ESRS2.

Below are the positive and negative[59], current and potential[60] material impacts identified by the group considering the time horizon[61] and the perimeter within which the impact is identified (Biesse[62], Upstream[63], Downstream[64]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/ Potential					
ESRS S1	Employee engagement determined by a clear identification of the objectives and responsibilities of each resource (e.g. To. Get.There).	Positive	Current		x			People, Process and Technology Management
ESRS S1	Identification of new functional areas to support the business transformation process (e.g. Customer Care, Strategy & Sustainable Development).	Positive	Current		x			People, Process and Technology Management
ESRS S1	Rationalisation of the workforce following M&A activities.	Negative	Potential	Short	x			People, Process and Technology Management
ESRS S1	Creation of a sense of corporate belonging (engagement) through the dissemination of the new corporate value system.	Positive	Potential		x			People, Process and Technology Management
ESRS S1	Employee dissatisfaction, also due to inadequate welfare, human capital enhancement and work-life balance policies.	Negative	Potential	Short	x			People, Process and Technology Management
ESRS S1	Entry of new skills and sharing of expertise through the acquisition of companies with different technologies.	Positive	Potential		x			People, Process and Technology Management
ESRS S1	Enhancement of corporate diversity (e.g. culture, religion, gender, age) through the internationalization process of the company.	Positive	Potential		x			Identity, Peole development

[59] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[60] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[61] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[62] In the tables shown, Biesse means the entire Biesse group
[63] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[64] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

ESRS S1	Motivational growth of employees through training and career development opportunities.	Positive	Potential		x			People, Process and Technology Management
ESRS S1	Increase in accidents and/or fatalities at work of employees due to lack of safety management and monitoring.	Negative	Potential	Long	x			Impact is assessed and managed on an ongoing basis, regardless of the direct connection to the strategic plan.
ESRS S1	Loss of jobs and turnover due to difficulties in managing the business transformation project.	Negative	Potential	Medium	x			People, Process and Technology Management
ESRS S1	Improvement of production processes with positive impacts on group employees and the environment.	Positive	Current		x			Impact is assessed and managed on an ongoing basis, regardless of the direct connection to the strategic plan.
ESRS S1	Violation of privacy and loss of sensitive data.	Negative	Potential	Long	x			People, Process and Technology Management
ESRS S1	Employee dissatisfaction due to the lack of a group remuneration policy.	Negative	Potential	Short	x			People, Process and Technology Management
ESRS S1	Incidents of discrimination (including gender discrimination in remuneration).	Negative	Potential	Medium	x			Identity, Peole development
ESRS S1	Incidents of violation of employees' human rights within the company's operations..	Negative	Potential	Long	x			Identity, Peole development

Relevant risks and opportunities for the group in relation to its own workforce are listed below.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Connection with Strategic Plan Projects
ESRS S1	Labour law disputes.	Risk	Short	x		Group Compliance System
ESRS S1	Incidents of discrimination based on gender, age, origin, culture, sexual orientation or different abilities within the group.	Risk	Medium	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Exposure to sanctions and litigation related to incidents of human rights violations, resulting in reputational and financial damage.	Risk	Medio	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Cyber attack, unplanned interruption of the functioning of the corporate infrastructure or operational or security incident of critical corporate services (so-called cyber incident).	Risk	Short	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Lack of capacity to develop technical and soft skills to cope with internal and external changes.	Risk	Short	x		People, Process and Technology Management
ESRS S1	Security breach (so-called Data Breach) resulting in the accidental or unlawful destruction, loss, modification, unauthorized disclosure of or access to personal data transmitted, stored, or otherwise processed.	Risk	Short	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Situations of conflict and contrast between Biesse and trade union organisations and/or disruption of the company climate.	Risk	Short	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Risks associated with employee resistance to the implementation of change management initiatives to support the adoption of the new Biesse Business Model.	Risk	Short	x		People, Process and Technology Management
ESRS S1	Risk associated with a lack of understanding and awareness of the transformation activities and non-acceptance of the new organisational models involving the departure of strategic figures for the business.	Risk	Breve Short	x		People, Process and Technology Management
ESRS S1	M&A risk in terms of difficulties in maximising the value of the acquired company and/or strong criticalities in realising post-deal synergies and operational efficiencies (human, operational and product).	Risk	Short	x		People, Process and Technology Management

ESRS S1	Opportunity to introduce best practices and knowledge sharing thanks to the presence of managerial figures from different industrial sectors.	Opportunity	Short	x		People, Process and Technology Management
ESRS S1	Criticality of reconciling Biesse's needs in terms of the figures and skills required in the markets and in HQ with the professional profiles available on the market ('People mix') following the company reorganisation.	Risk	Short	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Increased effort for the group, in terms of costs and time, for reskilling activities as a function of technological evolution (to fill skill gaps found in workers) also due to the increase in the average age of individuals.	Risk	Short	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS S1	Lack of structured professional growth paths (training, job rotation, mentoring, coaching) for personnel with consequent risk of loss of talent/key resources.	Risk	Short	x		People, Process and Technology Management
ESRS S1	Opportunity to attract talent through the group's activation of projects linked to change and involvement of new staff in them.	Opportunity	Short	x		People, Process and Technology Management
ESRS S1	Ability of the group to have a structured approach to change through the adoption of new operating models (business and organisational models) and consequent achievement of corporate objectives.	Opportunity	Short	x		People, Process and Technology Management
ESRS S1	Violation of regulations relating to the health and safety of co-workers, Biesse employees and employees of third party companies in relation to activities carried out on production lines and in company offices.	Risk	Short	x		Group Compliance System

In identifying the above significant negative impacts, the Biesse group considered both the context of the countries in which it operates and the characteristics of the workforce. Furthermore, at the time of the dual materiality analysis, there are no negative impacts related to transition plans envisaged by the group. Considering the studies published to date[65] by the International Labour Organisation (ILO), despite the fact that the Biesse group's activities partly take place in regions considered to be at high risk of child labour and forced labour, no cases of forced labour and child labour have been found at the group's sites.

[S1-1] Policies related to own workforce

The Biesse group has adopted a set of policies aimed at managing the impacts, risks and opportunities associated with its workforce. These policies include the Code of Conduct, the Human Rights Policy and the Integrated *Quality, Safety and Environment* Policy, all of which apply to employees in the countries where the group operates, as well as to all those involved in the group's operations, including suppliers and business partners.

These policies set out the guiding principles by which the company's activities must be conducted, drawing inspiration from the main international agreements and regulations on business conduct. In particular, the Human Rights Policy is drafted with inspiration from the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. Furthermore, it is based on the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work. Senior Management is responsible for the implementation of these policies.

Through the Human Rights Policy, the group defines its responsibilities with regard to respecting the labour rights and freedom of association of employees. This policy also emphasises the group's commitment to identifying, preventing and mitigating human rights violations, including forced labour and child labour, in its business operations. The policy explicitly prohibits any form of harassment or discrimination based on age, disability, gender identity, sexual orientation, ethnicity, nationality, religion, marital and family status, and any other aspect of identity. To date, the Biesse group has not identified workers belonging to particularly vulnerable groups[66] within its workforce, and therefore no specific mitigation actions are planned in this regard.

As already mentioned, the Biesse group also has an Integrated '*Quality, Safety and Environment*' Policy, which defines the group's commitments on health and safety, and a Code of Conduct that addresses health and safety issues in the workplace.

Employees are selected in accordance with the provisions of company policies and the Code of Conduct, as well as in accordance with the recruiting procedures established by the group.

[S1-2] Processes for engaging with own workers and workers' representatives about impacts

[65] International Labour Organization (2020) Child Labour Global Estimates 2020, Trends and the Road Forward. Available at the link: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_norm/%40ipec/documents/publication/wcms_797515.pdf and International Labour Organisation (2012): www.ilo.org/it/resources/news.

[66] Vulnerable workers are to be considered as such because they have particular intrinsic characteristics or work in a specific context. Examples are trade unionists, migrant workers, remote workers, women and young people.

The needs, expectations and prospects of the Biesse group's own workers are captured by the company in two main ways: directly and indirectly. The first method involves the individual employee contacting the HR function, either directly or through a manager. The second mode, on the other hand, involves the involvement of Workers' Representatives, where existing[67], who are informed and consulted on relevant issues during periodic trade union meetings and assemblies. The indirect involvement of workers is the most frequent method, including through the provision of working tables and regular meetings. In particular, the involvement of employees through the Trade Union Representatives occurs whenever decisions relevant to the working life of employees need to be made, such as second-level bargaining[68], work organisation and organisational changes, the introduction of new regulations also implementing new legal provisions, changes in industrial structures, the use of social shock absorbers and other strategic issues. These meetings take place on a regular basis, usually quarterly, usually when economic data are shared and security issues are discussed. Depending on the needs and organisational developments, some of these meetings could be more frequent. The HR function is the most involved as it directly manages communication with workers, trade union representatives and the company. The main company regulations on human rights and business conduct are contained in the Code of Conduct and the Human Rights Policy, as well as in the laws of the respective countries, which, although not the result of a direct agreement with trade union representatives, define the guiding principles to be observed by all employees. To date, there are no specific internal tools to measure the effectiveness of involvement; however, constant dialogue with trade union representatives makes it possible to understand whether the initiatives implemented meet the needs that have emerged, bearing in mind that a balancing of interests that do not always coincide has to be achieved. Following the recent acquisition of the GMM group, the parent company is progressively standardising the way workers are involved in the various locations, including through a single Industrial Relations and Integrated Human Resources management function.

[S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

The company's approach to remedy any negative impact on workers is based on the involvement of trade union representatives and direct confrontation with employees, in compliance with the regulatory provisions governing information, consultation and agreement procedures with the various stakeholders. In the event of situations that may have a negative impact on the workforce, the company adopts an open dialogue with trade union representatives, who play a crucial role in gathering employees' demands and conveying collective concerns and needs. In these periodic meetings, which are held regularly, the company jointly analyses emerging issues with the unions and identifies the most appropriate solutions to mitigate impacts, where possible. In addition, the company offers a transparent communication channel through the *Whistleblowing* system, in countries where this directive has been transposed, which allows employees to raise any complaints or reports of non-compliant behaviour, guaranteeing confidentiality and protection for whistleblowers. These channels are available online on the websites of Biesse S.p.A., GMM S.p.A., Bavelloni S.p.A. and HSD S.p.A.. Where not regulated by national regulations, alerts are handled by the relevant office in the respective country. Details and information concerning the handling of complaints and grievances, as well as the processes for handling such information, are dealt with in detail in ESRS Standard G1 paragraph G1-1.

[S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

To manage the risks and pursue the opportunities identified and described in section SBM3, the company has defined the following projects that apply to the entire group and are part of the company's strategic plan:

- ***People Management -Drive the Change***. The *Change Biesse To.Get.There* transformation project consists of a series of meetings promoted at all company levels, from management to markets, aimed at increasing awareness and understanding of the new company values. The project, which started in 2023, is an integral and supporting part of the achievement of the new company structure. The aim is to spread a transformative and digital culture in the Biesse group, understood not as the mere use of IT and technological tools but as a new approach to every aspect of work, marked by agility, innovation and collaboration, thanks to high-tech tools and processes.
- ***People Management –Ecosystem & Rewards***. The project aims to improve the professional ecosystem by revising the parameters used to guide employee growth, mobility and development. It provides equal opportunities for growth and access to career development plans based on

[67] The workers' union representative is present in Italy, France, Spain (EEA area)
[68] Second-level collective bargaining is applicable in the Italian context

employee performance. The project is divided into several phases that allow the group to gradually align itself with the best practices on the market. The project includes the analysis of group remuneration policies in relation to corporate roles and the definition of a common Compensation Policy.

- *People Management - Work architecture & Job levelling*. The project provides for the analysis of organisational positions according to criteria such as: responsibilities, autonomy and competences in order to define transparent, fair growth paths and ensure consistency and competitiveness in the market.
- *People Management - Performance management.* The project is aimed at defining a group employee performance appraisal system that is consistent with the group's corporate values and meets the group's needs.
- *Group Compliance*. The project aims to ensure that the organisation complies with all applicable legal, regulatory and corporate requirements by implementing policies, procedures and controls to prevent legal and reputational risks.

The actions implemented stem from the strategic analysis carried out by the company as part of the preparation of the 2024-2026 strategic plan. The analyses include the context in which the group operates, the group's development plans and risk analysis carried out in cooperation with the *Risk & Process function.* The projects listed above are currently being implemented and are scheduled for completion in the financial year 2026. The company constantly monitors the progress of strategic projects through regular meetings with the functions involved, evaluating the effectiveness of the actions taken. In order to ensure advanced, stable processes consistent with existing best practices, support was provided by leading companies specialising in the areas of the implemented projects.

The table below shows the financial resources allocated to the actions described in ESRS S1.

	Current 2024	Short term
Financial resources allocated to spend for planned actions (OpEx)	750,000	717,000

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The actions taken by the group in relation to workforce management are aimed at supporting the group's growth and maximising future opportunities, always taking into account the correct sizing of the organisational structure. The actions taken are aligned with the corporate values set out in the Code of Conduct, with the aim of making the performance appraisal system, the organisation of the workforce, the management of remuneration and the definition of career paths transparent, fair and effective. No objectives have been defined, but these actions focus on the overall improvement of the internal dynamics and the optimisation of human resources management, with a focus on group employees. The above initiatives respond to emerging needs and new challenges for the group, and are not limited to pre-existing interventions, but represent an evolution of the strategies adopted so far. In addition, the projects make extensive use of reliable and recognised benchmarks to define analysis and evaluation criteria, thus ensuring that each action is guided by concrete and measurable parameters that reflect industry best practices and the specific needs of the group. This integrated approach allows decisions to be oriented towards long-term sustainable results, promoting operational efficiency and employee welfare.

[S1-6] Characteristics of the undertaking's employees

As at 31 December 2024, the total workforce was 3,737 excluding temporary employees, which are reported in section S1 -7. The countries with significant employment[69] are Italy and India, with 2,246 employees, or about 60% of the group's workforce, and 424 employees, respectively*.* As at 31 December 2024, the group had 580 outgoing employees, with a turnover rate[70] of 15.52%. The turnover rate is such as a result of the organisational transformation process aimed at achieving an adequate size of the corporate structure consistent with the business model and volumes of business generated.

[69] Significant employment is defined as those countries in which the company has more than 50 employees representing at least 10% of the total workforce

[70] The turnover rate was calculated by taking the number of employees leaving the group during 2024 as the numerator, while the total number of employees in the group as at 31 December 2024 was used as the denominator

In the group, 98% of the employees have a permanent contract, demonstrating the desire to have a stable and continuous workforce.
Further details on the main characteristics of the group's workforce are presented in the tables below. The values indicated represent the exact number of persons (*headcount*) in force as at 31 December 2024.

Table 16 - Fixed-term and permanent employees (headcount) by gender

Type of contract	Women	Men	Total
Permanent	490	3159	**3649**
Fixed-term	27	61	**88**
Total	**517**	**3220**	**3737**

Table 17 - Fixed-term and permanent employees (headcount) by region and gender

Type of contract	EMEA (excluding Italy)		APAC		AMERICAS		Italy		Total
	Men	Women	Men	Women	Men	Women	Men	Women	
Time permanent	393	98	588	55	232	58	1946	279	**3649**
Time fixed-term	3	2	46	14	1	1	11	10	**88**
Total	**396**	**100**	**634**	**69**	**233**	**59**	**1957**	**289**	**3737**

Table 18 - Full-time and part-time employees (headcount) by gender

Type of contract	Women	Men	Total
Full-time	455	3196	**3651**
Part-time	62	24	**86**
Total	**517**	**3220**	**3737**

Table 19 - Full-time and part-time employees (headcount) by region and gender

Type of contract	EMEA (excluding Italy)		APAC		AMERICAS		Italy		Total
	Men	Women	Men	Women	Men	Women	Men	Women	
Full-time	388	84	634	67	231	56	1943	248	**3651**
Part-time	8	16	0	2	2	3	14	41	**86**
Total	**396**	**100**	**634**	**69**	**233**	**59**	**1957**	**289**	**3737**

For the purposes of the information contained in this paragraph, what is reported is derived directly from the management accounts of the individual companies and then consolidated at group level, where necessary.

[S1-7] Characteristics of non-employee workers in the undertaking's own workforce

The company relies on 265 non-employees in its own workforce for its activities. Of these, 30 are workers are employed with atypical contracts[71], while 235 are workers on staff leasing contracts[72] provided by employment agencies, recruitment and selection. Staff leasing workers, as well as most atypical workers, are mainly involved in the group's production activities. Only a minority of the self-employed perform administrative activities. As with the employees, an extraction was made from the management accounts of the group companies for the purpose of the above calculation. Again, the figures above take into account the actual number of workers employed by the Biesse group as at 31 December 2024, without using estimates

[S1-8] Collective bargaining coverage and social dialogue

[71] Workers with atypical contracts are defined as workers with VAT no.
[72] Workers under NACE code N78.

About 70% of the group's employees are covered by a collective labour agreement.
Within the European Economic Area (EEA), Italy is the nation of significant employment. For this country, collective bargaining coverage covers 99.8% of all employees while the percentage of employees covered by workers' representatives is 39.7%.

The following table shows the percentage of employees covered by collective bargaining in regions not included in the EEA area[73].

Table 20. Percentage coverage of non-EEA collective bargaining by region

Regions	% of employees covered by collective bargaining
AMERICAS	7.88%
APAC	25.60%
EMEA (excluding EEA countries)	0%

Table 21. Collective bargaining coverage and social dialogue

Coverage Rate	Collective Bargaining Coverage		Social dialogue
	Employees – EEA (for countries with >50 employees representing >10% of total employees)	Employees – Non-EEA (for regions with >50 employees representing >10% of total employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% of total employees)
0-19%			
20-39%		APAC	Italy
40-59%			
60-79%			
80-100%	Italy		

[S1-9] Diversity metrics

The Biesse group carries out a process of selecting people by ensuring that they have the necessary skills to do their job regardless of their origin, gender, age, background or any other source of discrimination.
The table below shows the gender distribution of senior management, representing first and second level management below the CEO.

Table 22. Gender Distribution in Senior Management[74]

Number of senior management members	
Women	20
% of women in total senior management	12.35%
Men	142
% of men in total senior management	87.65%
Total	**162**

The table below shows the distribution of employees by age group.

Table 23. Distribution of employees by age group

Number of employees	

[73] Countries not included in the EEA area are: United States, Canada, Brazil, Australia, New Zealand, Asia, Korea, Japan, China, India, Russia, Gulf countries, Turkey, Israel, UK, Mexico, Thailand.
[74] Senior management refers to managers and executives in the first and second tier below the CEO.

Under 30 years old	359
% of employees under 30 years of age	9.61%
Between 30 and 50 years	2130
% of employees aged between 30 and 50	57.00%
Over 50 years	1248
% of employees aged over 50	33.40%

Table 24. Total number of employees by gender

Gender	Total number of employees
Women	517
Men	3220
Total	**3737**

[S1-12] Persons with disabilities

People with disabilities are an integral part of our workforce. Based on voluntary employee declarations, 2.30% of employees are persons with disabilities in the 26 countries[75] where the group operates. The calculation of this percentage was carried out via the internal management systems of the group companies.

[S1-11] Social protection

The coverage of social benefits (sickness, unemployment, accident, leave and retirement) for group employees may vary according to local laws or company practices specific to each country in which the Biesse group operates. Consequently, not all workers enjoy the same social protection. The following tables show the percentages of employees covered by social protection, broken down by country. These percentages take into account both public and privately funded social protection programmes.

[75] The office in Russia closed in 2024 and the office in Israel, which is currently without employees, are excluded from the count.

Table 25. Employees covered by social protection

Coverage Rate	*Employees covered by social protection*				
	Sickness	Unemployment	Employment injury and acquired disability	Parental leave	Retirement
0-19%	United States of America, Brazil, Malaysia, India, United Arab Emirates	United States of America, Brazil, Australia, New Zealand, Singapore, India, United Kingdom, Ireland, United Arab Emirates, Hong Kong, Mexico, Thailand	United States of America, Brazil, Singapore, United Kingdom, Ireland, United Arab Emirates, Hong Kong	United States of America, Brazil, India, United Kingdom, Ireland, United Arab Emirates, Hong Kong	United States of America, Brazil, United Kingdom, Ireland, United Arab Emirates, Hong Kong
20-39%					
40-59%					Singapore
60-79%					
80-100%	Canada, Australia, New Zealand, Singapore, Indonesia, Korea, Japan, Taiwan, China, France, Germany, Switzerland, UK, Ireland, Spain, Portugal, Turkey, Italy, Hong Kong, Mexico, Thailand	Canada, Indonesia, Malaysia, Korea, Japan, Taiwan, China, France, Germany, Switzerland, Spain, Portugal, Turkey, Italy	Canada, Australia, New Zealand, Indonesia, Malaysia, Korea, Japan, Taiwan, China, India, France, Germany, Switzerland, Spain, Portugal, Turkey, Italy, Mexico, Thailand	Canada, Australia, New Zealand, Indonesia, Malaysia, Korea, Japan, Taiwan, China, France, Germany, Switzerland, Spain, Portugal, Turkey, Italy, Mexico, Thailand	Canada, Australia, New Zealand, Indonesia, Malaysia, Korea, Japan, Taiwan, China, India, France, Germany, Switzerland, Spain, Portugal, Turkey, Italy, Mexico, Thailand

[S1-13] Training and skills development metrics

Training at the company is structured in such a way as to ensure a differentiated offer aimed at involving professionals at all levels. The training is divided into the following areas:

- *Product training;*
- Processes and methodologies;
- *Transformation unablers;*
- Mandatory training (e.g. Health and Safety, *Whistleblowing*, Model 231);
- *Professional specific;*
- *Induction to new joiners.*

With regard to technical product training, the *Learning Centre*[76] in 2024 supported the ongoing reorganisation of the company, with a special focus on the *Services and Customer* area.

[76] Function responsible for the development and delivery of technical training courses.

On the *Services* side, trainers resident outside Italy (e.g. India, UK) were included to meet market demands, enhancing local resources. In some cases, such courses were organised directly in the foreign locations. In total, the course calendar for the *Services* area consisted of 63 classroom sessions and 141 remote sessions.
On the *Customer* side, the training effort focused on increasing the skills of the *Technology Application Managers* of the countries, the technical reference for sales in the individual markets, with the mandate to deliver training in turn at local level and to support their colleagues in technically more complex negotiations.
The *e-learning* course catalogue, available 24/7 on the *SAP Success Factor* platform, is under continuous development, counting more than 140 titles to date.

The following table shows the average hours of training provided to employees.

Table 26. Average hours of training by gender

	Men	Women	Total
Average number of training hours per employee[77]	21.88	20.43	21.68

In 2024, the *Change Biesse To. Get.There* project continued, a fundamental pillar of the strategic plan to achieve the new organisational structure. The project progressively involves the entire company population, through meetings with external consultants, prominent guests and interactive workshops, designed to explore and understand the dynamics of the change taking place. These discussions aim to foster a deep understanding of the corporate values, which define the group's new approach, and to explain in concrete terms how these principles are applied in daily practice. These events accounted for a total of 5,500 hours in 2024.

In 2024, the evaluation process of employees in key positions within the company organisation was consolidated. The objective of the*assessment* is to evaluate the contribution of employees to the achievement of the group's strategic results, to measure their adherence to the corporate project. In Biesse India, the performance evaluation process *performance* has been ongoing for several years with metrics defined within the Indian headquarters and has involved both employees and workers, thus contributing to a structured monitoring of performance in the organisation. The same evaluation process was adopted for Bavelloni, GMM and TWJ in 2024, while internal career review procedures were considered for the rest. The review process initiated by Biesse S.p.A. will also be extended to the other group companies.

Table 27. Employees who participated in performance reviews

	Men	Women	Total on company population
Percentage of employees who participated in performance reviews	17.02%	14.12%	16.62%

[S1-14] Health and safety metrics

All business activities are conducted in compliance with current regulations on occupational health and safety, as well as in accordance with the provisions of the Code of Conduct and the Integrated "Quality, Environment and Safety" Policy. The group ensures the protection and physical integrity of workers by adopting safety standards, organisational and management measures and provisions commensurate with the use of new technologies.
100% of the group's workers are covered by legal requirements and/or national health and safety regulations in each country where each company is based. In addition, 66.63% of Biesse group employees are covered by a health and safety management system compliant with ISO 45001:2018[78]. This system is subject to both internal audits and certification by an accredited external body.

[77] These are training hours carried out in the classroom, online and do not include '*on-the-job*' training hours.
[78] The group companies from the Safety Management System according to ISO 45001:2018 are: Biesse spa, HSD spa, Biesse India Private Limited and GMM S.p.A.

With regard to its own workforce health metrics, the Biesse group recorded no deaths due to work-related injuries and illnesses in 2024. The total number of registered accidents is 73[79], while the accident rate[80] is 12,00.

[S1-15] Work-life balance metrics

Family leave is an important element of company policies aimed at supporting employees in reconciling professional and family needs. The percentage of employees entitled to leave for family reasons, in accordance with the regulations in force in the individual countries where the Biesse group is present, is 91.70%. Moreover, where there are no state protections, the Biesse group guarantees them separately to about 6% of its workforce.

Table 28. Employees who have taken family leave

	% employees entitled to family leave who took it
Women	2.98%
Men	26.65%
Total	**29.65%**

[S1-10 and S1-16] Compensation metrics (pay gap and total compensation)

The Biesse group applies national regulations and, where present, second level bargaining, to ensure that group employees are paid fairly. In fact, all group employees receive an adequate salary, according to the applicable benchmarks[81] in each country where the company operates.

In 2024, the Biesse group analysed and reported the annual total remuneration ratio[82] for the entire group. The goal is to promote transparency and accountability in employee compensation, as well as to encourage the evaluation and improvement of the organisation's compensation policy. This indicator was 41.32 and cannot be compared with the year 2023 as the reporting boundary changed from the year 2024.
With regard to the gender pay gap[83], the group calculated the total gross average remuneration of men and the total gross average remuneration of women for all companies in which the company operates. This figure was weighted on the number of male and female employees in the group. According to the available information, in 2024, the wage gap percentage was 6%. The calculation was made in accordance with the requirements of the ESRS S1 standard and does not take into account the specific distribution of employees across the different professional categories employed by the group.

[S1-17] Incidents, complaints and severe human rights impacts

During 2024, two complaints of alleged discrimination were received through dedicated channels. These were examined through internal processes, the results of which confirmed their unfoundedness. Consequently, in 2024, there were no incidents of discrimination and no penalties or damages resulting from them.
During the same year, there were no labour-related human rights incidents. Consequently, there were no fines, penalties or damages for such incidents.

---

[79] The number of accidents covers only employees .

[80] The accident rate is calculated as the ratio of the number of cases of work-related accidents to the total number of hours worked by workers, multiplied by 1,000,000. This value expresses the number of registered accidents per million hours worked. For the calculation of hours worked, data from both Italian and foreign companies of the group were taken into account by means of an extraction from internal management systems. For some companies, not having the exact data available, estimates were made based on the standard working hours of each country, assuming periods of paid absence from work. These estimates were made for the following companies: Biesse Iberica Wood. Machinery S.L., Biesse Iberica Wood. Machinery S.L., Biesse Turkey, Biesse Gulf FZE, Biesse Group Deutschland GmbH, Biesse Schweiz GmbH, HSD Deutschland GmbH, Biesse Canada Inc, GMM GmbH, GMM USA, Waterjet Production Academy GmbH, Techni Waterjet Ltd Thailand

[81] Where available, the minimum wages set by the relevant federal state or country and the minimum wages set by the relevant collective agreement were taken into account. For those locations where this data was not available, an analysis based on the living wage was carried out by the country HR to determine whether the minimum wage paid to the employee was appropriate for the parameters defined in the analysis.

[82] The annual salary was calculated for all employees of the group. It includes, where applicable, basic salary, allowances, bonuses, commissions, profit sharing and other forms of variable cash payments, benefits in kind, such as cars, private health insurance, life insurance, wellness programmes, and direct remuneration, such as long-term annual incentives

[83] The wage gap was calculated as the ratio of the difference between the gross hourly weighted average wage of men and women and the gross hourly wage of men for the entire group and does not take into account the specific distribution of employees across the different professional categories employed by the group

[S2-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

The analysis carried out by the Biesse group to identify workers who could be significantly impacted by the company includes both workers in the supply chain and those working in client companies. The representation of the Biesse group value chain is reported in the chapter on ESRS2, paragraph SBM-1. As far as suppliers are concerned, both the workers of supplier companies with which the company operates directly and those belonging to production activities located further up the supply chain have been taken into account. This analysis was conducted through an understanding of the Biesse group's value chain and through document analysis. The latter, in particular, was carried out by analysing key industry statistics[84], and where available, the sustainability reports of major customers and suppliers, focusing on issues related to working conditions and respect for human rights. Finally, both customers and suppliers were involved in the dual materiality analysis in order to understand the relative perspective in terms of impacts, risks and opportunities (IRO) related to workers in the supply chain.

Workers operating in the Biesse group value chain are mainly skilled workers, administrative staff and transporters. Further up the Biesse group supply chain are workers involved in mineral extraction, raw material gathering, refining, and processing into finished and semi-finished products. These workers are part of companies that, although part of the Biesse group's supply chain, do not interface directly with the group.

Workers in the downstream value chain include those involved in logistics activities, in particular hauliers, distributors, and customer employees in charge of operating machines and lines.

To date, the Biesse group has no knowledge of the presence of vulnerable workers[85] in its value chain.

Workers in the value chain also include those who carry out their activities at the Biesse group's premises although they are not part of its own workforce. In particular, these are employees of service-providing companies such as: consultancy companies, cleaning companies, maintenance companies for facilities and outdoor areas, transport companies, on-call workers and private security companies. This category of workers does not include those made available by enterprises engaged in the recruitment, selection and supply of personnel (so-called 'agency' workers), as well as self-employed workers, as this is dealt with in the chapter on ESRS S1, paragraph S1-7.

Today the Biesse group has two plants in Asia, one in Bangalore in India and one in Rayong in Thailand. According to the ILO report on child labour and forced labour, these are considered risk areas[86]. However, the company has never encountered, either within its production operations or along its value chain, cases of child or forced labour, to the extent of its knowledge.

[84] The reference sector used for supply chain analysis is mining and raw material processing

[85] Vulnerable workers are to be considered as such because they have particular intrinsic characteristics or work in a specific context. Examples are trade unionists, migrant workers, remote workers, women and young people.

[86] International Labour Organization (2020) Child Labour Global Estimates 2020, Trends and the Road Forward. Available at the link: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_norm/%40ipec/documents/publication/wcms_797515.pdf and International Labour Organisation (2012): www.ilo.org/it/resources/news

Below are the positive and negative[87], current and potential[88] material impacts identified by the group considering the time horizon[89] and the perimeter within which the impact is identified (Biesse[90], Upstream[91], Downstream[92]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS S2	Optimisation of the production planning process in order to stabilise the material supply flow and ensure stable employment and job creation in the supply chain.	Positive	Current	Long term		x		People, Process and Technology Management.
ESRS S2	Incidents of violation of workers' human rights along the supply chain.	Negative	Potential	Long term		x		People, Process and Technology Management.
ESRS S2	Increased accidents and/or work-related fatalities on supply chain employees due to lack of safety management and monitoring.	Negative	Potential	Long term		x		People, Process and Technology Management.

The positive impact found stems from the consolidation and standardisation of Biesse's relationship with its suppliers. The sharing of common practices and standards allows the creation of structured and uniform relationships leading to a stabilisation of the order flow. This mitigates the effects of market fluctuations through the use of standardised processes.
As for negative impacts, they should be considered as 'general', taking into account the context in which the company operates, including procurement activities and other business relationships. Although the impacts are of a general nature, they may particularly affect countries that, according to ILO statistics, have been identified as most exposed to risks related to workers' human rights.

The table below shows the relevant risk associated with workers in the value chain resulting from the dual materiality analysis. The latter stems directly from the previously identified and reported impacts.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS S2	Incidents of human rights violations in the supply chain such as to generate reputational risks for the group.	Risk	Short		x		People, Process and Technology Management.

The risk identified, as well as the impacts, relate to all workers in the Biesse group value chain. Furthermore, the actions prepared by the group to respond to the risks identified above are set out in paragraph S2-4 of this standard.
Therefore, no specific IROs were imputed to particular groups of workers.
Finally, it is important to emphasise that the *Risk & Process* function constantly monitors employee-related business risks throughout the value chain, ensuring a consistent approach and sharing the results with the *Corporate Social Responsibility* function.

[S2-1] Policies related to value chain workers

[87] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[88] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[89] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[90] In the tables shown, Biesse means the entire Biesse group
[91] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[92] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

In 2024, the company defined and published a Human Rights Policy, which emphasises the group's commitment to respecting and promoting fundamental human rights. It applies to employees, suppliers and partners, and must be read in conjunction with the Biesse group Code of Conduct. This policy enshrines the group's commitment to guarantee, also with regard to workers in the value chain, respect for human rights, as well as the labour laws applicable in the countries in which the Biesse group operates. In particular, it includes the prohibition of forced labour, child labour and discrimination, the promotion of safe working environments and respect for freedom of association. The objective of the policy is to prevent potential negative impacts and risks related to workers, including those in the value chain, and, where appropriate, to analyse, assess and prepare a supervisory plan to mitigate them. Compliance is monitored through ESG audits conducted at suppliers, verification activities carried out by the *Internal Audit* function , as well as through the analysis of whistleblowing and other whistleblowing procedures activated. The policy was approved by the Board of Directors and was drafted in accordance with the United Nations Guiding Principles on Business and Human Rights, the International Labour Organisation (ILO) Conventions, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact.
Although workers in the value chain are not directly involved, the company takes into account the needs and expectations of key stakeholders, including employees, suppliers and customers, when defining the policy. In addition to being published on the company website, it is made available to all employees.
As already indicated, the policy explicitly addresses issues such as forced labour and child labour, emphasising the company's commitment to preventing and combating them. Currently, the Biesse group has not adopted a specific code of conduct for suppliers; however, compliance with the group's Code of Conduct is required in each contractual annex, thus ensuring that the company's ethical principles and values are applied throughout the supply chain. The group's Code of Conduct contains specific provisions for suppliers in the areas of forced labour, child labour and worker health and safety, emphasising the company's commitment to decent working conditions.
Since the company has never become aware of human rights violations to date, no specific actions have been implemented or planned. However, should similar situations arise in the future, the company is obliged to suspend the relationship with the supplier and report the incident to the relevant authorities.
To date, the Biesse group has found no instances of non-compliance with the guiding principles used as a reference when drafting the Human Rights Policy.

[S2-2] Worker involvement in the value chain

The company, to date, has not implemented a process for the direct involvement of workers in its value chain. However, in 2024, Biesse S.p.A.'s main suppliers[93] were involved in specific meetings, coordinated by the *CSR Manager* and the purchasing department. During these meetings, suppliers shared their perspective in terms of IRO and had the opportunity to highlight aspects related to their workers and those in their value chain.

[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

According to the available data, the group has not generated or contributed to any current negative impacts on workers in the value chain. The company has, however, made available a specific channel for possible reports valid for European companies whose countries have adopted Directive 2019/37, also for the category of workers in question. This channel is available online on the Biesse S.p.A., Bavelloni and GMM websites. In the event of reports, the Biesse S.p.A. Supervisory Body, after assessing the relevance of the information received, notifies the Board of Directors and the control body, where necessary. During 2024, no reports were received by the Supervisory Body through the reporting channels available to all interested parties.
At the moment, although accessible to all, this reporting channel is not available in the workers' workplaces, nor has the company mentioned it in its contracts with its counterparts; in addition, no specific training activities were organised in 2024 on the presence of reporting channels for workers in the value chain.
Please refer to the chapter pertaining to ESRS Standard G1, paragraph G1-1, for the specific treatment of this reporting channel, including the modalities for the handling of the report, as well as those related to the protection of whistleblowers.

[S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

[93] Strategic suppliers are the main suppliers with whom Biesse actively seeks to grow the business. These suppliers are relevant in terms of technological features and are more integrated in projects/processes with Biesse.

The Biesse group adopts a structured *Risk Management* process to identify any risks that could jeopardise the success of the company's strategic plan. Once risks have been identified, the Biesse group structures a series of targeted actions to address significant negative impacts and ensures that these actions are effective and appropriate. In this regard, in order to respond to the negative impacts on workers in the supply chain, the group updated its evaluation system for direct suppliers, which was enriched with a section dedicated to assessing the ESG dimension of the business partner. This process was prepared in 2023 together with the procurement function, and was made operational as of 2024. The evaluation system includes specific audits of suppliers, aimed at ensuring compliance with environmental, health and safety, and human rights legislation. Audits are conducted according to a defined internal plan, with the aim of progressively increasing the number of evaluated suppliers in the coming years. Through this due diligence approach, the group aims to identify and mitigate risks related to these areas, preventing any negative impacts, and through the constant monitoring of corrective actions prepared by the supplier. The actions taken by the group reflect the principles outlined in the Code of Conduct and the Human Rights Policy described above, translating them into operational practice. At the reporting date, the group did not see the need to implement any additional actions, beyond those mentioned above, aimed at producing positive impacts for workers along the supply chain.
The objective of the supplier qualification process is not only to identify and mitigate possible negative impacts resulting from their activities, but also to identify potential risks along the group's supply chain. Furthermore, its effectiveness is evaluated through the process developed, actively monitoring the results and making any improvements to ensure effective and continuous control.
As there were no relevant opportunities for the company in relation to workers in the value chain, the group has not planned any action to date.
Should critical macroeconomic situations arise that require closer monitoring of the supply chain, the company takes action to verify high-risk situations with a view to their stabilisation through appropriate measures to ensure continuity of supply.
Finally, at the reporting date, the company had not received any reports of serious human rights problems or incidents related to its value chain, either upstream or downstream.

[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

As mentioned in the previous section, the company has initiated a supplier qualification process with the aim of monitoring, also from an ESG perspective, those suppliers that account for 60% of Biesse S.p.A.'s total expenditure[94] by 2026, focusing on environmental, health and safety, and human rights data. This objective is linked to the actions implemented by the group in 2024.
The target aims to ensure responsible supply chain management. This activity started in 2024 and will be gradually implemented over the following years, leading up to the qualification of suppliers that progressively constitute 60% of the group's expenditure. The methodology and verification process follow internally defined standards. To date, a total of 38% of the group's expenditure[95] has been evaluated.
The target-setting process was developed jointly with the supply chain organisational unit, but without involving supplier representatives at the moment. In particular, once the need to mitigate potential supply chain risks in relation to ESG issues was identified, a new qualification process was developed, followed by the definition and adoption of specific targets.
The targets set are monitored annually and updated, if necessary, by the relevant functions.
Following monitoring, any changes to the target setting and qualification process are implemented to ensure their effectiveness.

ESRS S3 – AFFECTED COMMUNITIES

[S3-SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The Biesse group has assessed the communities potentially affected by its activities, focusing on those that could be significantly impacted by the group's operations. In conducting this assessment, the company considered the local communities located in the vicinity of the operating sites and factories where its companies operate. Upstream and downstream communities in the value chain have not been considered in the analysis to date.

[94] 60% of the spend refers to the perimeter of Biesse S.p.A. (including suppliers related to production) This percentage is calculated based on the spend for 2023 and updated annually.
[95] 38% is calculated on the 2023 expenditure on the perimeter of Biesse S.p.A. (including production-related suppliers).

Below are the positive and negative[96], current and potential[97] material impacts identified by the group considering the time horizon[98] and the perimeter within which the impact is identified (Biesse[99], Upstream[100], Downstream[101]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS S3	Company policies aimed at supporting the community and the territory, with positive impacts in terms of value creation for the territory (Pesaro and Plant India).	Positive	Current	-	X			Fair & Sustainable Business.
ESRS S3	Positive influence of the group externally in terms of social and cultural contamination towards SMEs in the area.	Positive	Potential	-	X			Fair & Sustainable Business.

The following table shows the risks identified by the group and related to the communities concerned.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS S3	Risk of not understanding the expectations of the community in which the group operates with consequent reputational damage.	Risk	Medium	x			Fair & Sustainable Business.

[S3-1] Policies related to affected communities

The company does not currently have a formalised policy to manage relevant impacts on affected communities; however, for the year 2024, only significant positive impacts were identified. Furthermore, the corporate values contained in the Code of Conduct form the guideline for managing relations with the outside world, including local communities. The list of corporate values is described in the section on corporate policies for business conduct, included in ESRS G1.

[S3-2] Processes for engaging with affected communities about impacts

The company, in orienting its decisions and activities, takes into account the views of the affected communities in order to mitigate any negative impacts on the territory. Although there is no formalised policy, the company actively engages in dialogue with local communities, gathering feedback through meetings, consultations and collaborations with local authorities and associations. The information obtained through these interactions is used to guide corporate strategies, with a focus on the most sensitive issues, such as the environment, social inclusion and support for culture.

The company conducts regular consultations with representatives of local associations, and other relevant stakeholders, in order to minimise negative impacts and maximise mutual benefits. The involvement of communities takes place through different modalities, depending on the specific categories involved and the characteristics of each of them. Such arrangements may include direct involvement by community members, the intervention of their legitimate representative or, when appropriate, the involvement of trusted delegates acting on behalf of the community.

Responsibility for ensuring that community engagement activities are carried out in an appropriate manner and consistent with corporate objectives lies with the *CSR* Manager or HR Manager in the country, who work closely with other local stakeholders. Finally, the *Chief Strategy & Sustainable Development Officer* oversees projects and ensures strategic alignment between the company's various initiatives and community needs.

[96] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[97] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[98] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[99] In the tables shown, Biesse means the entire Biesse group
[100] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[101] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

To date, the company does not have a structured process to monitor the effectiveness of its listening initiatives; however, through stakeholder engagement, the Biesse group gathers the views of different stakeholders in order to identify the most relevant initiatives for the community.

[S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns

During 2024, the group did not experience any significant negative impacts in the affected communities in which it operates. Indeed, the Biesse group is committed to operating responsibly, monitoring its activities to ensure that there are no negative consequences for the local realities with which it interacts.
The group adopts a whistleblowing policy that is accessible not only to its employees and collaborators, but also to the communities concerned and to all those who do business with the company. This reporting channel allows anyone to report misbehaviour or problematic situations safely and anonymously. However, at present, no targeted initiatives have been undertaken to raise awareness among the communities concerned about the existence of this instrument.
The reporting channel and related complaints handling procedure is described in the ESRS G1 section of the Annual Report, paragraph G1-1.

[S3-4] Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

In relation to the identified risk, for the Pesaro plant, the company has consolidated an approach based on continuous communication with the territories in which it operates. Company initiatives are planned and implemented taking into account the needs expressed by local communities, supporting their needs wherever possible. This ability to relate constructively to the local context makes it possible to minimise this risk.
Also in the Indian context, the risk management process takes place through an assessment of local needs by management, which, after acquiring the necessary information, decides on the action to be taken. Decisions are then made according to the needs that emerge, ensuring that actions are in line with the expectations of the area.
The company has, therefore, developed a process to identify necessary and appropriate actions in response to current or potential negative impacts of material relevance on affected communities. The approach adopted involves the implementation of targeted interventions through collaboration with the communities involved or the contact persons of local associations. The requests made are analysed with the involvement of stakeholders and, depending on the proposed project, their execution is assessed by the *Strategy & Sustainable Development* function.
The process makes it possible to manage the needs of communities in an organised manner, constantly monitoring their implementation and effectiveness, and ensuring that the actions taken contribute concretely to the mitigation of any negative impacts on communities.

The table below shows the financial resources allocated for the actions described in ESRS S3.

	Current 2024	Short term
Financial resources allocated for planned actions (OpEx)	440,000	480,000

The main initiatives carried out by the company aim to educate young children and adolescents in order to ensure they acquire skills and have access to healthy and safe environments in which to study and gain experience. There are several projects promoted throughout 2024, both in Italy and in the countries where we operate.

Synergy between school and company
<u>Sustainability engineering</u>
In Italy, Biesse S.p.A. contributes to financing the sustainability engineering course at the Polytechnic University of Marche, which includes the study of specific areas within electrical, energy, and materials engineering, in addition to the traditional field of mechanical engineering. In particular, skills will span various areas such as environmental chemistry, eco-sustainability of materials, environmental safety inside and outside companies, and the circular economy.

<u>Biesse helps train the craftsmen of the future</u>

Also in 2024, Biesse S.p.A. collaborated with the "Industria e Artigianato per il Made in Italy" Professional Institute, Wood-Furniture Sector, Bramante-Genga in Pesaro, with the aim of training and supporting the craftsmen of the future. The project, focused on sharing technologies, human resources, and expertise, enabled the continuation of the Wood Operator and Designer Draftsperson (IeFP) course, in which Biesse S.p.A. actively participated with a series of lessons on specific topics.

Initiatives in support of the local community

In order to ensure greater proximity to local communities and fully understand their needs, the Group engages countries in listening activities and supporting the sociocultural development of the territories. Below are some of the most significant initiatives.

Biesse India

In November 2024, we improved the infrastructure of *Farooqhia English High* School by providing essential furniture. The school, run by the *Farooq Welfare Association & Trust*, aims to support the education of disadvantaged students. This initiative benefits approximately 45 students in grades 8, 9 and 10.
During 2024, Biesse India offered a diploma course in woodworking technology at *the Advanced Woodworking Training Centre* to 22 students. In addition, 115 students received practical training through short courses throughout the year at the centre.
Also in support of the students' skills development, Biesse India supplied the *Hettich Podar Woodworking Institute* (HPWWI) in Faridabad with two woodworking machines. These machines will enhance training programmes and help develop practical skills in the use of woodworking machines.

Biesse Italia

<u>Support for the association “I Bambini delle Fate”</u>
Biesse S.p.A. has reaffirmed its support for the "I Bambini delle Fate" association this year, a partnership that began in 2018. This social enterprise, established in 2005, focuses on providing financial support to projects and social inclusion programs managed by local partners, benefiting families facing the challenges of autism and disabilities.

<u>Support for the 'Smiling Children Town Onlus' Project - Ethiopia</u>
International cooperation project to provide housing and education for street children.

<u>Support for the 'Movement and Health Beyond Care, MoviS' project in collaboration with the University of Urbino</u>
Exercise education pathway associated with a nutritional and motivational programme in the area of oncology.

<u>Collaboration with Banco Alimentare and Caritas in the fight against waste</u>
Thanks to the active contribution of Banco Alimentare and Caritas, the unused food from the company canteen at the Pesaro Campus is recovered through a project inspired by circular economy models, combating waste and giving value to food that would otherwise be lost. Banco Alimentare recovers hot meals, bread, desserts, fruits, and vegetables from the company canteen three times a week and, with the help of its volunteers, redistributes them by the end of the same day in the local community, providing ongoing and tangible support to those in greatest need. Caritas, thanks to its ongoing relationship with the Group, collects excess food from the canteen daily, which is used to support "Casa Tabanelli," an emergency shelter based in Pesaro, ensuring that a meal is provided every day to the centre's guests. Approximately 3,641 complete meals were recovered in 2024.
The effectiveness of the projects promoted is measured in relation to the impact these initiatives generate on the community concerned. To ensure accurate monitoring, the results of each project are constantly shared with Headquarters. Each year, the subsidiaries provide the Biesse group's *Marketing & Communications* and *Strategy* functions with detailed reports on sponsorship and donation initiatives provided locally.

[S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To date, the group has not established specific and measurable objectives concerning the management of relevant negative impacts, the enhancement of positive impacts, or the management of relevant risks and opportunities in relation to affected communities.

ESRS S4 – CONSUMERS AND END-USERS

[S4-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

Section IRO-1 of ESRS 2 describes the process relating to the identification and assessment of material impacts, risks and opportunities relating to end users. In particular, as part of the above disclosure, the Biesse group has taken into consideration the end users that could be significantly impacted by the company's activities, also assessing the effects deriving from the company's operations and its products, services and business relationships. The end users identified in the double materiality process are mainly Biesse group customers. They are companies that use the machinery to process different types of materials in sectors such as furniture, automotive, aerospace and other industries. In addition, customers also include companies similar to the Biesse group that purchase mechatronic components and tools. The customer base thus includes manufacturing companies, craftsmen and industrial operators. Customers also include dealers who collaborate with the company in the distribution and sale of machines.

With the aim of assuring its customers the highest standards of safety in the use of machinery, the group subjects all models produced to stringent risk analyses during the design phase, with particular attention to risks linked to possible mechanical and electrical elements, as well as to the behaviour of operators, in order to guarantee levels of performance higher than those required by the Machinery Directive 2006/42/EC and further international, community and national standards and regulations. During the testing phase, tests are carried out on the level of noise emitted during machining, electromagnetic compatibility tests with particular reference to the radiation emitted and the immunity of the machine, with reference to the radiation to which it could be subjected in the industrial environment of use, and electrical earthing tests. Furthermore, given the complexity of the machines, the company provides clear, multilingual documentation, digital tutorials and technical support to ensure they are used correctly, minimising operational risks.
The group's products are equipped with specific digital systems, including remote monitoring software for collecting and analysing data. For this reason, the company pays special attention to the protection of users' personal data, implementing cybersecurity measures to ensure that the data collected is only used to improve the customer experience and preventive maintenance. In addition, all sensitive customer data is processed in accordance with the applicable laws of the relevant country, excluding any form of discrimination, as stipulated in the company's Code of Conduct. No vulnerable categories of workers are identified among the group's end users. The current and potential impacts identified on end users, which include customers with whom the company interfaces, may originate from or be related to the company's strategy and business model. These impacts, both positive and negative and described in the table below, occur in relation to the sales service, new digital product interfaces and increased accessibility to the company's products and services. Furthermore, in order to identify the risks related to the company's strategy and business model, the Biesse group carried out an analysis of its organisation, policies and business model, which highlighted the importance of integrating social and environmental considerations into strategic planning. The negative and potential impacts identified could manifest themselves as exceptional occurrences, such as through technical defects related to specific machines that could compromise safety or operational efficiency. However, no widespread or systemic negative impacts emerge in relation to the markets where the products are sold or used, as the company takes preventive measures, such as strict quality control and training of technicians. In terms of material positive impacts, the company contributes significantly to improving its customers' operations by expanding the product portfolio to meet their specific needs and optimising communication and support services. This approach ensures continuous, timely and effective support, facilitating the use of the offered solutions and improving the overall customer experience. Finally, interaction with customers generates material risks and opportunities for the company. Risks include dependence on customer satisfaction due to changing market *trends* and the inability to create stable relationships over time. Opportunities include the strengthening of loyalty through high-quality after-sales services and the possibility of expanding into new markets through the continuous adaptation of products to the specific needs of end users. In particular, with regard to risks related to dependence on end-users, significant changes in the macroeconomic and technological environment, as well as deterioration in business relations, could affect the group's business activities. This could lead to a drop in demand for machinery, delays in investments or changes in consumption patterns, with potentially significant financial effects for companies in the sector. However, through the customer management system such risks are adequately monitored and mitigated.

Below are the positive and negative[102], current and potential[103] material impacts identified by the group considering the time horizon[104] and the perimeter within which the impact is identified (Biesse[105], Upstream[106], Downstream[107]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Current/Potential					
ESRS S4	Increased customer satisfaction and involvement through improved communication and after-sales service throughout the product life cycle.	Positive	Potential		X		x	Costumer Care Projects.
ESRS S4	Improved after-sales service through a reorganisation and empowerment of markets that also allows greater access to products and services.	Positive	Current		x		x	Costumer Care Projects.
ESRS S4	Harm to consumers due to limited controls on product quality and safety.	Negative	Potential	Long	X		x	Impact is assessed and managed on an ongoing basis, regardless of the direct connection with the strategic plan.
ESRS S4	Increased customer care due to a single point of contact.	Positive	Potential		x		x	Costumer Care Projects.
ESRS S4	Improved and greater accessibility of Biesse products and services as a result of M&A activities.	Positive	Potential		x		x	Costumer Care Projects.
ESRS S4	Marginal implementation of the digitisation process to accelerate the development of new business models (new revenue channels) and support the customer.	Negative	Current		x		x	Costumer Care Projects.
ESRS S4	Positive impact on customers through expansion of product portfolio as a result of M&A activities to meet new consumer needs.	Positive	Current		x		x	Costumer Care Projects.

The table below lists the risks and opportunities related to consumers and end-users, as resulting from the dual materiality analysis.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS S4	Social and/or behavioural changes.	Risk	Long	X			Costumer Care Projects.
ESRS S4	Deterioration of relationships with customers and strategic partners, potentially negatively affecting the chances of selling new machines, systems and components over time	Risk	Medium	x		x	Costumer Care Projects.
ESRS S4	Customer adherence to the brand resulting in an increased opportunity for prospect conversion.	Opportunity	Short	x			Brand Architecture (product experience).

[S4-1] Policies related to consumers and end-users

To date, the Biesse group has not defined a policy related to end-users, however, it uses strict standards to protect customer privacy and security.

[102] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[103] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[104] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[105] In the tables shown, Biesse means the entire Biesse group
[106] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[107] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

[S4-2] Processes for engaging with consumers and end-users about impacts

Consumers and users are mainly engaged by the Biesse group in the double materiality analysis. In addition, the constant dialogue with customers and dealers allows the group to integrate, via sales managers, any prospects not considered in the dual materiality phase. For the 2024 financial year, this process included a workshop and subsequent questionnaire interview, with the aim of identifying the IROs deemed material by the Biesse group's main customers. This process has been explicitly disclosed in the dedicated section of ESRS 2, paragraph IRO-1.
In conjunction with the double materiality analysis process, as already indicated, end-user engagement also takes place through direct dialogue with dealers and business partners, as well as with the Biesse group customers themselves, in order to obtain a broader representation of their needs and expectations. In particular, this engagement takes place at different stages of product life, including machine development, the sales phase and after-sales support. It takes the form of feedback obtained at events, trade fairs and dedicated meetings with customers to gather specific input. The frequency of such initiatives varies throughout the year.
The presence of sales managers ensures that identified stakeholders are relevant to the group and that IROs are integrated into the ERM process.
As described above, there are no vulnerable groups that are directly impacted by the group's business due to the type of products the company places on the market.

[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

To date, the Biesse group is committed to identifying and reporting to the competent function any significant negative impacts arising from the double materiality process, so that they may be analysed and mitigated. However, it has not yet formalised a process for their management. When impacts involve several functions, an integrated project is created that comprehensively addresses the identified issues, with the aim of reducing negative effects and ensuring adequate support for the end customer.
End users can report concerns or needs directly through specific channels made available by the company, such as the whistleblowing platform on the Biesse S.p.A. website. Alternatively, customers can send complaints directly to the legal department.
Biesse S.p.A. has made available to stakeholders, including end users, an online platform for whistleblowing, easily accessible through the company website. This channel is open to users, allowing them to report problems or concerns directly. However, the company has not yet organised specific training sessions to explain to customers the existence and functioning of this tool, limiting itself to making it available online without further direct information activities.
The whistleblowing policy and its channel can be accessed in the ways described in the chapter on ESRS Principle G1, paragraph G1-1

[S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

During the reporting year, the company took some key actions to mitigate the identified negative impacts, focusing in particular on the reorganisation of markets and the customer support structure. Among the most relevant initiatives is the *Customer* Care project, aimed at improving customer service and enhancing communication with customers. The main objectives include strengthening stakeholder relations and increasing customer loyalty by optimising internal organisation and streamlining communication channels.
The project aims to define a standard organisational model of the *Customer Care* function in the Markets and to create common guidelines on this process for the group. It also includes the optimisation of IT systems to reduce manual operations and technical training for the staff involved.
This project is scheduled for completion within the strategic planning period.
In addition, to further minimise the impact on the customer and reduce intervention times, the company has a structured system in place to respond to product-related issues that could cause interruptions, delays or reduced customer-side productivity. Support can be provided remotely with a 24/6 service, where available, and a network of highly qualified local technicians, able to effectively serve the target market.
In order to mitigate the risks associated with extraordinary interventions, the company offers preventive maintenance contracts, adopting a proactive approach to ensure a constant presence and continuous support to the customer.

In addition, the company provides dealers with e-learning training packages, aimed at making them autonomous in handling customer issues. This approach allows for improved response and resolution times and greater customer control, optimising the overall efficiency of the service.
Strategic projects are constantly monitored by the *Strategy and Sustainable Development* function to assess the effectiveness of the actions developed and to evaluate the results achieved.
The company has implemented a structured process to identify the projects needed to adequately respond to potential negative impacts and risks that may affect consumers and end users. This process is an integral part of strategic planning, which analyses the company's operational environment and the external context, allowing for an accurate assessment of the extent and root causes of identified impacts and risks. With regard to risk management, the process is formalised in the *Risk Management* framework, ensuring a systematic and comprehensive analysis. Once the risks and impacts have been identified and analysed, the company adopts an integrated approach, developing targeted interventions and long-term strategic projects aimed at both mitigating existing impacts and preventing new ones from arising.
The Biesse group is carrying out the '*Brand Architecture*' evolution project in order to align visual identity and brand with the profound strategic transformation undertaken by the company, with the aim of making corporate identity and product portfolio distinctive and recognisable in the markets. The company takes a responsible approach to avoid causing or contributing to material negative impacts on end-users by integrating ethical practices into all phases of its activities, including marketing, sales and the use of data by avoiding misleading communications. On the data use front, the company adheres to strict privacy and security standards, ensuring that customer data are collected, processed and used in accordance with applicable regulations and in respect of their rights.
In 2024, there were no reports of serious human rights problems or incidents related to end-users.

The table below shows the financial resources allocated for the actions described in ESRS S4.

	Current 2024	Short term
Financial resources allocated for planned actions (OpEx)	180,000	322,000

[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Although the company has not yet defined specific targets for managing impacts, risks and opportunities, it considers the *Customer Care* Project a key strategic initiative to ensure business continuity and enhance customer satisfaction.

GOVERNANCE

ESRS G1 - BUSINESS CONDUCT

ESRS2 [GOV-1] The role of the administrative, management and supervisory bodies

The Biesse group's principles and rules of conduct are introduced and made binding by the Group's Code of Conduct. The Board of Directors is in charge of approving and updating the aforementioned Code, while it is up to the Supervisory Body (SB) and the Board of Statutory Auditors to monitor compliance with it. Finally, it is the task of Senior Management[108] to ensure the effective implementation of the Code of Conduct.
The Board of Directors approves the Code and is guided by the principles contained therein when setting corporate objectives. Senior Management implements the Code of Conduct and disseminates it both within and outside the Group; In addition, it has the task of periodically reviewing its contents on the basis of information received from employees and collaborators. The Supervisory Body is responsible for monitoring compliance with the Code by the addressees of the Code. Annually, the Board of Directors checks, and if necessary updates, the document upon the proposal of the Supervisory Body and after hearing the opinion of the Board of Auditors. It is the duty of the Supervisory Body to inform the Board of Directors and the Board of Statutory Auditors of any reports of conduct that does not comply with the provisions of the Code of Conduct.
The discussion of the competences of administrative, management and supervisory bodies with regard to the conduct of businesses is included in paragraph GOV1 of ESRS Chapter 2.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Below are the positive and negative[109], current and potential[110] material impacts identified by the group considering the time horizon[111] and the perimeter within which the impact is identified (Biesse[112], Upstream[113], Downstream[114]).

ESRS	Impact	Type of Impact		Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
		Positive/Negative	Currnt/Potential					
ESRS G1	Promotion of corporate awareness and ethics among employees, business partners and other stakeholders through effective governance and the dissemination of corporate values and ethical principles.	Positive	Current	Long	x	x		People, Process and Technology Management.
ESRS G1	Incidents of corruption within the group and/or along the value chain, which could cause social, economic and reputational damage.	Negative	Potential	Long	x	x	x	Group Compliance System.
ESRS G1	Ineffective management of suppliers relations, including possible delays in payments, with negative consequences on the continuity of relations with business partners.	Negative	Potential	Medium		x		Impact is assessed and managed on an ongoing basis, regardless of the direct connection to the strategic plan.
ESRS G1	Inadequate management of corporate reporting channels, with possible loss of the guarantee of confidentiality and anonymity of the persons involved.	Negative	Potential	Medium	x	x	x	Impact is assessed and managed on an ongoing basis, regardless of the direct connection to the strategic plan.

[108] Senior Management refers to the heads of functions reporting directly to the CEO
[109] An impact is defined as positive if it generates positive effects on the environment or people. Conversely, it is defined as negative if it generates negative effects on the environment or people.
[110] An impact is defined as current when it is believed that effects are occurring in the present; conversely, an impact is defined as potential when effects may occur in the future.
[111] Short period means the period adopted by the company as the reference period for its financial statements. Medium term means up to 5 years, long term means over 5 years
[112] In the tables shown, Biesse means the entire Biesse group
[113] Upstream refers to what is described and defined in ESRS2 regarding value chain information
[114] Downstream refers to what is described and defined in ESRS2 regarding value chain information.

The relevant risks and opportunities for Biesse are listed below.

ESRS	Description of Risk/Opportunity	Risk/ Opportunity	Time Horizon	Biesse	Upstream	Downstream	Connection with Strategic Plan Projects
ESRS G1	Failure to integrate/take into account ESG parameters, material to the company and stakeholders, in Biesse's business strategies and/or failure to comply with ESG disclosure obligations.	Risk	Long	x			Group Compliance System.
ESRS G1	Involvement of suppliers in the design of products, resulting in supplier specialisation, improvement and standardisation of products manufactured.	Opportunity	Long	x	x		Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS G1	Uncoordinated/discontinuous and/or inefficient/effective internal and external communication management process due to the absence of a coordination and alignment function on the different requirements.	Risk	Mediium	x			People, Process and Technology Management.
ESRS G1	Failure to adopt/update compliance risk management models in the area of Corporate Governance (e.g. GDPR, Law 262/2005, Legislative Decree 231/2001, Whistleblowing).	Risk	Mediium	x			Group Compliance System.
ESRS G1	Weaknesses, even significant ones, of the internal control and risk management system and/or low level of maturity and robustness of the risk and control culture within the organisation (economic/financial losses, administrative sanctions, judicial measures as a result of illegal or unlawful conduct and violations of international, national or local laws or regulations).	Risk	Mediium	x			Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS G1	Changes in the legislative and regulatory scenario. Economic/financial losses, administrative sanctions, judicial orders as a result of illegal or unlawful conduct and violations of international, national or local laws or regulations.	Risk	Short	x	x		Group Compliance System.
ESRS G1	Damage to the company image and loss of credibility due to the dissemination of false or misleading information on online platforms (so-called 'Fake news') and/or unfair practices on the internet and social networks to the detriment of Biesse.	Risk	Short	x			Risk is assessed and managed on an ongoing basis, regardless of the direct connection.
ESRS G1	Promotion of a sense of belonging among employees and attraction of new talent through the development of an effective company culture, resulting in improved company performance.	Opportunity	Breve	x			People, Process and Technology Management.

The mitigation actions for the IROs listed above are described in the following paragraphs.

[ESRS2 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

The process for identifying IROs relevant to business conduct issues is set out in the relevant section of ESRS 2.
To identify impacts related to business conduct issues, the Biesse group conducted an analysis of its organisation, policies and business model. The process considered in particular factors such as the business environment, existing policies and procedures relating to the fight against corruption and bribery, relations with suppliers and payment practices, and compliance with whistleblowing procedures. The analysis incorporated relevant criteria, including the location and activity of the transactions, the sectoral context and the structure of the transactions. Please refer to paragraph SBM3 of this standard for the list of material IROs related to business conduct.

[G1-1] Corporate culture and business conduct policies

Business conduct policies include the Code of Conduct, which sets out the Biesse group's vision, mission and corporate values, i.e. the principles that each employee must observe in the conduct of his or her business.
These are listed below.

Vision

To simplify clients' manufacturing process, empowering their imagination to enhance people's everyday life.

Mission

To provide clients with the most suitable solutions, committing our rooted competence to enable them to unleash the potential within any material.

Values

International natives

The sense of belonging without borders that enhances the peculiarities of individuals

Insightful curiosity

A constant desire for discovery, which turns into intuition

Genuine mastery

The original "know-how" which comes out from a of genuine tradition

Widespread transparency

The honesty of the people, the integrity of the company

Heartfelt commitment

The adherence to a common project, lived and strengthened on a daily basis

Respectful sight

The care for the environment, society, people

Business conduct

Dissemination and sharing takes place through information activities within the *To.Get.There* project[115] discussed in section S1-13 of the relevant chapter; furthermore, training activities aimed at the adoption of the Code of Conduct by workers are carried out at the same time as the compulsory training required by Legislative Decree 231/2001 on the Organisation, Management and Control Model, of which the Code of Conduct forms an integral part and constitutes implementation.
The company requires compliance with the Code of Conduct by its corporate bodies, employees and those who work, in various capacities, for the pursuit of the Group's objectives.
The purpose of the Code of Conduct is to indicate the conduct to be observed in the performance of the various company activities in compliance with the values that inspire the code itself, and the rules contained therein are aimed at the various parties with which the company relates in the performance of its activities. Contracts of any nature between the Company and any collaborators, consultants, self-employed workers, and other third parties who perform their activities in favour of the group must provide for the signing of the aforementioned Code or, in any case, adherence to the provisions and principles set out therein. In addition, the Code of Conduct contains inspiring guidelines on how external relations are to be conducted, in particular with regard to: customers, financial institutions, distributors, suppliers, partners, public administration and former employees thereof, public supervisory authorities, political forces, interest groups and the mass media. Senior Management represents the highest management level in the organisation of the company, responsible for the implementation of the Code in question. The Code of Conduct is based on the UN Declaration of Universal Rights, the Core Conventions of the International Labour Organisation, the 10 principles of the UN Global Compact and national laws. In order to identify, assess, manage and/or remedy relevant impacts, risks and opportunities related to business conduct issues, the Human Rights Policy, the Integrated Quality, Safety and Environment Policy and the Group Sustainability Policy have also been drawn up, under the inspiration of the Code of Conduct.
The Code of Conduct is approved by the Board of Directors and updated when there is input for the improvement of relations between the Parties.

[115] Strategic employee engagement project for the correct understanding of the business transformation process

In 2024, the Group's Italian companies adopted a whistleblowing policy, in accordance with Legislative Decree 24/2023, which implements the European *Whistleblowing* Directive (2019/1937), with the aim of defining adequate communication channels for the receipt, analysis and processing of reports of possible unlawful conduct within the Group. A reporting channel has been made available to internal and external recipients, who work directly or indirectly on behalf of the company, via the online platform available on the Biesse S.p.A.[116], GMM S.p.A.[117] and Bavelloni S.p.A.[118] websites. This report may be submitted in any manner permitted by the applicable regulation. The investigation system also provides that, within seven days of receipt, the person in charge of the channel issues an acknowledgement of receipt and acknowledgement to the whistleblower and, within three months of receipt, feedback on the progress of the investigation and its conclusion. The process provides for an initial check by the person in charge of the channel as to the correctness of the procedure followed by the whistleblower and the content of the report, reporting its appropriateness or otherwise to the internal contact persons, and if appropriate, to the internal Supervisory Body. Upon completion of the check, a final report is also prepared. As far as Biesse S.p.A. and HSD S.p.A. are concerned, the person responsible for the management of the platform is an external person with adequate professionalism and experience, who meets the requirements of impartiality and independence. The person in charge of the channel shares reports with the internal actors identified by the Board of Directors, at the stage of possible investigations; In particular, the Company has appointed the Group *Chief Legal and Corporate Affairs Officer* and the Group *Chief Audit Executive* of Biesse S.p.A. In addition, the Supervisory Body, in the case of Significant Reports pursuant to Legislative Decree 231/2001, coordinates and monitors the investigation phase with the internal functions or external teams appointed, evaluates the outcome of the investigation and any consequent measures and guarantees respect for the principle of confidentiality. For GMM S.p.A. and Bavelloni S.p.A., the Supervisory Body is responsible for managing the platform.

The company guarantees the confidentiality of the identity of the whistleblower, the reported subject and the subjects otherwise indicated in the report, as well as the content of the report and related documentation. Whistleblowers who fall within the scope of the whistleblowing directive and the 231 Model are protected from retaliation, discrimination or penalisation for reasons directly or indirectly linked to the whistleblowing, by providing for appropriate sanctions, within the disciplinary system, against those who breach the whistleblower protection measures. At the same time, Biesse adopts appropriate sanctioning measures against those who make malicious or grossly negligent reports that prove to be unfounded.

Biesse S.p.A. and its main Italian subsidiaries (HSD S.p.A., Bavelloni S.p.A., GMM S.p.A.) have adopted an Organisational, Management and Control Model ("Model 231" or "MOGC") in order to prevent, as far as possible, the perpetration of the offences envisaged by Legislative Decree 231/2001 and appointed the various Supervisory Bodies which, in addition to overseeing the whistleblowing channel, as a supervisory function, can investigate facts brought to their attention in the course of business activities and move, making the appropriate internal investigations, reporting to the Board of Directors.

As part of its risk assessment activities in relation to the 231 Biesse model, the company has identified as "sensitive" activities for risks related to the implementation of corrupt conduct those relating to the "purchasing" and "commercial" areas. The assessment, however, did not result in the evaluation of a high-risk level. Moreover, in relation to issues concerning the fight against corruption and bribery, the existing controls are further strengthened through the adoption of a control plan for activities at risk of offences pursuant to Legislative Decree 231/2001, providing for periodic audit cycles, aimed at carrying out specific control tests addressed to the group's Italian companies.

With reference to Italian white-collar personnel, a specific course on Whistleblowing, the Code of Conduct and Legislative Decree 231/2001 will be provided from 2024 at the time of recruitment and annually thereafter. For direct personnel, training related to Model 231 is provided at the same time as compulsory health and safety courses.

[G1-2] Supplier relationship management

The relationship Biesse S.p.A. has with its suppliers has been standardised over the years and includes:

- the sharing of the Supplier Quality Manual;
- the evaluation of suppliers against the requirements mentioned in the Manual.

In addition, based on the risks identified during the double materiality process and described within paragraph SBM3 of the S2 standard, the company revised the entire supplier qualification process, integrating an analysis of ESG parameters within the evaluation procedure[119].

---

[116] https://biesse.com/it/it/corporate-governance/?Tabs=Canale+di+segnalazione-6
[117] https://whistleblowersoftware.com/secure/9aaecb23-050b-4ba5-b2e6-bfb92a9f0c14
[118] https://whistleblowersoftware.com/secure/39b35b21-450a-48a8-befa-47fdb10b7ee8
[119] This analysis is currently in place for the purchases of Biesse S.p.A.. The procedure will also be integrated for purchases made by Biesse India private Limited. GMM S.p.A. and Bavelloni S.p.A. are currently excluded.

The latter includes, in particular, a verification of compliance with health and safety regulations, applicable environmental regulations and those on respect for human rights according to the relevant national and international regulatory framework. The due diligence process allows the company to identify risks to the business related to these issues and any negative impacts on people and the environment related to the supply chain. In this way, the company can identify any areas of risk and ensure that the effectiveness of corrective actions is monitored. These criteria are also taken into account in the initial selection of suppliers among the other parameters the company uses when selecting them.

[G1-3] Prevention and detection of corruption and bribery

Biesse S.p.A. has adopted an Anti-Corruption Code of Conduct applicable to the entire Group. Although it is not aligned with the provisions of the United Nations Convention against Corruption, it has been drafted in compliance with the provisions of the Italian Criminal Code (Art. 318 et seq.), the Civil Code (Art. 2635 et seq.), Law No. 190 of 2012, Legislative Decree No. 231 of 2001 (Art.25-ter, co.1, lett. s-bis), the *UK Bribery Act 2010* and European Directive 2019/1937.
The modalities for reporting, detecting and handling cases of corruption and bribery are the same as those indicated in the previous points regarding reporting channels. The management of the corruption and bribery prevention system is entrusted to the function *Legal & Corporate Affairs*; on the other hand, the external provider of the *Whistleblowing* platform involves the Supervisory Body, where there are reports.
In the event of reports, the Biesse S.p.A. Supervisory Body, after assessing the relevance of the information received, notifies the Board of Directors and the control body, where necessary. At present, no training has been specifically provided on anti-corruption and bribery issues, as no reports were received by the Supervisory Board during 2024 through the reporting channels available to all interested parties, and considering the fact that no functions at risk were identified. In order to actively promote business ethics and integrity, the key stakeholders and company leaders are periodically trained on topics related to Legislative Decree 231/2001.
The Organisational, Management and Control Models are valid in Italy, while the *Whistleblowing* procedure, despite the fact that the relevant reporting channel is open to potential whistleblowers from all over the world, applies to Group companies based in one of the EU Member States. For Germany, Spain and France, the application of the *Whistleblowing* procedures and the whistleblowing channel is being implemented. The Anti-Corruption Code of Conduct and the Code of Conduct, on the other hand, apply to all group companies, whether Italian, European or non-European.

[G1-MDR-A] Actions and resources related to business conduct issues

The main actions implemented by the Biesse group in 2024 in the area of business conduct are described in the list below with reference to the IROs listed above and will be completed within the strategic planning. In addition, the company constantly monitors the relevant legislation and any updates to respond promptly to changing regulatory scenarios.
With reference to the identified IROs related to the business conduct standard (ESRS G1) and described in SBM3, the company defined the following mitigation actions:

- Sharing the company vision, mission and values through the *To.Get.there* project. This group-wide initiative was launched in 2023 and will continue throughout the strategic planning period with the intention of providing awareness of the entire corporate value *set*
- Launch of the *legal compliance* project that monitors regulatory developments in the areas in which the Biesse group operates with the aim of having a constant watch on possible regulatory changes;
- Establishment of the *Risk & Process* function to oversee the proper management of corporate risks. As of 2024, the Biesse group has also defined an internal control system for ESG issues, which will be tested and progressively implemented in future years. This system is responsible for carrying out checks on the entire company perimeter with the aim of ensuring that ESG issues are also properly monitored;
- Publication in 2024 of the current strategic plan, which also incorporates ESG objectives. The *Corporate Social Responsibility* function became more structured to meet the regulatory requirements for sustainability reporting, and was integrated into the *Strategy & Sustainable Development* function;
- Periodic publication of clear and verified information on institutional and official channels to counter misinformation and strengthen stakeholder confidence.

With regard to targets related to business conduct, to date the Biesse group has not defined specific targets as they are not currently among the strategic priorities.

In the reporting period, investments in projects related to the conduct of business were as follows.

	Current 2024	Short term
Financial resources allocated for planned actions (OpEx)	70,000	84,000

[G1-4] Cases of corruption and bribery
During 2024, there were no convictions for cases of corruption and bribery and consequently no fines for violations of the above-mentioned cases.

[G1-6] Payment practices

Generally, Biesse pays suppliers between 90 and 120 days from the date of invoice issuance (standard payment terms), however, contractual terms are agreed with individual suppliers at the time the contract is signed. Biesse does not currently have a defined policy for late payments, however, any changes are promptly communicated to counterparties. There are no differences in terms of payment standards for small and medium-sized enterprises.
The company makes payments mainly on the 10th day of each month, supplementing them with weekly payment sessions to minimise the number of days of delay. Payment terms average 103 days[120]. For small and medium-sized enterprises[121], the payment terms do not differ from the overall average. These data refer to all payment transactions made to third-party suppliers only by bank transfer or bank receipt. Therefore, considering the average of the standard terms, the payment times comply with the standard terms. There are no ongoing legal proceedings due to late payments in 2024. In this regard, a thorough check of the company's accounting records relating to suppliers was conducted in cooperation with the relevant department.

[120] The precise calculation of payment terms was carried out by considering the invoices paid in 2024 by Biesse S.p.A. and HSD S.p.A. (about 80% of the total trade payables of the consolidated group), based on the average number of days between the invoice date and its payment date, weighted by the amount paid for each invoice.
[121] Small and medium-sized enterprises refer to companies in the district that export within Italy or to neighbouring regions and have a turnover of up to approximately 50,000 euros. The main small and medium-sized suppliers of Biesse S.p.A. and HSD S.p.A. were considered for the calculation.

RELATION TO EU LEGISLATIVE DEEDS

[E2 IRO 2]: Disclosure requirements in ESRS covered by the undertaking's sustainability statement 4.2
The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation.

Disclosure Requirement	Data Point		SFDR[122]	Pillar 3[123]	Reference regulations[124]	European Climate Law[125]	Page/ Materiality
ESRS 2 GOV-1	21 (d)	Gender diversity in the board	✓		✓		40
ESRS 2 GOV-1	21 (e)	Percentage of independent board members			✓		40
ESRS 2 GOV-4	30	Statement on due diligence	✓				42
ESRS 2 SMB-1	40 (d) i	Involvement in fossil fuel related activities	✓	✓	✓		Not Relevant
ESRS 2 SMB-1	41 (d) ii	Involvement in activities related to the production of chemicals	✓		✓		Not Relevant
ESRS 2 SMB-1	42 (d) iii	Participation in controversial weapons-related activities	✓		✓		Not Relevant
ESRS 2 SMB-1	43 (d) iv	Involvement in activities related to tobacco cultivation and production			✓		Not Relevant
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				✓	55
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		✓	✓		55
ESRS E1-4	34	GHG emission reduction targets	✓	✓	✓		56
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	✓				57
ESRS E1-5	37	Energy consumption and mix	✓				57
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact	✓				Not Relevant

[122] Regulation (EU) (2019/2088) of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317 of 9/12/2019.pg 1).
[123] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27/06/2013, p. 1).
[124] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29/06/2016, p. 1).
[125] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 ('European Climate Legislation') (OJ L 243, 09/07/2021, p. 1), as well as its delegated regulations.

		sectors					
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	✓	✓	✓		57
ESRS E1-6	53-55	Intensity of gross GHG emissions	✓	✓	✓		57
ESRS E1-7	56	GHG removals and carbon credits				✓	Not Relevant
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			✓		*Phase In*
ESRS E1-9	66 (a)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		✓			*Phase In*
ESRS E1-9	66 (c)	Location of significant assets at material physical risk		✓			*Phase In*
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		✓			*Phase In*
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			✓		*Phase In*
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	✓				66 26 (b) Not Relevant
ESRS E3-1	9	Water and marine resources	✓				Not Relevant
ESRS E3-1	13	Dedicated policy	✓				Not Relevant
ESRS E3-1	14	Sustainable oceans and seas	✓				Not Relevant
ESRS E3-4	28 (c)	Total recycled and reused water	✓				Not Relevant
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	✓				Not Relevant
ESRS 2 SBM 3 - E4	16 (a)	Biodiversity-sensitive areas	✓				Not Relevant
ESRS 2 SBM 3 - E4	16 (b)	Impacts on soil	✓				Not Relevant
ESRS 2 SBM 3 - E4	16 (c)	Endangered species	✓				Not Relevant
ESRS E4-2	24 (c)	Sustainable land / agriculture practices or policies	✓				Not Relevant

ESRS E4-2	24 (d)	Policies to address deforestation	✓				Not Relevant
ESRS E5-5	37 (d)	Non-recycled waste	✓				69
ESRS E5-5	39	Hazardous waste and radioactive waste	✓				69
ESRS 2 SBM 3 - S1	14 (f)	Risk of forced labour	✓				71
ESRS 2 SBM 3 - S1	14 (g)	Risk of child labour	✓				71
ESRS S1-1	20	Human rights policy commitments	✓				73
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			✓		73
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	✓				73
ESRS S1-1	23	The workplace accident prevention policy or submission of an accident management system	✓				73
ESRS S1-3	32 (c)	Mechanisms for dealing with complaints/complaints	✓				74
ESRS S1-14	88 (b), (c)	Number of deaths and rate of work-related injuries	✓		✓		80
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	✓				*Phase In*
ESRS S1-16	97 (a)	Unadjusted gender pay gap	✓		✓		81
ESRS S1-16	97 (b)	Excessive pay gap in favour of the CEO	✓				81
ESRS S1-17	103 (a)	Discrimination-related incidents	✓				81
ESRS S1-17	104 (a)	Failure to comply with the UN Guiding Principles on Business and Human Rights and OECD	✓				81
ESRS 2 SBM 3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	✓				82
ESRS S2-1	17	Human rights policy commitments	✓				83
ESRS S2-1	18	Policies related to value chain workers	✓				83
ESRS S2-1	19	Non-respect of UNGPs on Business and Human	✓		✓		83

		Rights and OECD guidelines					
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			✓		83
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	✓				85
ESRS S3-1	16	Human rights policy commitments	✓				86
ESRS S3-1	17	Non-compliance with UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	✓		✓		86
ESRS S3-4	36	Human rights issues and incidents	✓				87
ESRS S4-1	16	Policies related to consumers and end-users	✓				90 16 (a) Not Relevant
ESRS S4-1	17	Non-compliance with UNGPs on Business and Human Rights and OECD guidelines	✓		✓		90
ESRS S4-4	35	Human rights issues and incidents	✓				91
ESRS G1-1	10 (b)	United Nations Convention against Corruption	✓				94
ESRS G1-1	10 (d)	Protection of whistle-blowers	✓				94
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	✓		✓		98
ESRS G1-4	24 (b)	Anti- corruption and anti-bribery standards	✓				98

DIRECTORS' REPORT ON OPERATIONS OF BIESSE S.P.A.

The most significant deviations from the values in the financial statements for the year ended 31 December 2024 are commented on in the various sections of the notes to the financial statements.

INCOME STATEMENT

2024 Income Statement highlighting non-recurring items

	31 December 2024	% on sales	31 December 2023	% on sales	CHANGE %
Euro 000's					
Revenue from sales and services	**425,954**	**100.0%**	**537,745**	**100.0%**	**(20.8)%**
Change in inventories, wip, semi-finished products and finished products	(7,494)	(1.8)%	(21,753)	4.0%	(65.5)%
Other revenues	5,274	1.2%	5,402	1.0%	(2.4)%
Value of production	**423,734**	**99.5%**	**521,304**	**97.0%**	**(18.7)%**
Raw materials, consumables, supplies and goods	(229,844)	(54.0)%	(274,330)	(51.0)%	(16.2)%
Other operating costs	(71,820)	(16.9)%	(82,962)	(15.4)%	(13.4)%
Added value before non-recurring events	**122,070**	**28.7%**	**164,102**	**30.5%**	**(25.6)%**
Personnel expense	(111,474)	(26.2)%	(133,503)	(24.8)%	(16.5)%
Ebitda Adjusted	**10,596**	**7.8%**	**30,599**	**5.7%**	**(65.4)%**
Depreciation and amortisation	(15,559)	(4.9)%	(17,770)	(3.3)%	(12.4)%
Provisions	(2,626)	(0.5)%	(3,108)	(0.6)%	(15.5)%
Ebit Adjusted	**(7,589)**	**2.5%**	**9,721**	**1.8%**	**(178.1)%**
Non recurring-items	(1,818)	(0.5)%	(10,970)	(2.0)%	(100.0)%
Ebit	**(9,407)**	**2.0%**	**(1,249)**	**(0.2)%**	**653.2%**
Net financial income	(6,096)	0.4%	(3,780)	(0.7)%	61.3%
Net financial expens	(1,910)	(0.9)%	(613)	(0.1)%	211.6%
Value adjustments on financial assets	(3,128)	(0.4)%	(9,074)	(1.7)%	(65.5)%
Dividends	24,040		31,928	5.9%	(24.7)%
Pre-tax result	**3,499**	**1.1%**	**17,212**	**3.2%**	**(79.7)%**
Income taxes	3,131	(0.6)%	1,299	0.2%	141.0%
Result for the year	**6,630**	**1.6%**	**18,511**	**3.4%**	**(64.2)%**

In 2024, **revenue from sales and services** amounted to € 425,954 thousand, compared to € 537,745 thousand at 31 December 2023, down by -20.8% over the previous year. For more information on the decrease in sales, please refer to the Biesse group's sales analysis.

The **value of production** amounted to € 423,734 thousand, compared to € 521,394 thousand as at 31 December 2023, representing a decrease of about 18.7% over the previous year. For a better reading of the Company's margins, below a breakdown of costs as a percentage of the value of production is shown.

	31 December 2024	%	31 December 2023	%
Euro 000's				
Value of production	**423,734**	**100.0%**	**521,394**	**100.0%**
Consumption of raw materials and goods	229,844	54.2%	274,330	52.6%
Other operating expenses	71,820	16.9%	82,962	15.9%
Service costs	*64,864*	*15.3%*	*75,230*	*14.4%*
Costs for the use of third party assets	*2,471*	*0.6%*	*2,659*	*0.5%*
Other operating expenses	*4,485*	*1.1%*	*5,073*	*1.0%*
Value added before non-recurring events	**122,070**	**28.8%**	**164,012**	**31.5%**

The percentage incidence of "Value added before non-recurring events" calculated on "Production value" decreased by 2.7 p.p compared to 2023, mainly due to the increase in the percentage incidence of the item "Consumption of raw materials and goods" and "Costs for services". There is an incidence of the item

“Consumption of raw materials and goods” of 54.2%, an improvement compared to the previous year of 1.6 p.p.. The incidence of other “Operating expenses” amounted to 16.9%, up 1 p.p. compared to the previous year.

Other operating expenses decreased in absolute terms by € 11,142 thousand due to “Costs for services” of € 10,366 thousand, “Costs for use of third-party assets” of € 188 thousand, and “Other operating costs” of € 588 thousand. The decrease in service costs was mainly due to lower costs for production services, trade fairs and advertising, and personnel travel expenses. Costs for the use of third-party assets amounted to € 2,471 thousand (€ 2,659 thousand in 2023) and refer to rental contracts that do not fall under IFRS16. Other operating costs amounted to € 4,485 thousand (€ 5,073 thousand in 2023).

Personnel expense in 2024 was € 111,474 thousand, compared with € 133,503 thousand in 2023, with a € 22,029 thousand decrease in absolute terms. This decrease is the result of the implementation of the defensive solidarity contract, which started at the end of 2023 and was renewed in October 2024 until 30 June 2025, as well as the departure of certain employees against the redundancies identified at the end of the previous year. There was a decrease in employees, whose average number fell from 1,924 to 1,784.

It should be noted that, as a result of the decrease in volumes, personnel costs as a percentage of revenues increased from 24.8% in 2023 to 26.2% in 2024.

Normalised gross operating profit (adjusted EBITDA) amounted to € 10,596 thousand (€ 30,599 thousand in 2023), down by € 20,003 thousand.

“Depreciation and amortisation” amounted to € 15,559 thousand, a decrease compared to the previous year (€ 17,770 thousand in 2023). The variance refers mainly to the amortisation of intangible assets.

Recurring provisions increased compared to 2023 (€ 1,800 thousand in 2024 against € 1,108 thousand in 2023). Recurring impairment write-downs of € 827 thousand (€ 2,000 thousand in 2023) mainly refer to write-downs of property, plant and equipment to adjust the book value to their fair value.

Normalised operating profit (adjusted EBIT) was negative for € 7,589 thousand compared to a positive balance of € 9,721 thousand in 2023, with a negative change of € 17,310 thousand.

Non-recurring items" amounting to € 1,818 thousand in 2024, € 10,970 thousand in 2023.

The **operating result (EBIT)** was negative in the amount of € 9,407 thousand, worsening by € 8,158 thousand compared to the loss of € 1,249 thousand in 2023. This decrease is a consequence of the drop in turnover that occurred in 2024 as a consequence of the slowdown in order intake that had already become apparent from the second half of 2023 and continued in the following financial year.

As regards financial operations, financial expense amounted to € 6,096 thousand, up compared to the figure for 2023 (€ 3,780 thousand). This increase is related to the opening of credit lines and loans connected to the acquisition of the GMM group.

Exchange rate risk management resulted in a negative balance of € 1,910 thousand, compared to a negative balance of € 613 thousand in the previous year.

Value adjustments to financial assets, the balance of which was negative for € 3,128 thousand (negative for € 9,074 thousand in 2023), are the result of impairment tests conducted on certain investments in shares of Biesse group companies. Of particular note:

- Impairment of the investment in the subsidiary Biesse Turkey Makine Ticaret Ve Sanayi A.S. for € 4,948 thousand;
- Impairment of the investment in the subsidiary Biesse Hong Kong Ltd for € 3,370 thousand;
- Reversal of impairment of the investment in the subsidiary Biesse Iberica Woodworking Machinery s.l. € 2,362 thousand;
- Reversal of impairment of the investment in the subsidiary Biesse Group New Zealand Ltd for € 600 thousand;
- Reversal of impairment of the investment in the subsidiary Biesse Group Australia Pty Ltd for € 274 thousand;
- Reversal of impairment of the investment in the subsidiary Biesse Deutschland Gmbh € 192 thousand;
- Positive effect on surplus of equity provision of the subsidiary Biesse Group Russia € 1,762 thousand sold in October 2024.

The item dividends, relating to the recognition during the year following distribution resolutions by some branches, amounted to € 24,040 thousand, broken down as follows:

- HSD S.p.A.: € 13,000 thousand;
- Biesse America Inc.: € 4,763 thousand;
- Biesse France Sarl: € 4,000 thousand;
- Biesse Iberica Woodworking Machinery s.l.: € 1,000 thousand;
- Biesse Canada Inc.: € 672 thousand;
- Biesse Group UK Ltd: € 605 thousand.

Pre-tax profit was positive at € 3,499 thousand, a decrease of € 13,713 thousand compared to 2023, when it was positive at € 17,212 thousand.

The balance of the **tax items** was positive for a total of € 3,131 thousand, compared with a positive result of € 1,299 thousand in the previous year.

The Company therefore reported a positive **result for the year of** € 6,630 thousand (positive for € 18,511 thousand in 2023).

STATEMENT OF FINANCIAL POSITION

	31 December 2024	31 December 2023
Euro 000's		
Intangible assets	26,913	30,003
Property, plant and equipment	60,074	63,968
Financial assets	197,319	118,467
Non-current assets	**284,306**	**212,438**
Inventories	77,704	92,624
Trade receivables and contract assets	109,993	125,732
Trade payables	(125,229)	(155,415)
Net operating working capital	**62,468**	**62,941**
Post-employment benefits	(7,166)	(8,055)
Provision for risk and charges	(21,739)	(35,924)
Other net payables	(27,975)	(29,637)
Net deferred tax assets	15,098	11,590
Other net Assets/(Liabilities)	(41,422)	(62,026)
Net invested capital	**305,352**	**213,353**
Share capital	27,403	27,403
Profit for the previous year and other reserves	176,252	161,350
Profit for the year	6,630	18,511
Equity	**210,285**	**207,264**
Bank loans and borrowings and loans and borrowings from other financial ba	272,437	111,074
Other financial assets	(52,443)	(50,391)
Cash and cash equivalents	(124,927)	(54,594)
Net financial position	95,067	**6,089**
Total sources of funding	**305,362**	**213,353**

Net intangible assets decreased by € 3,090 thousand compared to 2023. Increases in the year amounted to € 2,695 thousand, of which € 1,794 thousand related to capitalisations on R&D projects not yet completed. The decrease is mainly due to the effect of depreciation amounting to € 5,775 thousand.

As regards property, plant and equipment, the net value fell by € 3,894 thousand. Investments in the reference period amounted to € 9,537 thousand. These investments mainly relate to the purchase of an automatic warehouse for the spare parts department for € 2,035 thousand, the new fitting out of the show room area for € 615 thousand, the purchase of a new data centre for € 355 thousand, the increase in the rental values of buildings due to ISTAT adjustments and contract renewals for € 333 thousand, and the signing of rental contracts for company cars for € 4,053 thousand; The remaining amount is related to the normal replacement of work tools, necessary for ordinary production activity.

During the year, decreases were recorded for a net value of € 2,830 thousand, of which € 1,994 thousand referred to existing lease contracts following early termination of the contracts with respect to contractual expiry dates and € 549 thousand to the sale of a building and appurtenant land with plant included, located in Gradara (PU), executed on 30 October by deed of Notary Luisa Rossi; the sales amount amounted to € 670 thousand, generating a capital gain of € 121 thousand.

The decrease due to depreciation for the period amounted to € 9,783 thousand, while write-downs amounted to € 817 thousand.

Financial fixed assets of € 197,319 thousand increased by € 78,852 thousand; The increase is mainly attributable to financial investments in subsidiaries following the acquisition of the GMM group for a total value of € 72,444 thousand, to increases in value following capitalisations on certain subsidiaries for a total amount of € 11,798 thousand, and to the establishment of two new companies for € 188 thousand. Trigger events were triggered on some investee companies, following which impairment tests were performed, resulting in write-downs of € 8,318 thousand and write-backs of € 3,428 thousand. Lastly, there were lower tax receivables from tax authorities. in the amount of 688 thousand.

Net working capital, compared with 31 December 2023, showed a slight decrease of approximately € 473 million; all its constituent items recorded a significant decrease.

In the item "Other Net Assets/ (Liabilities)", negative for € 41,422 thousand (negative for € 62,026 thousand in 2023), there was a decrease in the overall debt mainly attributable to the item "Provisions for risks and charges" following the utilisations made in 2024.

Net financial position

	31 December 2024	31 December 2023
€ '000		
Financial assets	177,370	104,985
Current financial assets vs thirds parts	15,934	16,394
Current financial assets vs related parties	36,509	33,997
Cash adn cash equivalent	124,927	54,594
Short-term lease liabilities	(3,119)	(2,936)
Current bank debts	(73,481)	(1,947)
Other current financial liabilities	(91,584)	(100,314)
(Current Financial Indebtedness)	**9,186**	**(212)**
Mediun/Long-term financial indebtness	(4,352)	(5,725)
Medium/Long term bank debts	(99,800)	-
Trade payables and other medium/long-term payables	(101)	(152)
Non current financial Indebtedness	(104,253)	(5,877)
Net financial position	(95,067)	(6,089)

In the NFP statement at 31/12/2024, in application of the new provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob which refers to the ESMA Recommendations of 4 March 2021, trade payables due beyond 12 months were included.

For the sake of full disclosure, it should be noted that, as this is not specifically regulated, the Net Financial Position does not include the residual debt for the payment of the price adjustment related to the acquisition of the GMM group of € 3.5 million, which is recognised in the balance sheet under Other payables.

The Net Financial Position as at 31 December 2024 was negative for € 95,067 thousand (negative for € 87,743 thousand excluding the effects of IFRS 16), worsening compared to the previous year's figure, negative for € 6,089 thousand (and positive for € 1,967 thousand excluding the effects of IFRS 16). The increase in debt is mainly due to the investment for the acquisition of the GMM group with an outlay of € 68.9 million and dividend payments of € 3.8 million. Operations drained cash amounting to € 22.2 million.

RELATED-PARTY TRANSACTIONS

As regards transactions with related parties, reference should be made to the notes to the separate financial statements of Biesse S.p.A.

OTHER INFORMATION

Finally, it should be noted that the Company does not own shares/stakes of parent companies nor did it own or trade them during 2024. There is therefore nothing to disclose for the purposes of Art. 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code. On 25 October 2024, the Board of Directors resolved that Bi.Fin S.r.l., pursuant to Article 2497 et seq. of the Italian Civil Code, does not actually carry out management and coordination activities, and at the same time granted the Chairman of the Board of Directors and the Chief Executive Officer, severally, the powers necessary to implement the resolution and to carry out the obligations required under Article 2497-bis of the Italian Civil Code, such as: i) the deletion of Biesse S.p.A. from the section of the companies register in which the companies or entities subject to management and co-ordination activities are indicated and ii) the elimination of the reference to Bi.Fin S.r.l. being subject to management and co-ordination activities in the acts and correspondence of Biesse S.p.A..

EVENTS AFTER THE REPORTING DATE

Please refer to the information under *SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024 AND OUTLOOK* in the Directors' Report on Operations of the consolidated financial statements.

PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

You are invited to approve the financial statements for the year ended 31 December 2024, with the present Directors' Report on Operations, as they stand.

The Board of Directors, having acknowledged the positive economic and financial results achieved in the 2024 financial year, proposes to assign dividends to Shareholders to be taken from net profit at the rate of € 0.04 for each of the entitled shares, for a total amount of € 1,096,103.72, with an ex-dividend date set for 5 May 2025.

Therefore, you are invited to resolve on the allocation of the profit for the year of € 6,630,160.34 with the following distribution:

- allocation of € 1,096,103.72 to dividends;
- allocation of the remaining profit of € 5,534,056.62 to the Extraordinary Reserve;

Coupons will be paid in one lump sum as of 7 May 2025 (with ex-dividend date as of 5 May 2025 and record date 6 May 2025) through authorised financial intermediaries.

Pesaro, 14/03/2025

The Chairman of the Board of Directors

Roberto Selci

Consolidated Financial Statements as at 31 December 2024

Biesse S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

CONSOLIDATED INCOME STATEMENT

		31 December	
	Note	2024	2023
Revenue	7	754,698	785,002
Other operating income	8	9,260	8,408
Change in inventories of finished goods and work in progress		(3,150)	(34,900)
Purchase of raw materials and consumables	9	(300,457)	(293,766)
Personnel expense	10	(247,263)	(241,331)
Depreciation, amortisation and impairment	11	(42,763)	(51,570)
Other operating costs	12	(155,430)	(147,673)
Operating profit		**14,895**	**24,169**
Share of profit of associates		-	-
Financial income	13	3,380	2,310
Financial expense	13	(6,928)	(2,331)
Income (expense) on foreign exchange	13	(3,378)	(3,668)
Pre-tax profit		**7,969**	**20,479**
Income taxes	27	(4,220)	(7,996)
Profit for the year		**3,750**	**12,483**
Attributable to:			
Attributable to owners of the parent		3,750	12,483
Attributable to non-controlling interests		-	-
Earnings per share	14	0.14	0.46
Diluted (€/cents)	14	0.14	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Euro 000's	Note	31 December 2024	2023
Result of the period		**3,750**	**12,483**
Translation differences of foreign operations	24	1,593	(2,407)
Income/(loses) on financial assets valuated at fair value OCI		257	223
Taxes on Income/(loses) on financial assets valuated at fair value OCI		(67)	(54)
Total items that may be reclassified to profit and loss of the year		**1,783**	**(2,238)**
Measurement of defined-benefit plans		55	(173)
Income taxes on items that will not be reclassified to profit and loss		(16)	46
Total items that will not be reclassified to profit or loss		**39**	**(128)**
Total comprehensive income for the year		**5,572**	**10,118**
Attributable to:			
Non-controlling interests		-	-
Owners of the parent		5,572	10,118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[126]

Euro 000's	Note	31 December 2024	31 December 2023
ASSETS			
Property, plant and equipment	15, 16	137,923	117,213
Goodwill	17	72,083	46,693
Other intangible assets	18	56,692	36,753
Deferred tax assets	27	28,826	25,168
Other financial assets and receivables (inluding derivatives)	19	2,797	3,404
Other revcevables		169	115
Total non current assets		**298,491**	**229,346**
Inventories	20	177,331	168,393
Trade receivables and contract assets	21	120,801	116,619
Other revcevables	22	17,507	13,146
Other financial assets and receivables (inluding derivatives)	19	23,077	17,828
Cash and cash equivalents	23	181,012	104,473
Total current assets		**519,727**	**420,459**
TOTAL ASSETS		**818,218**	**649,805**

Euro 000's	Note	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	24	27,403	27,403
Reserves	24	232,221	221,562
Result of the period		3,750	12,483
Equity attributable to the owners of the parent		**263,373**	**261,448**
Non-controlling interests		-	-
TOTAL EQUITY		**263,373**	**261,448**
Non current liabilities			
Financial liabilities	16,25	119,426	18,742
Post-employment benefits	26	11,860	10,041
Deferred tax liabilities	27	15,311	7,805
Other liabilities	31	176	167
Total non current liabilities		**146,773**	**36,755**
Financial liabilities	16, 25	88,963	9,384
Provisions for risks and charges	28	33,318	37,512
Trade payables	29	120,937	135,281
Contract liabilities	30	99,572	108,049
Other liabilities	31	63,286	59,326
Income tax liability	27	1,996	2,049
Total Current liabilities		**408,072**	**351,602**
LIABILITIES		**554,845**	**388,357**
TOTAL EQUITY AND LIABILITIES		**818,218**	**649,805**

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

Biesse

CONSOLIDATED STATEMENT OF CASH FLOWS

Euro 000's	Note	31 Dec 2024	31 Dec 2023
OPERATING ACTIVITY			
Result for the year		3,750	12,483
Change for:			
Income taxes	27	4,220	7,996
Depreciation and amortisation of current and non-current owned assets	11	24,651	22,075
Depreciation and amortisation of current assets in leasing	11	11,977	8,838
Gains/losses from sales of property, plant and equipment		(1,448)	(1,946)
Impairment losses on intangible assets	11	827	2,187
Accrual to post-employment benefits		7,693	21,265
Income from investment activities		(623)	(575)
Net Financial expense		6,852	2,093
SUBTOTAL OPERATING ACTIVITIES		**57,898**	**74,417**
Change in trade receivables and contract assets		11,265	(4,594)
Change in inventories		34,262	41,150
Change in trade payables and contract liabilities		(57,531)	(74,380)
Change in post-employment benefits and in others funds		(12,322)	(5,787)
Other changes in operating assets and liabilities		(6,330)	(3,796)
Cash flow Cash flow generated / (absorbed) by operating activities		**27,242**	**27,010**
Tax paid		(9,601)	(11,065)
Interest paid		(3,346)	193
NET CASH FLOWS FROM OPERATING ACTIVITIES		**14,296**	**16,138**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	15	(16,355)	(12,077)
Proceeds from sale of property, plant and equipment		3,092	4,702
Acquisition of intangible assets	18	(3,148)	(8,918)
Proceeds from sale of intangible assets		194	41
Investments in other companies		2	(2)
Cash flow from acquisition of business combinations	34	(52,988)	(3,000)
Cash flow from sale of business combinations		(1,638)	0
Change in other financial assets		(5,774)	3,945
Income received on financial assets held for trading			
Interest/income received from investment activities		477	526
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(76,137)**	**(14,784)**
FINANCING ACTIVITIES			
Loan refunds	25	52,211	(975)
New bank loans	25	99,800	0
Finance lease payments	16, 25	(11,357)	(9,346)
Other changes		852	(5)
Change in CFH reserve		(21)	
Dividend paid to minority shareholders		0	(232)
Dividend paid		(3,846)	(9,076)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**137,638**	**(19,634)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**75,797**	**(18,280)**
CASH AND CASH EQUIVALENTS AS AT 1st January	23	104,473	125,039
Effect of exchange rate fluctuations on cash held		742	(2,286)
CASH AND CASH EQUIVALENTS AS AT 31th December	23	**181,012**	**104,473**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

'Euro 000's	Note	Share Capital	Equity reserves	Hedging and translation reserves	Actuarial reserve	Finalcial asset OCI reserve	Others reserves	Result for the year	Equity attributable to the owners of	Non Controlling Interests	TOTAL EQUITY
		EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT									
Opening balances at 01/01/2023	24	27,403	36,202	(12,797)	(4,265)	(202)	183,959	30,248	260,548	245	260,793
Other comprehensive income				(2,407)	(128)	170			(2,365)		(2,365)
Result for the year 31.12.2023								12,483	12,483		12,483
Total comprehensive income/expense for the year				(2,407)	(128)	170		12,483	10,118		10,118
Dividends distribution								(9,043)	(9,043)		(9,043)
Allocation of profit for the previous year							21,205	(21,205)			-
Transactions with minority shareholders										(240)	(240)
Other changes							(176)		(176)	(5)	(181)
Closing balances at 31/12/2023	24	27,403	36,202	(15,204)	(4,392)	(32)	204,989	12,483	261,448	0	261,448

'Euro 000's	Note	Share Capital	Equity reserves	Hedging and translation reserves	Actuarial reserve	Finalcial asset OCI reserve	Others reserves	Result for the year	Equity attributable to the owners of	Non Controlling Interests	TOTAL EQUITY
	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT										
Opening balances at 01/01/2024	24	27,403	36,202	(15,204)	(4,392)	(32)	204,989	12,483	261,448	0	261,448
Other comprehensive income				1,593	39	190			1,822		1,822
Result for the year 31.12.2024								3,750	3,750		3,750
Total comprehensive income/expense for the year				1,593	39	190		3,750	5,572		5,572
Dividends distribution								(3,836)	(3,836)		(3,836)
Allocation of profit for the previous year							8,647	(8,647)			
Transactions with minority shareholders											
Other changes							190		190		190
Closing balances at 31/12/2024	24	27,403	36,202	(13,611)	(4,354)	158	213,826	3,750	263,373	0	263,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The subject preparing the financial statements

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

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

The Consolidated Financial Statements at 31 December 2024 include the financial statements of Biesse S.p.A. and its subsidiaries, over which it directly or indirectly exercises control (hereinafter the "Group"). The draft consolidated financial statements as at 31 December 2024 were submitted to the Board of Directors on 14 March 2025.

Reporting criteria

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

Scope of consolidation

The consolidated statement of financial position and income statement as at 31 December 2024 include the financial statements of the Parent company Biesse S.p.A. and of its subsidiaries, which are listed below.

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

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse group
Parent Company						
Biesse S.p.A. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	27,402,593				
Italian subsidiaries:						
HSD S.p.A. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
Biesse Tooling S.r.l Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	10,000	100%			100%
Gmm S.p.a. Via Nuova 155/B Gravellona Toce (VB) - Italy	EUR	1,000,000	100%			100%
Bavelloni S.p.A. Via Giulio Natta 16 Lentate sul Seveso (MB) - Italy	EUR	2,500,000	100%			100%
Mectoce S.r.l. Via Nuova 155/B Gravellona Toce (VB) - Italy	EUR	62,500		100%	GMM S.p.A.	100%
Foreign subsidiaries:						
Biesse America Inc. 4110 Meadow Oak Drive Charlotte, North Carolina – USA	USD	11,500,000	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse group
Biesse Canada Inc. 18005 Rue Lapointe – Mirabel (Quebec) – Canada	CAD	180,000	100%			100%
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda Rua Liege 122 - Vila Vermelha - Sao Paulo - Brazil	BRL	45,275,328	100%			100%
Biesse Group UK Ltd. Lamport Drive – Daventry Northamptonshire – Great Britain	GBP	655,019	100%			100%
Biesse France Sarl 4, Chemin de Moninsable Brignais - France	EUR	1,244,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
Biesse Schweiz GmbH Luzernerstrasse 26 6294 Ermensee – Switzerland	CHF	100,000		100%	Biesse Deutschland GmbH	100%
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginaciò, 14 Poligon Ind. La Marina – Gavà Barcelona – Spain	EUR	699,646	100%			100%
Biesse Portugal, Unipessoal, lda. Sintra Business Park, 1, São Pedro de Penaferrim – Sintra – Portugal	EUR	5,000		100%	Biesse Iberica *W. M. s.l.*	100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park – Sydney – Australia	AUD	15,046,547	100%			100%
Biesse Group New Zealand Ltd. Unit B, 13 Vogler Drive Manukau – Auckland – New Zealand	NZD	3,415,665	100%			100%
Biesse India Private Limited Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk – Bangalore –India	INR	721,932,182	100%			100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. – Singapore	EUR	1,548,927	100%			100%
Biesse Indonesia Pt. Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000	10%	90%	Biesse Asia Pte. Ltd.	100%
Biesse Malaysia SDN BHD No. 5, Jalan TPP3 47130 Puchong - Selangor, Malaysia	EUR	1,435,704		100%	Biesse Asia Pte. Ltd.	100%
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	500,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse (HK) Ltd. Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	203,263,887	100%			100%
Biesse Trading (Shanghai) Co. Ltd. Room 301, No.228, Jiang Chang No. 3 Road, Zha Bei District,– Shanghai – China	RMB	118,581,740		100%	Biesse (HK) Ltd.	100%
Biesse Turkey Makine Ticaret Ve Sanayi A.S. Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul –Turkey	TRY	229,214,500	100%			100%
Biesse Group Israel Ltd. 8 Ha-Taas St. Ramat-Gan 5251248, Israel	ILS	192,346	100%			100%
Biesse Kazakhstan LLP. 9th floor, "Baykonyr" business-center,	KZT	94,300,000	100%			100%

42 Abay ave.,050022, Almaty,
Republic of Kazakhstan

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse group
Biesse Gulf FZE Dubai, free Trade Zone	AED	19,827,957	100%			100%
Biesse Taiwan Ltd. 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
Biesse Japan K.K. C/O Mazars Japan K.K., ATT New Tower 11F, 2-11-7, Akasaka, Minato-ku, Tokyo	JPY	5,000,000		100%	Biesse Asia Pte Ltd.	100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, 1st floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
Hsd Usa Inc. 3764 SW 30th Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
HSD Mechatronic Korea LLC 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		100%	HSD S.p.A.	100%
HSD Deutschland GmbH Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	100%
Gmm Steinbearbeitungsmaschinen Gmbh Karlshöhlchen 6 76872 Freckenfeld - Germany	EUR	100,000		100%	GMM S.p.A.	100%
Gmm Usa Inc. 8610 Airpark West Drive Suite 100, Charlotte - USA	USD	182,283		100%	GMM S.p.A.	100%
Gmm International Ltd. Unit 1717, New Tech Plaza, 34 Tai Yau Street, Kowloon - HONG KONG	CNY	156,386		100%	GMM S.p.A.	100%
Waterjet Production Academy Gmbh Zeppelinstrasse 7a – Karlsruhe – Germany	EUR	25,000		100%	GMM S.p.A.	100%
Techni Waterjet Pty. Ltd. 47 Barry road – Campbellfield (Victoria) – Australia	AUD	441,001		100%	GMM S.p.A.	100%
Techni Waterjet Ltd. 300/21 Moo 1, Tambol Tasith – Ampur Pluakdaeng, Rayong – Thailand	THB	15,000,000		100%	Techni Waterjet Pty. L.t.d.	100%
Techni Waterjet LLC. 8610 Air Park West Drivesuite 100 Charlotte - Usa	USD	2,150,000		100%	Techni Waterjet Pty. L.t.d.	100%
Bavelloni do Brasil comércio de maquinas Ltda. Rua Jose Versolato 111 - Sao Bernardo do Campo - Brazil	BRL	116,156		100%	Bavelloni S.p.A.	100%
Bavelloni France Sasu Quai du commerce, 12 – Lione - France	EUR	20,000		100%	Bavelloni S.p.a.	100%
Bavelloni America Inc. 4361 Federal Drive Suite 160 – Greensboro – Usa	USD	200,000		100%	Bavelloni S.p.a.	100%
Z. Bavelloni Mèxico Sa de CV Privada calle nr.30 no.2646 zona industrial – Guadalajara – Mexico	MXN	403,396		100%	Bavelloni S.p.a.	100%

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. As a result, the Biesse group's financial position at 31 December 2024 is affected by the line-by-line consolidation of GMM group companies as of 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 price paid for the acquisition – and the fair value of the identifiable net assets acquired, including contingent liabilities, is determined. As of 31 December 2024, the allocation of the cost of the combination illustrated above (PPA) is final. For further details, see note 34 on business combinations.

In addition to the above, the perimeter of the Biesse group also changed as a result of the following extraordinary transactions: the reverse merger of GMM Finance S.r.l. into GMM S.p.A. on 1 July 2024, with accounting and tax effects backdated to 1 January 2024; the partial demerger of GMM S.p.A. involving the equity investment held in Bavelloni S.p.A. in favour of Biesse S.p.A. with the simultaneous merger of the subsidiary Forvet S.p.A. Costruzione Macchine Speciali into Bavelloni S.p.A. (its subsidiary and a subsidiary of Biesse S.p.A.), which took place on 9 December 2024 with accounting and tax effects of the merger backdated to 1 January 2024. It should be noted that the aforementioned merger transactions have no accounting effects on the consolidated financial statements.

Finally, it should be noted that on 29 October 2024 the new subsidiary Biesse Kazakhstan Llp was established, wholly owned by Biesse S.p.A.; on 30 October 2024, the sale of the shares of the subsidiary OOO Biesse Russia was finalised and on 26 November 2024, the new subsidiary Biesse Tooling S.r.l., a wholly-owned subsidiary of Biesse S.p.A., was established.

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

The consolidated financial statements as at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as with the implementing provisions issued pursuant to Art. 9 of Italian Law Decree 38/2005 and the Consob regulations and provisions regarding financial statements.

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

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

This disclosure was prepared in compliance with the provisions of Consob (Commissione Nazionale per le Società e la Borsa – the regulatory authority for the Italian securities' market), with particular reference to resolutions No. 15519 and 15520 of 27 July 2006 and to communication No. DEM6064293 of 28 July 2006. It should be noted that, with reference to said Consob Resolution No. 15519 of 27 July 2006 on the format of financial statements, specific additional statements of income and of financial position were included, highlighting significant related-party transactions, so as to improve the readability of the information. With reference to the consolidated statement of cash flows, transactions with related parties refer to trade receivables and payables, other receivables and payables, and the distribution of dividends. As far as the consolidated statement of comprehensive income is concerned, no transactions with related parties have been identified. In regards to the consolidated statement of changes in equity, transactions with related parties related to the distribution of dividends.

The accompanying consolidated financial statements of Biesse S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Financial statements

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

Consolidated Income Statement

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

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Financial Position

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

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

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

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

Consolidated Statement of Changes in Equity

This statement shows the changes in equity items related to:

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

Consolidated Statement of Cash Flows

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

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

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

3. MEASUREMENT CRITERIA AND USE OF ESTIMATES

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

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

Allowance for impairment

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

Allowance for inventory write-downs

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

Recoverable amount of non-current assets (including goodwill)

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

Product warranties

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

Pension plans and other post-employment benefits

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

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

Commercial, legal and tax disputes

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

Restructuring provision

The estimate of the provision for restructuring is made using the information available regarding the status and terms of negotiations with counterparties, as well as taking into account applicable laws and practices.

4. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA ADOPTED

Main accounting standards adopted

The accounting standards adopted in the consolidated financial statements for the year ended 31 December 2024 have also been consistently applied to the comparative period, as the changes described in section 5.a) below "IFRS accounting standards, amendments and interpretations applied for the first time by the Biesse group as of 1 January 2024" had no effect.

The main accounting standards used to prepare these consolidated financial statements are shown below.

A. CONSOLIDATION CRITERIA

General standards

The consolidated financial statements as at 31 December 2024 include the financial statements of the Parent Company Biesse S.p.A. and of its subsidiaries. Control exists when the parent is exposed to variable returns deriving from its relationship with the entity, or has rights to such returns, while at the same time having the ability to influence those returns by exercising its power over the entity itself.

Financial statements of subsidiaries are included in the consolidated financial statements from the time when the parent begins to exercise control until the date on which such control ceases.

Where material differences arise, these financial statements are reclassified and adjusted as appropriate to conform to the accounting policies and measurement criteria adopted by the Parent Company. All Biesse group companies end their financial year on 31 December, except for the Indian subsidiary whose financial year ends on 31 March and which, as a result, is consolidated using specific interim financial statements as at 31 December.

The carrying amount of equity investments in consolidated companies is eliminated to offset the corresponding share of equity of the investees by attributing their fair value at the date of acquisition to the relevant individual assets or liabilities. Any residual difference, if positive, is included in non-current assets and, secondarily, in the goodwill item; if negative, it is recognised in the income statement.

The results of subsidiaries acquired or divested during the year are included in the consolidated income statement from the effective date of acquisition to the effective date of disposal.

Non-controlling interests in the acquiree are initially measured at their proportionate interest in the fair value of reported assets, liabilities and contingent liabilities.

Receivables and payables, income and expense, and gains and losses arising from intra-group transactions are eliminated. Capital gains and losses on intra-group sales of capital goods are eliminated where they are deemed to be material. Any share in net equity and profits attributable to third parties are recorded under the corresponding item of the financial statements.

Translation of foreign currency financial statements

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

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

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

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

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

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

Shown below are the exchange rates used as at 31 December 2024 and 31 December 2023 for converting finance and equity entries in foreign currency (source www.bancaditalia.it). *It should be noted that with reference to the Russian rouble, the conversion of economic and asset items as of 31 December 2024 took place using the Bank of Russia source.*

Currency	31 December 2024		31 December 2023	
	Closing	*Final*	*Closing*	*Final*
US Dollar / Euro	1.0824	1.0389	1.0813	1.1050
Brazilian Real / Euro	5.8283	6.4253	5.4010	5.3618
Canadian Dollar / Euro	1.4821	1.4948	1.4595	1.4642
Pound Sterling / Euro	0.8466	0.8292	0.8698	0.8691
Swedish Krone / Euro	11.4325	11.4590	11.4788	11.0960
Australian Dollar / Euro	1.6397	1.6772	1.6288	1.6263
New Zealand Dollar / Euro	1.7880	1.8532	1.7622	1.7504
Indian Rupee / Euro	90.5563	88.9335	89.3001	91.9045
Chinese Renmimbi Yuan / Euro	7.7885	7.5257	7.6425	7.8218
Swiss Franc / Euro	0.9526	0.9412	0.9718	0.9260
Indonesian Rupiah / Euro	17157.6800	16820.8800	16479.6200	17079.7100
Hong Kong Dollar /Euro	8.4454	8.0686	8.4650	8.6314
Malaysian Ringgit /Euro	4.9503	4.6454	4.9320	5.0775
South Korean Won /Euro	1475.4000	1532.1500	1412.8800	1433.6600
Turkish Lira/Euro	35.5734	36.7372	25.7597	32.6531
Russian Rouble/Euro	100.2801	106.1028	92.8741	99.1919
UAE Dirham/Euro	3.9750	3.8154	3.9710	4.0581
Taiwan Dollar/Euro	34.7483	34.0566	33.6983	33.8740
Japanese Yen/Euro	163.8519	163.0600	151.9903	156.3300
Israeli Shekel/Euro	4.0067	3.7885	3.9880	3.9993
Mexican Peso/Euro	19.8314	21.5504	19.1830	18.7231
Thai Baht/Euro	38.1810	35.6760	37.6310	37.9730
Tenge Kazakhstan/Euro	507.9100	544.9800	493.5700	502.4800
Singapor dollar/Euro	1.4458	1.4164	1.4523	1.4591

Business combinations

Business combinations are accounted for using the acquisition method. This method requires that the consideration transferred in a business combination be measured at fair value, calculated as the sum of the acquisition-date fair value of the assets transferred and the liabilities assumed and the equity instruments issued by the Biesse group in exchange for control of the acquiree. Transaction-related ancillary charges are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at fair value at the acquisition date. The following items, which are valued in accordance with their reference principle, are an exception:

- deferred tax assets and liabilities;
- employee benefits assets and liabilities;
- liabilities or equity instruments relating to share-based payments of the acquiree or Biesse group-related share-based payments issued in exchange for contracts of the acquiree;
- assets held for sale and Discontinued Operations.

In accordance with IFRS 3 (Business Combinations), goodwill is recognised at the date the Group obtains control of a business, and is measured as the excess of (a) over (b) in the following way:

a) the aggregate of:

- the consideration transferred (measured in accordance with IFRS 3, i.e. generally determined on the basis of the acquisition-date fair value);
- the amount of any non-controlling interest in the acquiree measured in proportion to the non-controlling interest’s share in the recognised amounts of the acquiree’s identifiable net assets measured at their fair value;
- in a business combination achieved in stages, the acquisition-date fair value of the acquirer’s previously-held equity interest in the acquiree;

b) the fair value of the identifiable assets acquired, net of the identifiable liabilities and contingent liabilities assumed, at the date control is obtained.

IFRS 3 also requires:

- recognition in profit or loss of ancillary costs relating to the business combination;
- in a business combination achieved in stages, the acquirer shall remeasure its previously held equity investment in the acquiree at the acquisition-date fair value, and separately recognise the resulting gain or loss, if any, in profit or loss for the year.

Any considerations subject to conditions set out in the business combination contract are measured at the acquisition-date fair value and included in the consideration paid during the business combination in order to determine goodwill. Any subsequent changes in this fair value, classifiable as measurement period adjustments, are included retrospectively in goodwill. Changes in fair value, classifiable as measurement period adjustments, are those deriving from additional information about facts and circumstances that existed at the acquisition date, obtained during the measurement period (which shall not exceed one year from the date of the business combination).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurred, the Biesse group recognises the provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the amounts of the assets and liabilities recognised as of that date.

As of 1 January 2020, with respect to business combinations and asset acquisitions, the Biesse group applies the new requirements issued by the IASB regarding the definition of a business. In particular, to meet the definition of a business, an integrated set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

B. FOREIGN CURRENCY TRANSACTIONS

All transactions are accounted for in the functional currency of the primary economic environment in which each company of the Biesse group operates. Transactions denominated in currencies other than the functional currency of the Biesse group's companies are initially translated into the functional currency using the exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities (defined by IAS 21 as assets or liabilities held for collection or payment, where the amount is set in advance or able to be established) are translated using the closing rate; non-monetary assets and liabilities, which are valued at historical cost in foreign currencies, are translated using the exchange rate at the date of the transaction; and non-monetary assets and liabilities, which are measured at fair value in a foreign currency, are translated at the effective exchange rate at the date of determination of fair value.

Exchange rate gains or losses arising from conversion are recognised in profit or loss for the year.

To hedge its exposure to currency risk, the Biesse group has entered into some forward and option contracts (see below the Biesse group's accounting policies relating to these derivative instruments).

C. REVENUE RECOGNITION

Revenue from the sales of goods and services is recognised when the effective transfer of control to the customer takes place. For these purposes, the Biesse group analyses the contracts signed with customers in order to identify the contractual obligations, which may involve the transfer of goods or services, and the possible existence of a number of elements to be recognised separately. In the presence of single contract including a number of services, the Biesse group determines the amount referring to each of the services. The method of recognising revenue from sales of goods and services depends on how the individual services are performed: performance at a given time or performance over time. In the former case, revenue is recognised when the customer obtains control of the good or service, a moment which is influenced by the delivery conditions envisaged by the contract. In the case of obligations over time, depending on the characteristics of the underlying service, revenues are recorded linearly, over the term of the contract.

In reference to the main types of sales realised by the Biesse group, the recognition of revenue takes place on the basis of the following criteria:

a) Sales of machines and systems: revenue is generally recognised when the machine is delivered to the customer, which normally coincides with the moment when the customer obtains control of the good. The advances obtained from customers before completion of the sale are recorded as advances from customers, under the item Contract liabilities.

b) Mechanical and electronic components, and other goods. The related revenue is recognised when the customer obtains control of the good, taking account of the delivery conditions agreed with the customer. Any advances paid by the customer before the sale of the good are recognised as such under Contract liabilities.

c) Installation of machines and systems for machining wood, glass, stone and other materials. These are services generally sold together with the machines and systems as set out in point a) above, the revenue from which is recognised in the income statement over time on the basis of the progress of the service to be provided to the customer.

d) Other services. These are services provided over time and the related revenue is consequently recognised in the income statement on a straight-line basis over the duration of the contract.

D. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the entity will comply with all the conditions attaching to the grant and that the grant will be received. Grants are recognised in the income statement over the period in which the entity recognises as expense the related costs which the grants are intended to compensate.

For accounting purposes, a benefit arising from a government loan granted at a below-market rate of interest is treated as a government grant. This benefit is measured at the inception of the loan as the difference between the initial carrying amount of the loan (fair value plus any costs directly attributable to obtaining it) and the proceeds received, and it is subsequently recognised in the income statement in accordance with the regulations relating to the recognition of government grants.

E. EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are recognised as costs as at the time when the service giving rise to those benefits is provided. The Biesse group recognises a liability for the amount that is expected to be paid when there is a current, legal or implicit obligation to make such payments due to past events, and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

Provisions for post-employment benefits include the severance indemnity ("TFR") provision of the Parent Company and the pension funds of some foreign subsidiaries. The severance indemnity ("TFR") provision and some pension funds of subsidiaries are recorded in accordance with the arrangements of defined-benefit plans under IAS 19.

Provisions for defined-benefit plans are recorded at the expected future value of the benefits that employees will receive upon termination of employment. This obligation is determined on the basis of actuarial assumptions. The measurement is carried out at least annually, with the support of an independent actuary, and using the projected unit credit method. The actuarial method considers financial variables such as, for instance, the discount rate or the long-term expected return on plan assets and the growth rates of salaries, and considers the probability that potential future events will occur using demographic variables such as, for instance, mortality rates and employee turnover or retirement rates. More precisely, the discount rates taken as reference are the rates or rate curves on high-quality corporate bonds (Euro Composite AA interest-rate curve) in the respective reference markets. The rates of future salary increases reflect the Biesse group's long-term expectations for the reference markets and the trend in inflation.

Actuarial gains and losses that emerge following the revaluation of liabilities for defined-benefit plans are immediately recognised in other comprehensive income, while net interest and other costs relating to defined-benefit plans are recognised in the income statement.

Contributions to defined contribution plans are recognised as an expense in the income statement over the period in which the employees are employed. Contributions paid in advance are recognised as an asset to the extent that the prepayment will result in a reduction in future payments or a refund.

F. COSTS AND CHARGES

The costs relating to the purchase of goods and services are recognised when their amount can be measured reliably. Costs for the purchase of goods are recognised at the time of delivery, which, on the basis of the existing contracts, is the time when all related risks and rewards are transferred. Service costs are recognised on an accrual basis as the services are rendered.

G. FINANCE INCOME AND EXPENSE

Interest income and expenses are recorded in the income statement on an accrual basis, using the effective interest method. The effective interest method is a rate that accurately discounts expected future cash flows, based on the expected life of the financial instrument and the net carrying amount of the financial asset or liability.

H. INCOME TAXES

Taxes are recognised in the income statement, with the exception of those relating to transactions recognised directly in equity, in which case the related effect is also recognised in equity. Income taxes include current tax and deferred tax assets and liabilities.

Current taxes are recognised on the basis of the estimated amount that the Biesse group expects to have to pay, calculated by applying to the tax base of each company in the Biesse group the applicable tax rate at the reporting date in force in the respective countries. Income taxes relating to dividend distribution are recognised when a liability to pay the dividend is recognised.

Deferred tax assets and liabilities are stated using the liability method, i.e. they are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount for consolidated financial reporting purposes. Deferred tax assets and liabilities are not recognised on goodwill and on assets and liabilities that do not affect tax base.

Deferred tax assets are recognised only if the taxes are considered recoverable in the light of the expected taxable income of future years. The recoverability is assessed at the end of each reporting period, and any amount no longer likely to be recovered is recognised in the income statement.

The tax rates used in recognising deferred tax assets and liabilities are those expected to be in force in the relevant country in the tax period in which the temporary differences are expected to be realised or settled.

Offsetting between deferred tax assets and liabilities is only done for homogeneous positions, and if there is a legal right to offset current tax assets and liabilities; otherwise, assets and liabilities are recognised for such securities.

I. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit or loss attributable to the owners of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing profit or loss attributable to the owners of the Parent by the weighted average number of shares outstanding, taking into account the effects of all potential dilutive ordinary shares.

J. PROPERTY, PLANT AND EQUIPMENT OWNED BY THE GROUP

Recognition and measurement

Items of property, plant and equipment owned by the Group are measured at acquisition or production cost, including ancillary charges, less any subsequent accumulated depreciation and any impairment losses.

Any financial charges incurred in the acquisition or construction of capitalised assets – where a certain period of time typically passes in making the asset ready for use or sale – are capitalised and amortised over the life of the class of assets to which they refer. All other financial charges are recognised in the income statement during the financial year to which they refer.

If an item of property, plant and equipment owned by the Group consists of various items with different useful lives, those items are accounted for separately (if material).

Leasehold improvements are classified under property, plant and equipment in accordance with the nature of the cost incurred. The depreciation period is the shorter of the asset's residual useful life and the residual lease term.

Assets under construction are recorded at cost in "assets under construction" until their construction is complete. Once they become available for use, the cost is reclassified to the corresponding item line and becomes subject to depreciation.

The profit or loss generated by the sale of property, plant, machinery, equipment and other assets is determined as the difference between the net consideration received on disposal and the net residual value of the asset. It is recognised in the income statement for the year in which the sale takes place.

Subsequent costs

Costs incurred after assets are acquired as well as the costs associated with replacing various parts of assets in this category are added to the carrying amount of the item to which they refer and capitalised only when the inherent future economic benefit of the asset increases. In this case, the costs are also depreciated on the basis of the remaining useful life of the asset. All other costs are recognised in the income statement when incurred.

When the cost of replacing asset parts is capitalised, the residual value of the parts being replaced is charged to the income statement.

Depreciation

Depreciation periods start from when the asset is available for use, and end at either the date when the asset is classified as being held for sale in compliance with IFRS 5, or on the date on which useful life of the asset is concluded.

Any changes to the depreciation schedules only apply prospectively. The amount to be depreciated represents the original book value less the net expected disposal value of the asset at the end of its useful life when it is material and can be reasonably determined.

Depreciation amounts are determined by using special financial rates that correspond to the estimated useful life of each individual non-current asset. The annual rates applied by the Biesse group are as follows:

Category	Rate
Property	2% -3%
Plant and machinery	10% -20%
Equipment	12% - 25%
Furniture and fittings	12%
Office machinery	20%

Motor vehicles	25%

K. RIGHT OF USE AND LEASING LIABILITIES

In compliance with the provisions of IFRS 16, the Biesse group identifies as leases those contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration. The Biesse group has chosen to use the modified retroactive method, therefore the cumulative effect of IFRS 16 has been recognised as an adjustment to the opening balance as at 1 January 2019, date of first adoption of this standard.

For every lease, starting from its commencement date, the Biesse group records an asset (right-of-use asset) against a corresponding financial liability (lease liability), except for the following cases:

- short-term leases, i.e. those whose term is twelve months or less;
- low-value leases applied to situations in which the leased asset has a value of no more than Euro 5 thousand (value as new). The contracts for which the latter exemption has been applied fall mainly within the following categories: computers, phones and tablets, printers, other electronic devices, furniture and furnishings.

Therefore, for short-term and low-value contracts the financial lease liability and the corresponding right-of-use asset are not recognised, but the lease payments are charged to the income statement on a straight-line basis for the duration of their respective contracts.

In the case of a complex contract that includes a lease component, the latter is always managed separately compared to the other services included in the contract.

Lease liabilities

Lease liabilities are shown under Financial liabilities (current and non-current), together with other financial payables of the Biesse group.

On initial recognition, the lease liability is recognised at the present value of the lease payments to be settled determined using the interest rate implicit in the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Biesse group). Where this rate is not specified in the contract or is not easily determinable, the present value is determined using the incremental borrowing rate, i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the Biesse group would have recognised for a loan with similar duration and guarantees.

Discounted lease payments include fixed lease payments; fees that are variable due to an index or a rate; the redemption price, if any, and where the Biesse group is reasonably certain to use it; the amount of the payment envisaged in respect of any release of guarantees on the residual value of the asset; the amount of penalties to be paid in the event that early termination options are exercised, where the Biesse group is reasonably certain to exercise them.

After initial recognition, the lease liability is increased to reflect the interest accrued, determined on the basis of the amortised cost, and is decreased by the lease payments made.

In addition, the lease liability is remeasured to reflect any changes in leases or other situations envisaged by IFRS 16 which entail a change in the amount of the lease payments and/or term. In particular, given situations which entail a change in the estimate of the likelihood of exercise (or non-exercise) of the options for renewal or early termination of the lease or in the possible redemption (or non-redemption) of the asset upon expiry of the lease, the lease liability is remeasured by discounting the new value of the lease payments due on the basis of a new discount rate.

Right-of-use assets

Right-of-use assets are set out under “Property, plant and equipment” together with items of property, plant and equipment owned by the Group, and are broken down by category on the basis of the nature of the asset used through the lease.

At the time of initial recognition of the lease, the right-of-use asset is recognised at a value corresponding to the lease liability, determined as described above, plus the lease payments made in advance and ancillary costs and net of any incentives received. Where applicable, the initial value of the right-of-use asset also includes the related costs for decommissioning and restoring the area.

Situations entailing the remeasurement of the lease liability imply a corresponding change in the value of the right-of-use asset.

After initial recognition, the right-of-use asset is depreciated on a straight-line basis, as from the commencement date of the lease, and subject to write-down in the case of impairment.

Depreciation is provided over the shorter of the lease term and the useful life of the underlying asset. However, if the lease provides for the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, depreciation is provided over the useful life of the asset.

L. INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill is an intangible asset with an indefinite useful life that arises from business combinations accounted for using the acquisition method. It is recognised as the positive difference between the acquisition cost and the Biesse group's interest, having measured at fair value all other identifiable assets, liabilities and contingent liabilities attributable to both the Biesse group and non-controlling interests (full fair value method) at the acquisition date.

Goodwill is an intangible asset with an indefinite useful life, and is therefore not subject to amortisation. However, it remains subject to impairment test at least once a year, generally at the consolidated financial statements date, in order to verify that there has been no impairment loss, unless market or management indicators identified by the Biesse group suggest that the impairment test is necessary also when preparing interim reports.

Goodwill is measured by identifying the cash-generating units (CGUs) that benefit from the synergies of the acquisition. The cash flows are discounted at the cost of capital in relation to the specific risks of the unit.

Impairment losses are recognised in the income statement whenever the discounted cash flow calculation indicates that the recoverable amount of the CGU is lower than its carrying amount. Losses identified in this way are not subject to any subsequent reversal of impairment.

Development costs and other intangible assets

Intangible assets generated by developing Biesse group products are entered as assets only when the following requirements are met:

- the cost attributable to the asset during its development can be reliably measured;
- the product or process is feasible in both technical and commercial terms;
- future economic benefits are likely;
- the Biesse group has sufficient resources available and intends to complete the asset's development, and to use or sell the asset

These intangible assets are amortised on a straight-line basis over their useful lives. Whenever the above criteria are not met, development costs are recognised in the income statement for the financial year in which they are incurred.

Capitalised development costs are recognised at cost less accumulated amortisation and/or any accumulated impairment losses.

Research and development costs are recognised in the income statement as incurred.

Other intangible assets including trademarks, patents and licences, which have a finite useful life, are initially recognised at acquisition cost, and are systematically amortised on a straight-line basis over their useful life or over a period not exceeding that established by the underlying licence or purchase contract.

The annual rates applied by the Biesse group are as follows:

Category	Rate
Trademarks	10%
Patents	10% - 33.33%
Know-how	10%
Customer relationship	10%
Development costs	10% - 50%

Software and licences	20% - 25%

Subsequent costs

Subsequent costs are only capitalised when the expected future economic benefit that can be attributed to the corresponding asset increases. All other subsequent costs are recognised in the income statement as incurred.

M. FINANCIAL ASSETS AND LIABILITIES

Recognition and measurement

Trade receivables and issued debt securities are recognised at the time they originate. All other financial assets and liabilities are initially recognised on their trading date, i.e. when the Biesse group becomes a contractual party to the financial instrument.

Except for trade receivables which do not involve a significant financing component, financial assets are initially measured at fair value plus or minus – in the case of financial assets or liabilities not measured at FVTPL – the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables which do not have a significant financing component are measured at their transaction price.

Subsequent classification and measurement

Upon initial recognition, a financial asset is classified according to its valuation: amortised cost; fair value recognised in other comprehensive income (FVOCI) - debt securities; FVOCI – capital stock; or at fair value through profit/(loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition unless the Biesse group changes its business model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first year following the change of the business model.

A financial asset must be measured at amortised cost if both the following conditions are met and it is not measured at FVTPL:

– the financial asset is held as part of a business model whose objective is the possession of financial assets aimed at collecting the relevant contractual cash flows; and

– the contractual terms of the financial asset include cash flows on certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

A financial asset must be measured at FVOCI if both the following conditions are met and it is not measured at FVTPL:

– the financial asset is held as part of a business model whose objective is achieved by both collecting the contractual cash flows and by selling the financial assets; and

– the contractual terms of the financial asset include cash flows on certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

At the time of initial recognition of an equity security not held for trading purposes, the Biesse group can make the irrevocable decision to report subsequent changes in fair value through other comprehensive income. This choice is made for each asset.

All financial assets not classified as measured at amortised cost or at FVOCI, as indicated above, are measured at FVTPL. All derivative financial instruments are included. At the time of initial recognition, the Biesse group can irrevocably report the financial asset as measured at fair value through profit or loss for the year if this eliminates or significantly reduces an accounting mismatch that would otherwise result from the measurement of the financial asset at amortised cost or at FVOCI.

For the purposes of measurement, “principal” is the fair value of the financial asset at the time of initial recognition while “interest” is the compensation for the time value of money as well as for the credit risk associated with the amount of principal to be repaid during a given period of time and for other risks and basic costs related to the loan (for example, liquidity risk and administrative costs) as well as for the profit margin.

In assessing whether the contractual cash flows are represented solely by payments of principal and interest, the Biesse group considers the contractual terms of the instrument. Therefore, it evaluates, among other items, whether the financial asset contains a contractual clause that modifies the timing or the amount of the contractual cash flows such as to not satisfy the following condition. For measurement purposes, the Biesse group considers:

- contingent events that would change the timing or amount of financial flows;
- clauses that could adjust the contractual coupon rate, including variable rate items;
- advance payments and extensions; and
- clauses that limit requests for cash flows by the Biesse group from specific activities (for example, items without recourse).

The advance payment element is in line with the criterion of “cash flows represented solely by payments of principal and interest” if the amount of the advance payment substantially consists of principal amounts due and the interest accrued on the principal amount to be repaid, which may include reasonable additional compensation for the early termination of the contract. In addition, in the case of a financial asset acquired with a premium or at a significant discount on the contractual nominal amount, any element that allows or requires an advance payment equal to an amount that substantially represents the nominal contractual amount plus the contractual interest which was accrued (but not paid) (which may include reasonable additional compensation for the early termination of the contract) is recognised in accordance with this criterion if the fair value of the advance payment element is not significant at the time of initial recognition.

Financial liabilities are measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, or is a derivative or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including payable interest, are recognised in profit/(loss) for the year. Other financial liabilities are subsequently measured at amortised cost by using the effective interest method. Payable interest and exchange rate gains/(losses) are recognised in profit/(loss) for the year, as are any profits or losses deriving from derecognition.

Impairment of financial assets

At the end of each reporting period, the Biesse group recognises an allowance for expected losses on trade receivables, contract assets and other financial assets measured at amortised cost; For these purposes, the Biesse group uses an impairment model based on expected credit losses. Provisions to the allowance for impairment are made on the basis of specific assessments of expired credit positions and positions due to expire, and the amount of the relevant provisions is determined on the basis of the current value of the estimated recoverable flows, after taking into account the related recovery costs and the fair value of any collaterals given to the Biesse group. With respect to other receivables, provisions are determined on the basis of information updated as at the financial statement date, taking account both of past experience and of losses expected over the life of the receivable.

The value of trade receivables, contract assets and other financial assets is shown in the financial statements net of the relevant allowance for impairment, while impairment losses are recognised in the income statement under “Amortisation, depreciation, impairment and provisions”.

Derecognition

Financial assets are derecognised from the financial statements when the contractual rights to the cash flows deriving from them expire, or when the contractual rights to receive the cash flows as part of a transaction in which substantially all the risks and benefits derive from ownership of the financial asset are transferred, or when the Biesse group neither transfers or substantially maintains all the risks and benefits deriving from ownership of the financial asset and does not maintain control of the financial asset.

The Biesse group is involved in transactions that involve the transfer of assets recognised in the statement of financial position, but retains all or substantially all the risks and benefits deriving from the transferred asset. In these cases, the transferred assets are not derecognised.

The Biesse group derecognises a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The Biesse group derecognises a financial liability even if the related contractual terms change and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value on the basis of the modified contractual terms.

The difference between the carrying amount of the derecognised financial liability and the amount paid (including assets not represented by transferred liquid funds or assumed liabilities) is recognised in profit/(loss) for the year.

N. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recorded where there are legal or implicit, contractual or otherwise obligations towards third parties, deriving from past events, which are likely to require an outlay of resources whose amount can be reliably estimated.

Whenever it is estimated that these obligations will mature after twelve months and that the related effects will be material, they are discounted at a rate that reflects the time value of money and the risks specific to the recognised liability. In those cases, the increase in the provision due to the passage of time and any effect arising from a change in the discount rate are recognised as a finance expense. Any change in the estimate of provisions is reflected in profit or loss in the reporting period in which they arise.

Commercial, legal and tax disputes

The Biesse group is subject to legal and tax disputes falling under the jurisdiction of several states, in relation to which a liability is ascertained when it is considered probable that a financial outlay will occur, and the amount of the resulting losses can be reasonably estimated. If an outflow of financial resources becomes probable but its amount cannot be determined, this fact is reported in the notes to the financial statements.

In the normal course of business, Management monitors the status of litigation also with the support of its legal advisors and experts in legal and tax matters, as well as with the corporate functions most involved in matters of customer disputes.

Product warranties

The Biesse group allocates provisions to cover the estimated costs of providing warranty services on products sold. The provisions are determined based on a model that uses available historical information regarding the nature, frequency and cost of warranty actions, for the purpose of assigning estimated costs against the corresponding sales revenue.

O. INVENTORIES

Inventories are valued at the lesser of cost (determined using the weighted average cost method) and the net realisable value, namely, the estimated sale price less all estimated costs related to finalising the goods, the cost of sales, and distribution costs that must be incurred in order to finalize the sale.

The cost comprises the cost of direct materials and, where appropriate, direct labour, general production overheads and other costs incurred in bringing the inventories to their present location and condition.

Obsolete and slow moving inventories are written down in relation to the possibility that they can be used or sold.

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

P. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank deposits and cash equivalents that can be liquidated within three months. Items included in cash and cash equivalents are measured at fair value, and any corresponding changes are recognised in profit or loss.

Q. SHARE CAPITAL

Share capital represents subscribed and paid-up capital. Any incremental costs that are directly attributable to issuing ordinary shares are recognised as a decrease in equity. Income tax relating to capital transaction costs are recognised in accordance with IAS 12.

As provided for under IAS 32, any treasury shares are recognised as a reduction in equity. Any consideration received from a subsequent sale or reissue of such treasury shares would then recognised as an increase in equity. Gains and losses from trading, if any, are recognised under equity, net of tax effects.

R. IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, the Biesse group assesses whether any events or circumstances occurred that may impair the recoverable amount of property, plant and equipment and intangible assets with a finite useful life, and, if an indication of impairment exists, it estimates the recoverable amount of the assets in order to quantify the extent to which they are impaired.

Goodwill, other intangible assets with an indefinite useful life and intangible assets in progress are tested for impairment annually and whenever there is any indication of impairment.

The recoverability of the recognised amounts is tested by comparing the carrying amount with the higher of its fair value less costs to sell, where an active market exists, and the value in use. The value in use is determined based on the present value of the future cash flows expected to be derived from continuing use of an asset or group of assets and from its disposal at the end of its useful life.

The Directors determine the recoverable amount of goodwill by calculating the value in use for the cash-generating units to which goodwill is allocated. The Cash Generating Units have been defined as a group of similar assets that generate independent cash inflows through continuing use of the assets attributable to it. In line with the provisions of the reference accounting principles, and consistent with the business and organisational structure control methods, the Biesse group has identified 2 CGUs that correspond to the two Operating Sectors (Machinery and Systems and Mechatronics), consistently with the 2023 financial year.

Management makes several assumptions in calculating the present value of future cash flows, including estimates of future increases in sales, gross operating profit, operating expense, the growth rate of terminal values, investments, changes in working capital and the weighted average cost of capital (discount rate), taking account of the specific risks of the asset or of the cash-generating units. The expected cash flows used in the model are determined during the Biesse group's budgeting and planning processes and represent the best estimate, based on the Biesse group's budget, which is updated annually and reviewed by Strategic Management and approved by the Parent's Board of Directors, and based on the Biesse group's medium/long-term plan, which is updated periodically and also subject to approval.

The carrying amount attributed to the cash-generating unit is determined with reference to the consolidated statement of financial position by direct, where applicable, or indirect allocation criteria.

If the recoverable amount of a tangible or intangible asset (including goodwill) is less than the carrying amount, then the latter is reduced and it is adjusted to match the recoverable amount. This reduction reflects an impairment loss, which will be recognised in profit or loss.

Where there are indications that an impairment loss, recorded in previous years and relating to assets other than goodwill, may no longer exist or may have been reduced, then the recoverable amount of the asset is estimated anew. If the revised value is higher than the net carrying amount, the latter will be increased to match the recoverable amount. The reversal of the impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation, depreciation and write-downs) if no impairment had been recognised in previous years.

The reversal of the impairment loss on an asset other than goodwill is recognised in profit or loss.

S. DIVIDENDS

Dividend and Interest Income

Dividend and interest income are recognised respectively:

- dividends, when the right to receive payment is determined (with credit at the time of the distribution resolution);
- interest, applying the effective interest rate method.

Dividends distributed

Dividends are recognised when the shareholders' right to receive payment arises, which normally corresponds to the date of the annual shareholders' meeting that resolves on the distribution of dividends.

Dividends distributable to Biesse group Shareholders are recognised as a movement in equity in the year in which they are approved by the Shareholders' Meeting.

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

a) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2024

The following accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union have been applied as of 1 January 2024.

- On 23 January 2020, the IASB issued ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"*** and on 31 October 2022 published an amendment entitled ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"***. These changes are intended to clarify how to classify debts and other liabilities as current or non-current. In addition, the changes also improve the information that an entity must provide when its right to defer the repayment of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no impact on the consolidated financial statements of the Group.
- On 22 September 2022, the IASB published an amendment ***"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"***. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The adoption of this amendment had no impact on the consolidated financial statements of the Group.
- On 25 May 2023, the IASB published an amendment called ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:*** **Supplier Finance Arrangements".** The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoption of this amendment had no impact on the consolidated financial statements of the Group.

b) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT YET ADOPTED IN ADVANCE BY THE GROUP AS AT 31 DECEMBER 2023

The following IFRS accounting standards, amendments and interpretations have been approved by the European Union but are not yet compulsorily applicable and were not adopted in advance by the Group as at 31 December 2024:

- On 15 August 2023, the IASB published an amendment called ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability"***. The document requires an entity to apply a methodology to be applied consistently in order to verify if one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in a supplementary note. The change will apply from 1 January 2025, but an early application is allowed. The directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.

c) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024

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

- On 30 May 2024, the IASB published the document ***"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"***. The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:
  - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
  - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.

The amendments will apply as of the financial statements for financial years beginning on or after 1 January 2026. The directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.

- On 18 July 2024, the IASB published a document entitled **"Annual Improvements Volume 11".** The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The amended standards are:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The directors do not expect the adoption of these amendments to have a significant impact on the consolidated financial statements of the Group.

- On 18 December 2024, the IASB published an amendment entitled **"Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7".** The document aims to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). On the basis of these contracts, the amount of electricity generated and purchased can vary depending on uncontrollable factors such as weather conditions. The IASB made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
  - a clarification regarding the application of the 'own use' requirements to this type of contract;
  - of the criteria for allowing such contracts to be accounted for as hedging instruments; and,
  - of new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The change will apply from 1 January 2026, but an early application is allowed. The directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.

- On 9 April 2024, the IASB published a new standard **"IFRS 18 Presentation and Disclosure in Financial Statements"**, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the financial statements, with particular reference to the income statement. In particular, the new standard requires:
  - the classification of revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the tax and discontinued operations categories already present in the income statement;
  - the presentation of two new sub-totals, operating profit and earnings before interest and taxes (i.e. EBIT).

  The new standard also:
  - requires more information on the performance indicators defined by management;
  - introduces new criteria for the aggregation and disaggregation of information; and,
  - introduces a number of changes to the format of the cash flow statement, including the requirement to use the operating result as the starting point for the presentation of the cash flow statement prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new standard will enter into force on 1 January 2027, but earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the consolidated financial statements of the Group.

- On 9 May 2024, the IASB published a new standard ***IFRS 19 Subsidiaries without Public Accountability: Disclosures.*** The new standard introduces some simplifications with regard to the disclosure required by the IFRS Accounting Standard in the financial statements of a subsidiary that meets the following requirements:
  - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
  - its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will enter into force on 1 January 2027, but earlier application is permitted. The directors do not expect the adoption of this amendment to have a significant impact on the consolidated financial statements of the Group.

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

6. REVENUE AND ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL AREA

ANALYSIS BY OPERATING SEGMENT

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

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

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

— for which discrete financial information is available.

In particular, the Biesse group monitors business performance based on the following two operating sectors, with no changes compared to what was already recorded in the previous year:

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

Revenue

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

		31 December		
€ '000	2024	%	2023	%
Machines and Systems Division	699,499	92.7%	719,865	91.7%
Mechatronics Division	76,465	10.1%	91,483	11.7%
Inter-segment eliminations	(21,265)	-2.8%	(26,346)	-3.4%
Group Total	**754,698**	**100.0%**	**785,002**	**100.0%**

In 2024, net revenue from sales and services amounted to € 754,698 thousand, compared to € 785,002 thousand as at 31 December 2023, down by 3.9% compared to the previous year.

The breakdown of revenue by operating segment was affected by the acquisition of the GMM group, the performance of which was incorporated into the Machinery and Systems segment. This segment is the Biesse group's largest segment, contributing 92.7% of consolidated revenues (91.5% in December 2023); sales decreased by 2.8%, from € 719,865 thousand at 31 December 2023 to € 699,499 thousand at 31 December 2024. The operating result for this segment decreased from € 13,281 thousand to € 5,371 thousand, due to the reduction in sales volumes and the consequent decrease in margins. The

Mechatronics segment, in terms of revenues, recorded a decrease of 16.4% (going from € 91,483 thousand at 31 December 2023 to € 76,465 thousand at 31 December 2024), slightly reducing its contribution to consolidated revenues. The operating result of this segment increased from € 10,888 thousand to € 9,524 thousand.

Operating profit (loss)

The table below summarises the operating result by Segment as at 31 December 2024 and 31 December 2023:

31 December 2024 *€ '000*	Machines and systems	Mechatronics	Eliminations	Group Total
Total revenue	699,499	76,465	(21,265)	754,698
Operating profit of segment	5,371	9,524		14,895
Financial income and expenses				(6,926)
Pre-tax profit				7,969
Income taxes				(4,220)
Profit for the year				3,750

31 December 2023 *€ '000*	Machines and systems	Mechatronics	Eliminations	Group Total
Total revenue	719,865	91,483	(26,346)	785,002
Operating profit of segment	13,281	10,888	0	24,168
Financial income and expenses				(3,689)
Pre-tax profit				20,479
Income taxes				(7,996)
Profit for the year				12,483

Inventories

The following table shows an inventory breakdown by Operating Segment:

€ '000	Machines and systems	Mechatronics	Group Total
2024	159,163	18,168	**177,331**
2023	151,660	16,733	**168,393**

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

BREAKDOWN BY GEOGRAPHICAL AREA

Revenue

€ '000	31 December			
	2024	%	2023	%
EMEA	473,979	62.8%	550,460	70.1%
AMERICAS	180,697	23.9%	151,840	19.3%
APAC	100,022	13.3%	82,702	10.5%
Group Total	754,698	100.0%	785,002	100.0%

The analysis of sales by geographic area shows that the decrease concerned the EMEA (Middle East and Africa) area (-13.9%), while the Americas and the APAC (Asia-Pacific) area recorded an increase of 19.0% and 20.9% respectively. The EMEA area remains the Biesse group's reference area, closing with a turnover of € 473,979 thousand, representing 62.8% of the total.

7. REVENUE

Revenue from the sale of goods and services provided by the Biesse group as at 31 December 2024 are detailed below:

€ '000	31 December 2024	31 December 2023
Revenues from services	680,616	707,344
Revenues from services	73,088	76,524
Other revenues	995	1,134
Revenues	**754,698**	**785,002**

Revenues for the financial year 2024 amounted to € 754,698 thousand, compared to € 785,002 thousand as at 31 December 2023, with an overall decrease of 3.9% on the previous year as analysed in Note 6 above. Revenues, as at 31 December 2024, were positively impacted by the entry of the GMM group into the scope of consolidation.

In line with the provisions of IFRS 15, the Biesse group considers the sale of the good as a performance obligation separate from ancillary services, which are accounted for separately.

8. OTHER INCOME

An analysis of the Biesse group's other income as at 31 December 2024 is as follows:

€ '000	31 December 2024	31 December 2023
Lease and rental income	276	130
Income-related grants	1,977	196
Gains on sales of assets	1,674	2,114
Other non-recurring income and prior year income	5,333	5,969
Total other operating income	**9,260**	**8,408**

The item "Government grants" refers to contributions for research provided by the European Commission and other bodies and contributions for the share of expertise relating to funded training courses. The amount is mainly attributable to two projects, one in Biesse S.p.A., amounting to € 643 thousand pertaining to the current year, referring to the financed project *'Intelligence 5.0: from cyber-physical systems for the creation of 'self-aware' machine tools to innovative models of advanced industrial services',* application area *'Intelligent Factory';* while the other is for HSD S.p.A., with an accrual for the year of € 764 thousand, granted by MISE for the research project called " *ELECTROSPINDLE 4.0 - Development of a family of innovative electrospindles based on the concept of Zero Defect Manufacturing: "ELECTROSPINDLE 4.0"*.

The item "Gains on disposals" is mainly attributable to the proceeds from the disposal of the Russian business, as previously commented in this report, and for € 121 thousand from the Biesse S.p.A. proceeds from the sale of a building, with plant and land pertaining thereto, located in Gradara (PU) concluded on 30 October.

"Other income and contingent assets" include the portion pertaining to the year of the income from the R&D tax credit amounting to € 679 thousand attributable to the Parent Company, while the remainder refers to fragmented amounts on both Biesse S.p.A. and its subsidiaries.

9. CONSUMPTION OF RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

As at 31 December 2024, the item amounted to € 300,457 thousand and increased by 2.3% compared to the previous year (€ 293,766 thousand), also influenced by the acquisition of the GMM group. The item includes all supply costs related to production, and consists mainly of costs for the purchase of raw materials and spare parts and finished products of € 297,310 thousand, net of the recovery of raw material costs of € 15,015 thousand, and the negative change in raw material inventories of € 18,708 thousand and the negative change in spare parts inventories of € 439 thousand. For further details the change in this item, reference should be made to the Director's Report on Operations.

10. PERSONNEL EXPENSE

Personnel expense, which also includes temporary staff, is detailed below:

€ '000	At 31 Decemer	
	2024	2023
Wages, salaries and social security contributions	232,085	229,837
Accruals to pension plans	9,082	8,802
Other personnel expense	5,309	5,392
Reimbursements and capitalization of personnel costs	(1,646)	(2,698)
Personnel expense	**244,831**	**241,331**

Personnel costs rose from € 241,331 thousand as at 31 December 2023 to € 244,831 thousand as at 31 December 2024, an increase of € 3,499 thousand, or 1.4%, compared to the previous year, substantially due to the increase in headcount as a result of the GMM group integration process, partially offset by the reduction in cost achieved thanks to the implementation of the solidarity institution in line with the business model defined within the *One Company* project launched in previous years.

The change is mainly related to the component of wages, salaries and related social security costs (+ 4.4% compared to 2023) and lower capitalisation of personnel costs (- 39.0% compared to 2023).

The number of employees including agency workers increased from 3,924 at 31 December 2023 to 3,972 at 31 December 2024, an increase of 48, mainly attributable to the integration process of the GMM group.

The item “reimbursements and capitalisation of personnel expense” entirely refers to capitalised costs for the development of new products, mainly attributable to the Parent company.

11. AMORTISATION, DEPRECIATION, IMPAIRMENT AND PROVISIONS

€ ‘000	At 31 December	
	2024	2023
Tangible amortization	24,364	19,428
Intangible amortization	12,264	11,485
Impairment of tangible and intangible assets	827	2,187
Provision	5,308	18,470
Amortizations, depreciation and provision	**42,763**	**51,570**

The item “Amortisation, depreciation, impairment and provisions” increased from € 51,570 thousand as at 31 December 2023 to € 42,763 thousand as at 31 December 2024, down by € 8,807 thousand compared to the previous year.

Depreciation and amortisation increased overall by 18.5% (from € 30,913 thousand as of 31 December 2023 to € 36,628 thousand as of 31 December 2024), this change being mainly attributable to the higher depreciation and amortisation recorded in the financial statements related to the assets allocated as a result of the GMM group PPA.

The item “Write-downs (Impairment losses) of tangible and intangible fixed assets" as at 31 December 2024 refers for € 500 thousand to the write-down of a building plot subject to appraisal and for € 317 thousand to write-downs of assets at leased buildings to be disposed of in the future, which cannot be transferred because they are perishable or due to lack of economic viability, as well as costs on development projects capitalised in previous years that are no longer used.

Provisions for the financial year 2024 (€ 5,308 thousand) decreased compared to the financial year 2023 (€ 18,470 thousand), a year in which a provision was set aside for the corporate restructuring fund as a result of the organisational transformation process initiated for the purpose of achieving the appropriate size of the structure. In the 2024 financial year, the balance of this item mainly consisted of € 2,151 thousand from the adjustment of the provision for company restructuring (non-recurring), € 1,893 thousand from the provision for trade receivables and € 1,080 thousand from the provision for future risks and charges (of which € 387 thousand *non-recurring*). The remainder of the item relates to the supplementary customer indemnity provision, the provision for legal disputes and the product warranty provision.

For further information on allowances for impairment and on the provision for risks and charges, please refer to notes 21 and 28 below, respectively.

12. OTHER OPERATING EXPENSE

The item Other operating expense of the Biesse group as at 31 December 2024 is detailed below:

€ '000	At 31 December	
	2024	2023
Production services	31,641	33,266
Maintenance	7,015	6,960
Sales commissions and transport	18,870	21,973
Consultancy fees	18,121	14,994
Utilities	7,108	6,466
Exhibitions and advertising	7,924	8,540
Insurance	2,718	2,077
Directors, statutory auditors and consultant's remuneration	2,626	1,843
Travel	20,562	19,935
Car costs	5,132	5,138
Property Taxes	6,408	6,168
Use of third party assets	1,643	1,479
Other services	25,662	18,834
Other operating costs	**155,430**	**147,673**

This item increased by a total of € 7,757 thousand compared to 2023 (+5.3%), an effect attributable to a generalised increase in most of the items comprising these costs following the consolidation of the GMM group.

Production services increased by € 1,625 thousand (-4.9% compared to last year) mainly due to the decrease in outsourced processing and technical services, in line with the slowdown in production activities. Commissions and transport on sales decreased by € 3,103 thousand (-14.1%). Consulting services increased by € 3,127 thousand influenced by costs related to the acquisition of the GMM group and its integration during the year. Trade fair and advertising costs decreased by € 616 thousand (-7.2%), while personnel travel costs did not change significantly.

The item costs for the use of third-party assets includes rents for the year excluded from the application of IFRS 16 as they are of short duration or low value (€ 5,132 thousand), as better detailed in note 16 below.

As required by Article 149-duodecies of the Consob's regulation, here below are provided the details of the fees related the Audit Companies and its network, which are also included under the other operating costs.

Services	Provider	Beneficiary	Fees 2024 (€/000)
Audit	Deloitte & Touche S.p.A.	Biesse S.p.A.	160
	Deloitte & Touche S.p.A.	Subsidiaries	206
	Deloitte Network	Subsidiaries	42
Other attestation services	Deloitte & Touche S.p.A.		120
Other services	Deloitte Network		40
Total			**568**

13. FINANCE INCOME AND EXPENSES AND EXCHANGE RATE GAINS AND LOSSES

The item “Finance income” is detailed below:

€ '000	At 31 December	
	2024	2023
Bank interest	2,294	1,605
Interest from customers	12	25
Interest from others	33	0
Other financial income	1,041	679
Total financial income	**3,380**	**2,310**

The item Finance expense is detailed below:

€ '000	At 31 December	
	2024	2023
Bank, mortgage and financing interest	4,318	361
Right of Use interest	1,058	726
Interest expense to others	438	17
Impairment losses on current financial assets	89	52
Other financial expence	1,026	1,175
Financial expense	**6,928**	**2,331**

Financial income increased by € 1,071 thousand compared to the previous year, where the item “Interest on bank deposits” increased as a result of the higher interest accrued on bank deposits, with particular reference to the Parent Company and the Indian subsidiary. The item “Other financial income” contains, for € 173 thousand, the capital gain deriving from the sale of bonds and the higher interest accrued on securities deposits as a result of a longer period of stock in the portfolio.

Financial expenses, on the other hand, increased by € 4,597 thousand compared to 2023 due to the takeover of loans related to the acquisition of the GMM group, where the item 'Other financial expenses' includes financial expenses from discounting and financial discounts payable.

Exchange rate gains and losses include realised and unrealised exchange rate differences, arising both from the conversion into Euro of ordinary transactions and from the adjustment of receivables and payables expressed in foreign currency to the exchange rate at the end of the period.

As at 31 December 2024, the Biesse group had recorded net exchange rate losses of € 3,378 thousand, of which € 697 thousand came from realised exchange losses and € 2,681 thousand from net unrealised exchange losses.

14. BASIC AND DILUTED EARNINGS PER SHARE

The following table shows the calculation of basic net earnings per share (Basic EPS) and diluted net earnings per share (Diluted EPS) as shown in the consolidated income statement:

€ '000	At 31 December	
	2024	2023
Profit for the year	3,750	12,483
Weighted average number of shares used to calculate basic and diluted earnings per share	27,403	27,403
Base and diluted profit for the year (in Euro)	**0.14**	**0.46**

€ '000	At 31 December	
	2024	2023
Weighted average number of outstanding shares – for the calculation of basic earnings	27,403	27,403
Effect of treasury shares	-	
Weighted average number of outstanding shares – for the calculation of basic earnings	27,403	27,403
Dilutive effects	-	-
Weighted average number of outstanding shares – for the calculation of diluted earnings	**27,403**	**27,403**

As there were no dilutive effects, the calculation used for Basic EPS is also applicable to Diluted EPS.

Basic EPS as at 31 December 2024 totalled € 0.14 and was calculated by dividing the profit attributable to the owners of the parent, amounting to € 3,750 thousand, by the weighted average number of ordinary shares outstanding during the period.

15. PROPERTY, PLANT AND EQUIPMENT

Historical cost	Land-Property-Right of Use property	Plant and Machinery- Right of Use plant and machinery	Industrial and trade equipment	Other asset- right of Use Cars, Fixtures, Office equipment	Under construction - Right of Use assets under	Total
Value at 31/12/2022	**125,241**	**83,994**	**31,381**	**45,813**	**1,900**	**288,329**
Increasers	11,798	3,566	1,789	7,807	1,085	26,045
Disposals	(9,712)	(1,965)	(257)	(5,203)	(57)	(17,194)
Change in the consolidation area	0	(0)	(0)	0	-	
Depreciations	(42)	(112)	(1)	(30)	-	(185)
Exchange diff, reclassification and other changes	(1,182)	1,317	(573)	(412)	(1,495)	(2,345)
Value at 31/12/2023	**126,102**	**86,800**	**32,339**	**47,975**	**1,433**	**294,649**
Increasers	12,001	6,113	1,635	11,501	2,106	33,355
Disposals	(7,030)	(1,492)	(1,106)	(4,753)	-	(14,382)
Change in the consolidation area	12,959	9,956	6,936	6,018	16	35,885
Depreciations	(500)	-	-	-	-	(500)
Exchange diff, reclassification and other changes	1,695	396	128	81	(979)	1,320
Value at 31/12/2024	**145,226**	**101,772**	**39,932**	**60,822**	**2,576**	**350,328**
Depreciation fund						
Value at 31/12/2022	**51,048**	**57,907**	**28,422**	**35,851**	**-**	**173,228**
Amortisation of the period	8,166	4,790	1,301	5,172	-	19,429
Closing of funds for disposals	(7,117)	(1,945)	(247)	(4,988)	-	(14,296)
Change in the consolidation area						
Depreciations						
Exchange diff, reclassification and other changes	(468)	(140)	(59)	(258)	-	(924)
Value at 31/12/2023	**51,629**	**60,613**	**29,417**	**35,778**	**-**	**177,437**
Ammortisation of the period	10,048	5,608	1,458	7,250	-	24,364
Closing of funds for disposals	(5,071)	(573)	(1,155)	(3,258)	-	(10,058)
Change in the consolidation area	2,047	5,724	6,509	5,402	-	19,682
Depreciations	220	74	4	19	-	316
Exchange diff, reclassification and other changes	253	206	70	134	-	664
Value at 31/12/2024	**59,127**	**71,652**	**36,302**	**45,324**	**-**	**212,405**
Net book value						
Value at 31/12/2023	**74,473**	**26,187**	**2,922**	**12,197**	**1,433**	**117,212**
Value at 31/12/2024	**86,100**	**30,119**	**3,631**	**15,497**	**2,576**	**137,924**

Compared to 31 December 2023, these fixed assets remain virtually unchanged.

New investments amounted to € 33,355 thousand; they include increases relating to leased assets and refer to the routine replacement of work tools, necessary for ordinary production activities, with respect to both owned and leased assets.

Changes in the scope of consolidation include increases in tangible assets resulting from the acquisition of the GMM group, net of decreases attributable to the divestment of the Russian business.

During the year, write-downs were made on an appraised building plot and on assets at leased buildings to be disposed of in the future. For more information, please refer to note 11 above.

Land and buildings owned by the Biesse group are not subject to mortgages.

For further information on Right-of-use assets, please refer to note 16 below.

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The following table sets out the breakdown of Right-of-use assets, shown net of the related accumulated depreciation, and the related financial liabilities. As already highlighted, right-of-use assets are included under Property, plant and equipment, separately by category, while lease liabilities are included under current and non-current financial liabilities.

€ 000's	At 31 December	
	2024	2023
Non current asset		
Right of Use Land and Property	19,075	18,434
Right of Use Vehicles (included in other assets)	9,189	5,749
Right of Use Equipment (included under Plant and machinery)	2,124	2,494
Total	**30,388**	**26,677**
Non current liabilities		
Non current lease liabilities	19,569	18,478
Current Liabilities		
Current lease liabilities	10,139	7,027
Total	**29,708**	**25,505**

As of 31 December 2024, rights of use increased by a total of € 3,711 thousand, while related liabilities increased by € 4,203 thousand.

Increases for the year amounted to € 16,901 thousand, net of net decreases for early repayments of € 1,292 thousand.

The following tables show the breakdown of the depreciation of right-of-use assets and the amount of the other items relating to leases.

€ 000's	At 31 December	
	2024	2023
Depreciation of Right of Use :		
Right of Use - Property	6,738	5,232
Right of Use - Vehicles	4,663	3,068
Right of Use - Equipment	576	537
Total	**11,977**	**8,837**

€ 000's	At 31 December	
	2024	2023
Other items in Profit & Loss		
Interest expense	1,058	726
Expense for short term leasing	4,680	4,819
Expense for low value leasing	450	319
Total	**6,188**	**5,864**

Interest expense on right-of-use assets is included under finance expense. The costs relating to short-term or low-value leases, which are excluded from application of IFRS 16, are shown under other operating expense, as costs for the use of third-party assets.

During 2024, the outflows for payments connected to leases totalled € 15,656 thousand, of which € 11,766 thousand for the repayment of lease payables and the residual amount of € 3,890 thousand for interest payments made on these payables and on short-term or low-value leases.

The breakdown of lease payables by expiry is set out in note 25 below.

17. GOODWILL

Goodwill is allocated to cash-generating units ("CGUs"), where CGUs are identified as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. In line with the provisions of the reference accounting principles, and consistent with the business and organisational structure control methods, the Biesse group has identified 2 CGUs that correspond to the two Operating Sectors (Machinery and Systems and Mechatronics), with no changes to the approach adopted in the previous year. In this regard, it should be noted that, following the completion of the acquisition by Biesse S.p.A. of the GMM group in January 2024, the "Machinery and Systems" CGU also includes the activities attributable to the Italian and foreign companies belonging to that group and active in the same machine tool sectors in which Biesse S.p.A. operates, particularly in the processing of stone, glass and other materials.

The following table shows the allocation of goodwill to the Biesse group's two CGUs:

(Consolidated figures in thousands of Euro)	31 December 2024	31 December 2023
Machines and Systems	66,484	41,094
Mechatronics	5,599	5,599
Total	**72,083**	**46,693**

The changes in 2024 are due to a lesser extent to the exchange rate effect suffered by the goodwill of the Australian and American subsidiaries and, for the most part (€ 25,334 thousand), to the completion of the acquisition by Biesse S.p.A. of the GMM group (through the purchase of 100% of the share capital of GMM Finance S.r.l., the parent company of this group), which took place on 29 January 2024. The amount was determined as the difference between the total purchase price and the fair value of net assets acquired, with consequent allocation to the item Goodwill, allocating it to the Machine and Systems CGU, as better represented in note 34, to which reference should be made for details of the transaction.

As required by accounting standards, at least once a year the Directors determine the recoverable amount of goodwill by calculating the value in use. By its nature, this method requires the Directors to materially assess the performance of operating cash flows during the period being used for the calculation, as well as assessing the discount rate and growth rate for said cash flows.

The recoverable amount of the Cash Generating Unit was verified by determining its value in use, taken as the present value of future cash flows generated by the CGU, and calculated in accordance with the discounted cash flow method.

The Directors deemed it necessary to carry out the impairment test also on the Biesse group, as a second level test, in the presence of a value of consolidated shareholders' equity higher than the stock market capitalisation value of Biesse shares, as recommended by the Bank of Italy / Consob / Isvap document no. 4 of 3 March 2010.

Assumptions based on the applied parameters

The primary assumptions used by the Biesse group to the parameters used for the purposes of the impairment test are as follows:

Parameters	31 December	
	2024	2023
WACC	11.3%	11.3%
Growth rate of the final value	2.0%	1.7%

The following factors were considered to determine the discount rate:

— with reference to the yield on risk-free securities, reference was made to the yield curve German government bonds with a maturity of 15 years on 31 December 2024;

— With regard to the systematic riskiness ratio(β), the specific risk determined on the basis of the average unlevered *beta* of comparable companies (Source Beta Bar) was considered, then levered on the basis of the ratio of debt to the average total capitalisation of comparable companies and the tax rate;

- as for the market risk premium (MRP), it was assumed to be 5.5%;
- With regard to the additional risk premium, a value of 2.9% was assumed, corresponding to the additional risk associated with investing in smaller companies, and a country risk premium estimated as the weighted average of the countries in which the companies belonging to the two CGUs and the Biesse group operate, and equal to 1.4% for Machinery and Systems and 1.3% for Mechatronics, respectively.
- Finally, a rate of 3.4% was considered as the gross cost of debt, determined on the basis of the yield on risk-free bonds increased by a spread estimated on the basis of the spread between the 15-year EUR Composite (BBB) index (source: Bloomberg) and the yield on 15-year German government bonds of 2.6%.

Assumptions underlying cash flow estimates

The estimated operating cash flows for future years (five years 2025-2029) have been made by reference to: i) in relation to the year 2025, to data inferable from the Biesse group's 2025 Budget approved in December 2024; ii) in relation to the year 2026, to the data inferable, for the same year and on the basis of a prudential view, from the Group's Industrial Plan for the three-year period 2024-2026 approved by the Board of Directors on 28 February 2024; iii) in relation to the years 2027-2029, projecting the expected growth of the inflation rate.

The analysis of risks related to climate change as reported in the section "Biesse's main risks" and in the Sustainability Report did not reveal any risks that would have a significant financial effect in the short or medium term on the company's performance, as there are no significant impacts in financial terms to be taken into account or that would affect the estimated operating cash flows in future years. The goodwill impairment tests were approved by the Board of Directors on 26 February 2025.

The expected future cash flows refer to the individual CGU in its current condition and exclude the estimates of future cash flows that may arise from future restructuring plans or other structural changes.

The main assumptions underlying the determination of the prospective cash flows of the Business Plan are set out below and are based on a prudential view of future scenarios:

Main assumptions of the Business Plan	**31 December 2024**	**2023**
CAGR forecast revenue	3.14%	0.05%
Average incidence of the cost of sales on plan revenue	41.1%	39.0%
Average incidence of personnel expense on plan revenue	31.3%	34.1%
Average incidence of fixed operating costs on revenue of the plan	19.4%	18.6%

Impairment test results

Consolidated figures in millions of € (BIESSE GROUP)	**31 December 2024**
Carrying amount of Net Invested Capital	268.1
Recoverable value	356.2
Impairment	-

Consolidated figures in millions of € (MACHINES AND SYSTEMS (	**31 December 2024**
Carrying amount of Net Invested Capital	231.5
Recoverable value	281.2
Impairment	-

Consolidated figures in millions of € (MECHATRONICS CGU)	**31 December 2024**
Carrying amount of Net Invested Capital	35.6
Recoverable value	75.2
Impairment	-

The above test results did not show the need to impair the Goodwill values recorded in the consolidated financial statements as at 31 December 2024.

Finally, it should be noted that the estimates and data of the Business Plan to which the parameters indicated above are applied, are determined by the Management of the Biesse group on the basis of past experience and a prudential view of expectations regarding the developments of the markets in which the Biesse group operates, it being understood that the estimation of the recoverable value of the cash-generating unit requires discretion and the use of estimates by Management.

Sensitivity analysis and Break-even point

A sensitivity analysis of the results was performed for both the Biesse group and the CGUs under review; the value in use remains higher than the book value even assuming deteriorating changes in key parameters such as:

- 0.5% increase in the discount rate;
- 0.5% reduction in the growth rate.

The break-even point between use value (recoverable value) and book value, in relation to the impairment check carried out for the year ended 31 December 2024, both for the Biesse group and the individual CGUs, would be determined in the following alternative scenarios:

In thousands of Euro	**Biesse Group**	**Machines and Systems**	**Mechatronics**
Wacc	14.3%	13.3%	21.5%
Growth rate	-3.7%	-1.3%	NC*
Terminal value EBITDA	€ 64,038	€ 58,538	€ 5,241

* to reach the breakeven point, the growth rate would have to be significantly negative

18. INTANGIBLE ASSETS

€ '000	Development costs	Patents, brands and other intangible assets	Asset under construction and advances	Total
Value at 01/01/2023	83,388	67,039	9,552	159,979
Increasers	0	2,777	6,137	8,914
Disposals	(273)	(102)	0	(375)
Depreciations	(233)		(1,768)	(2,000)
Reclassifications	1,805	4,051	(5,834)	21
Exchange diff and other changes	0	(128)		(128)
Value at 31/12/2023	84,686	73,636	8,088	166,410
Increasers	40	1,227	1,881	3,148
Disposals and Closing of funds for disposals	(13)	(217)	0	(229)
Changes in the consolidation area	3,270	35,964	3	39,237
Depreciations	0	0	0	0
Reclassifications	2,781	0	(2,781)	0
Exchange diff and other changes	0	182	0	182
Value at 31/12/2024	90,764	110,792	7,191	208,748
Depreciation fund				
Value at 01/01/2023	74,454	44,147	0	118,601
Amortisation of the period	3,652	7,833	0	11,485
Closing of funds for disposals	(273)	(60)	0	(334)
Changes in the consolidation area	(0)	(0)	0	(0)
Write-downs and reversals for impairment	0	3	0	3
Reclassifications	0	(3)	0	(3)
Exchange diff, reclassification and other changes	0	(95)	0	(95)
Value at 31/12/2023	77,833	51,823	0	129,656
Amortisation of the period	3,181	9,082	0	12,264
Closing of funds for disposals	(13)	(22)	0	(35)
Changes in the consolidation area	3,128	6,853	0	9,981
Write-downs and reversals for impairment	10	0	0	10
Reclassifications	0	0	0	0
Exchange diff and other changes	0	179	0	179
Value at 31/12/2024	84,140	67,916	0	152,055
Net book value				
Value at 31/12/2023	6,853	21,813	8,088	36,754
Value at 31/12/2024	6,624	42,877	7,191	56,693

As at 31 December 2024, the consolidated financial statements include assets that represent new product development costs of € 6.6 million, patents, trademarks and other intangible assets of € 42.9 million, and assets under construction and advances of € 7.2 million, consisting mainly of costs for the current development of products.

Changes in the scope of consolidation include increases in intangible assets resulting from the acquisition of the GMM group, net of decreases attributable to the divestment of the Russian business. For further details, see note 34 on business combinations.

Capitalising development costs involves the Directors making estimates, since the recoverability of these costs depends on cash flows from the sale of products marketed by the Biesse group.

These estimates are characterised both by a complexity of assumptions underlying the revenue and future margin projections, and by strategic industrial choices made by the Directors.

Intangible assets are unencumbered.

19. OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

Other current and non-current financial assets are summarised as follows:

€ '000	At 31 December	
	2024	2023
Other financial assets - non-current	2,797	3,404
Other financial assets - current	23,077	17,828

Non-current financial assets substantially relate to security deposits paid by the various Biesse group companies and also include tax receivables claimed by the Parent Company for € 196 thousand.

Biesse

Current financial assets are mainly related to the *fair value* of derivative instruments in the amount of € 338 thousand (€ 1,070 thousand as of 31 December 2023), to investments in immediately liquidated securities deposits in the amount of € 14,306 thousand made by the Parent Company, € 1,079 thousand made by the New Zealand subsidiary, € 1,298 made by the Australian subsidiary, € 4,354 made by the Indian subsidiary, and € 1,500 thousand related to a life insurance policy entered into by the Parent Company with the insurance company Generali S.p.A.

These investments were made with the aim of utilising cash surpluses in temporary uses of readily liquid assets for short-term financial needs.

As at 31 December 2024, the Biesse group, in compliance with the current Treasury Policy, has financial investments in place in order to optimise liquidity and avoid the imposition of fees on inventories.

20. INVENTORIES

€ '000	At 31 December 2024	2023
Raw materials, consumables and suppliers	62,316	59,043
Work in progress and semi-finished goods	28,478	25,141
Finished goods	66,846	63,892
Spare parts	19,689	20,316
Inventories	**177,331**	**168,393**

Inventories, which amounted to € 177,331 thousand, are shown net of obsolescence provisions of € 7,488 thousand for raw materials (which increased by a total of € 3,273 thousand compared to 2023), € 5,014 thousand for spare parts (which decreased by € 627 thousand compared to 2023), € 10,951 thousand for finished products (which increased by a total of € 2,954 thousand compared to 2023) and € 196 thousand for work in progress and semi-finished products (which increased by € 3,337 thousand compared to 2023).

The allowance for write-downs of raw materials on the historical cost of the related inventories is 10.7%, that of the provision for spare parts is 20.3%, and that of the provision for finished products is 14.1%.

The Biesse group's inventories increased compared to the previous year by € 8,938 thousand, the balance of which at 31 December 2024 was significantly impacted by the change in the scope of consolidation due to the acquisition of the GMM group, despite the stock optimisation strategy undertaken by the Biesse group.

The allowance for inventory write-downs reflects Management's estimate of impairment losses expected by the Biesse group and is calculated on the basis of past experience as well as historical and expected trends in the market for second-hand equipment and spare parts.

21. TRADE RECEIVABLES

The Biesse group's trade receivables as at 31 December 2024 and 31 December 2023 are detailed below:

€ '000	At 31 December 2024	2023
Trade receivables due from third parties	127,898	122,353
Trade receivables due from related parties	4	478
Allowance for impairment	(7,101)	(6,212)
Trade receivables	**120,801**	**116,619**

Management believes that the carrying amount of trade receivables is a reasonable approximation of their fair value.

Trade receivables amounting to € 120,801 thousand reflect an increase of € 4,182 thousand as compared to the previous year (€ 116,619 thousand in 2023).

The increase in trade receivables from third parties is influenced by the change in the scope of consolidation as a result of the acquisition of the GMM group,which therefore impacted the balance of trade receivables in 2024.

Changes in the allowances for impairment are shown below:

€ '000	At 31 December 2024	2023
Opening balance	**6,212**	**5,998**
Change in the consolidation area	306	
Accrual for the year	2,166	2,015
Derecognition of excess provisions	(273)	(664)
Utilised	(1,205)	(891)
Exchange rate difference	(105)	(246)
Closing balance	**7,101**	**6,212**

Provisions to the allowance for impairment are made on the basis of both an assessment of specific credit positions where specific disputes exist (and are generally supported by an accompanying legal opinion) and of general, well-founded assessments of historical experience related to other credit positions, also taking into account forward-looking considerations.

The amount of the provisions is calculated on the basis of the present value of estimated recoverable amounts, accounting for the related recovery expenses, if any, and the fair value of the collateral given to the Biesse group, if any.

In any case, the Directors monitor overdue receivables by conducting a periodic analysis of the main positions; receivables that are objectively non-collectable, either partially or totally, are impaired.

For further details on credit management, please see note 33. For an analysis of trade receivables from related parties, please see note 35.

22. OTHER RECEIVABLES

A breakdown of other current receivables as at 31 December 2024 is as follows:

€ '000	At 31 December 2024	2023
Consumption tax receivables and other tax receivables	7,051	5,358
Income tax assets	3,944	2,919
Other receivables from third parties	6,512	4,859
Other receivables	**17,507**	**13,146**

Consumption tax receivables and other tax receivables of € 7,051 thousand increased by € 1,693 thousand compared to the previous year. This item includes VAT receivables and other receivables from tax authorities, such as the 2024 tax credits for R&D activities and the tax credit on investments claimed by the Parent Company and the Italian companies.

“Income tax receivables" mainly include IRES tax receivables and increased by € 1,025 thousand compared to the previous year.

The Parent company Biesse S.p.A. participates in the Biesse group national tax consolidation scheme, along with its subsidiary HSD S.p.A.. In this context, pursuant to articles 117 et seq. of Presidential Decree 917/86, the IRES tax has been determined at an aggregated level by offsetting the positive and negative taxable amounts of the above-mentioned companies. The financial relationships and the mutual responsibilities and obligations between the companies are defined in the regulation governing participation in the Biesse group's tax consolidation scheme.

The item "Other receivables from third parties" increased by € 1,653 thousand compared to 2023 and includes discounts on accruing costs for subsequent years and sundry receivables.

23. CASH AND CASH EQUIVALENTS

€ '000	At 31 December 2024	2023
Bank deposit	179,902	102,938
Cash and cash equivalents	1,110	1,535
Cash and cash equivalents	**181,012**	**104,473**

Cash and cash equivalents include bank deposits of € 179,902 thousand and cash or cash equivalents on hand of € 1,110 thousand, with an overall increase over the previous year of € 76,539 thousand.

For further details on the dynamics affecting Cash and cash equivalents, please refer to the Biesse group Cash Flow Statement; please refer to note 25 for more details on the net financial position.

For the purposes of preparing the Statement of Cash Flows, transactions of a financial and investment nature that have been carried out without changes in cash flows were not included.

No term deposits exist as at the reporting date.

24. CONSOLIDATED EQUITY

The statement of changes in consolidated equity as at 31 December 2024 is shown in the accounting schedules section.

Share capital of € 27,403 thousand was unchanged from the previous financial year, and the number of the Parent company's ordinary shares was 27,402,593, with a nominal value of € 1 each.

As at the date on which these financial statements were approved, the Company held no treasury shares.

Hedging and translation reserve

The item wholly consists of the translation reserve, which includes all the exchange rate gains (losses) arising from the conversion of the financial statements in foreign currency, for the part relating to the Biesse group, and was negative for € 13,611 thousand as at 31 December 2024, down compared to the prior year (€ 15,204 thousand in 2023). The change in this reserve is attributable to fluctuations in exchange rates relating in particular to the Turkish lira and the Russian rouble.

The "Translation reserve" also includes the exchange rate gains (losses) arising from the consolidation in the Parent company's separate financial statements of the financial statements of the Dubai branch (loss of € 0.1 thousand).

Share capital reserves

This item consists entirely of the Parent company's share premium reserve, unchanged from the previous year (€ 36,202 thousand).

Other reserves

Other reserves are as follows:

€ '000	At 31 December 2024	2023
Legal reserve	5,479	5,479
Extraordinary reserve	135,524	120,849
Reserve for treasury shares	-	-
Retained earnings and other reserves	72,823	78,661
Other reserves	**213,826**	**204,989**

The legal reserve includes the Parent company's earnings provision of 5% for each financial year. During this financial year the reserve was not increased, as it had already reached 20% of the total value of the share capital (€ 5,479 thousand).

The extraordinary reserve, amounting to € 135,524 thousand as at 31 December 2024, increased by € 14,674 thousand compared to the previous year due to the allocation of the result of the previous year.

Retained earnings and other reserves totalling € 72,823 thousand (€ 78,661 thousand in 2023) decreased by € 5,838 thousand. The item other reserves consists of consolidated undistributed profits and other Parent company's reserves.

For an analysis of the changes in these reserves, please refer to the Statement of changes in equity.

Actuarial gains and losses reserve

The reserve for actuarial gains/losses, negative for € 4,354 thousand, is shown net of the tax effect of € 1,623 thousand.

Non-controlling interests

As of 31 December 2024, there are no third-party participations.

25. FINANCIAL LIABILITIES

The following table shows a breakdown of current and non-current financial liabilities as at 31 December 2024 and 31 December 2023.

€ '000	At 31 December 2024	2023
Non-current liabilities		
Lease liabilities	19,569	18,478
Other non current financial debt	99,857	264
	119,426	**18,742**
Current liabilities		
Lease liabilities	10,139	7,027
Payables to bank and financial institutions	77,470	1,092
Other loans	0	0
Financial liabilities from derivatives	1,354	1,266
	88,963	**9,384**
Financial liabilities	**208,389**	**28,127**

Lease liabilities

The breakdown of lease payables by expiry is set out below:

€ '000	At 31 December 2024	2023
Leasing Liabilities:		
-due within a year	10,887	7,869
-due over one year, but within five year	18,840	17,904
-due over five year	1,753	2,029
Total	31,480	27,803
After deduction of changes for future financial charges	(1,772)	(2,298)
Present Value of lease liabitilies	**29,708**	**25,505**
whose:		
Current	10,139	7,027
Non current	19,569	18,478

Payables relating to right-of-use assets include liabilities due to related parties of € 71 thousand (of which € 36 thousand in the short term) and due to parents for € 44 thousand all in the short term.

For further information on Lease liabilities, please refer to note 16 below.

Bank overdrafts and other financial liabilities

At 31 December 2024, the Biesse group has credit lines in excess of € 310.7 million, of which € 110.7 million revocable with duration within 12 months, € 100.0 million committed with duration within 12 months. As at 31 December 2024, revocable lines were utilised for € 1.7 million, while committed credit lines were utilised for € 70.5 million as at the same date. All credit lines are unsecured and with no collateral. In December 2024, two long-term amortising loans in the amount of € 100.0 million were subscribed and fully disbursed. It should be noted that these loans are subject to financial covenants relating to the consolidated financial statements, defined in a ratio between the net financial position and EBITDA lower than 3; these covenants were met as of 31 December 2024.

The portion of bank debt maturing within the next financial year mainly represents the debt attributable to the completion of the acquisition of the GMM group, while the medium/long-term debt was taken out in order to allow the rescheduling of the short-term debt indicated above and, in compliance with the Treasury

Policy in force, this liquidity, amounting to approximately € 100 million, was invested in time deposits with a monthly maturity and maturity date of 23 January 2025.

Finally, as of 31 December 2024, GMM S.p.A.'s outstanding unsecured loan debt amounted to € 3.2 million and Bavelloni S.p.A.'s outstanding unsecured loan debt amounted to €0.8 million, for a total of € 4.0 million of outstanding unsecured loan debt.

Derivatives

Liabilities consisting of derivative instruments are equal to the fair value of foreign currency hedging transactions ("forward" contracts) in place as at 31 December 2024, amounting to € 1,354 thousand. The Biesse group has chosen not to adopt hedge accounting policies to recognise this instrument.

Net financial position

Below is the detail of the Net Financial Position at 31 December 2024 and 31 December 2023. It should be noted that the Net Financial Position is presented in accordance 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.

€ '000	At 31 December	
	2024	**2023**
Cash	1,110	1,535
Cash and cash equivalents	179,902	102,938
Cash and cash equivalents	**181,012**	**104,473**
Financial Assets (including derivative financial instruments)	**22,739**	**16,758**
Short-term lease liabilities	(10,139)	(7,027)
Current bank liabilities	(76,350)	(865)
Short-term loans and current portion of non-current indebtedness	(1,120)	(227)
Other current financial liabilities	(1,354)	(1,266)
(Current financial indebtedness)	**(88,963)**	**(9,384)**
(Net current financial indebtedness) / availability	**114,788**	**111,847**
Medium/long term lease liabilities	(19,569)	(18,478)
Medium and long term bank debts	(99,857)	(264)
Trade receivables and other medium/long term debts	(101)	(152)
No current financial indebtness	**(119,526)**	**(18,894)**
Net financial position	**(4,739)**	**92,953**

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

For the sake of full disclosure, it should be noted that, as this is not specifically regulated, the Net Financial Position does not include the residual debt for the payment of the price adjustment related to the acquisition of the GMM group of € 3.5 million, which is recognised in the balance sheet under Other payables.

The Net Financial Position of the Biesse group at 31 December 2024 was negative for € 4,739 thousand, a decrease of € 97,692 thousand compared to the figure for the previous year (positive for € 92,953 thousand), while the final figure, without considering the effects of payables for rent and leasing deriving from the application of IFRS 16, was positive for € 24,969 thousand (positive for € 118,457 thousand at 31 December 2023). In the comparison with year-end 2023, the change is mainly influenced by the completion 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, to the distribution of dividends during the first half of 2024, to non-recurring financial outlays arising from the payment of redundancy incentives in respect of the redundancies identified at 31/12/2023, as well as the dynamics of net operating working capital previously commented on.

For further details, reference should be made to note 33 below, to the comments in the report on operations concerning the trend in net financial position, and to the analysis in the cash flow statement.

Reconciliation of cash flows

The following table provides details on the changes in financial liabilities, with separate specification of those that generated cash flows and are therefore reported in the statement of cash flows, in the "cash flows from financing activities" section, with respect to other changes that did not have a monetary impact.

			No cash movements			
€ '000	31/12/2023	Cash flow	New leasing	Changes in consolidation area	Other movements	31/12/2024
Loans and derivatives	2,621	152,011		23,650	399	178,681
Leasing	25,505	(11,357)	15,622	(190)	127	29,707
Total	**28,126**	**140,654**	**15,622**	**23,460**	**526**	**208,388**

26. EMPLOYEE BENEFITS

Defined-contribution plans

As a result of the Supplementary Pension Reform, the amounts accruing from 1 January 2007 – and at the discretion of employees – are allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS (the Italian National Social Security Institution), taking the form of defined-contribution plans (no longer subject to actuarial measurement), starting from when the employee's choice has been formalised. These costs are in addition to those incurred by foreign subsidiaries for defined-contribution plans. The total cost of these employee plans amounts to € 8,906 thousand (€ 8,543 thousand in the previous year).

Defined-benefit plans

This item mainly includes the severance indemnity set aside by the Parent company and its Italian subsidiaries in compliance with current Italian legislation, which guarantees a severance indemnity payment to the employee when the employment relationship ends. The item is broken down as follows.

€ '000	At 31 December 2024	2023
Defined benefit plans	12,900	10,903
Activities serving the plan	(1,040)	(862)
Total	**11,860**	**10,041**

Changes in defined-benefit plans are as follows:

€ '000	At 31 December 2024	2023
Opening balance at 1 January	**10,903**	**11,428**
Change in the consolidation area	3,021	-
Current services	594	259
Financial (expenses)/ revenues	416	382
Benefits paid out	(2,008)	(1,299)
Actuarial gain/(losses)	(55)	201
Exchenge differences and other movements	29	(68)
Closing balance at 31 December	**12,900**	**10,903**

Changes in defined-benefit plan assets are as follows:

€ '000	At 31 December	
	2024	2023
Opening balance at 1 January	**862**	**861**
Increases	139	18
Financial revenue	65	64
Benefit paid out	(52)	(34)
Exchenge diffences and other movements	26	(47)
Closing balance at 31 December	**1,040**	**862**

The severance indemnity fund of Italian companies represents approximately 85% of defined-benefit plans. The assumptions used for measuring severance indemnity obligations are:

Economic assumptions	At 31 December	
	2024	2023
Annual rate of inflation	2%	2.10%
Annual actualisation rate	from 2.64% of 2024 to 3.32% of 2038	from 3.22% of 2024 to 3.19% of 2037

Demographic assumptions	At 31 December	
	2024	2023
Death	ISTAT 2022	ISTAT 2009
Disability	INPS tables broken down by age and sex	
Retirement	100% upon reaching the AGO requirements	
Anticipation probability	3%	3%
Turnover	4%	4%

The pension fund recorded in the financial statements of the Indian subsidiary ("Gratuity Benefit") represents approximately 7% of the defined benefit plans. The main assumptions adopted in the valuation of the relevant obligation are a discount rate of 6.9% (7.4% in 2022), a salary growth rate of 7%, in line with the previous year, and a probability of utilisation of 5%, equal for all ages and in line with the previous year. In addition, the mortality tables provided by the Indian Assured Lives Mortality were used.

The remeasurement of defined-benefit plans resulted in a positive change in the equity reserve of € 38 thousand, gross of the effects of the taxes calculated on the same.

Average number of employees

The average headcount in 2024 was 4,163 (4,034 in 2023).

27. INCOME TAXES

Income taxes recognised in profit or loss

€ '000	At 31 December 2024	2023
IRES and other deferred taxes	(3,716)	1,295
Income tax related to foreign subsidiaries	6,644	6,316
Other taxes	(176)	(25)
IRES and other taxes for the year	**2,752**	**7,586**
IRAP and other current taxes	389	1,368
Income taxes relating to previous years	1,078	(957)
Income taxes	**4,220**	**7,996**

Articles 8 et seq. of Legislative Decree 209/2023 transposed into Italian law Directive 2022/2523/EU on the so-called "European Union". "Global Minimum Tax", i.e. a new tax mechanism whereby multinational companies with consolidated revenues of more than € 750 million must ensure a minimum level of income taxation of 15% in each of the countries in which these groups operate.

The scope of application of this new form of taxation has been regulated by the OECD/G20 BEPS in the Pillar Two anti-Base Erosion rules ('GloBE Rules'); these rules have been implemented by various jurisdictions in which the Biesse group operates and are applicable as of the consolidated financial statements for the year ending 31 December 2024.

The scope of Pillar Two is identified with that of the Consolidated Financial Statements of Bi.Fin S.r.l. (which qualifies as the parent company "Ultimate Parent Entity" or "UPE", directly holding a controlling interest in Biesse S.p.A. equal to 50.98%) and includes all the entities consolidated with an integral method. As a UPE, Bi. Fin. S.r.l. is responsible for calculating the effective judicial tax rate according to the rules of Pillar Two. A UPE is generally required to pay a tax in Italy on the profits of subsidiaries located in the same jurisdiction that are taxed at an effective rate (determined according to the provisions of Legislative Decree 209/2023) of less than 15%.

As the conditions for application of the regulations dictated by Pillar Two have been met, the Biesse group has therefore assessed its potential exposure to these rules on the basis of the financial statement data of the group companies, as well as the information that will be the subject of country-by-country reporting with reference to the 2024 financial year.

As a result of this initial assessment, the current tax item has not changed as a result of the Pillar Two regulations, nor have any critical aspects emerged such as to consider that the aforementioned regulations in the area of Global Minimum Tax may have a significant impact on the consolidated financial statements of the Biesse group at 31 December 2024.

IRES and other deferred taxes, positive to the tune of € 3,716 thousand overall (negative in the amount of € 1,295 thousand in 2023), mainly refers to the IRES portion for the period (determined by the national tax consolidation limited to the companies Biesse S.p.A. and HSD S.p.A.), the recognition of deferred taxes and the utilisation of deferred taxes accrued in previous years.

The balance of tax items was negative to the tune of € 4,220 thousand. The negative balance is determined as a result of the following factors: IRES taxes and other deferred taxes (positive for € 3,716 thousand) and IRAP (negative for € 389 thousand); provisions for income taxes of foreign companies (negative for € 6,468 thousand) and taxes relating to previous years (negative for € 1,078 thousand).

The provision for taxes of the year can be reconciled with the profit or loss for the year shown in the financial statements as follows:

€ '000	At 31 December 2024		2023	
Pre-tax profit	**7,969**		**20,479**	
National income tax 24%	(1,913)	24.0%	(4,915)	24.0%
Tax effect of non-deductible expense/exempt profit in determing income	1,275	(16.00)%	355	(1.70)%
Detection and utilisation of losses not previously recognised	114	(1.40)%	91	(0.40)%
Tax effect on losses unrecognised	(2,042)	25.60%	(2,566)	12.50%
Defereed Tax Asset effect unrecognised on previous year	-	0.00%	(422)	2.10%
Effect of the different tax rates relating to subsidiaries operating under other jurisdictions	(219)	2.7%	(74)	0.40%
Non-taxable capital gains and other minor effects	32	(0.40)%	(56)	0.30%
IRAP and other current taxes	(389)	4.90%	(1,368)	6.70%
Income taxes for the year and effective tax rate	**(3,142)**	**39.40%**	**(8,953)**	**43.7%**
Income taxes relating to previous rate	(1,078)	13.50%	957	(4.7)%
Income taxes for the year and effective tax rate	**(4,220)**	**52.9%**	**(7,995)**	**39.0%**

The tax rate, net of previous years' taxes, therefore amounted to 39.4%, a decrease compared to the figure recorded in 2023 (43.7%), substantially due to the tax benefit recognised for the subsidiary HSD S.p.A. following the renewal of the Patent Box agreement in December 2024 and valid for the five-year period 2020-2024. The positive effect of this result is partially offset by the higher negative impact of unrecognised deferred tax assets on losses realised by certain foreign subsidiaries.

Deferred tax assets/liabilities

Here below are the main items of deferred tax assets and liabilities.

€ '000	At 31 December 2024	2023
Accrual to provisions for risks and charges	11,738	13,926
Intercompany profits included in the amount of closing inventories	4,611	5,494
Recoverable tax losses	6,779	1,138
Other	5,699	4,609
Deferred tax assets	**28,826**	**25,168**
Amortisation	14,766	6,374
Other	545	1,431
Deferred tax liabilities	**15,311**	**7,805**
Net deferred tax assets	**13,516**	**17,362**

As at 31 December 2024, the Biesse group recorded deferred tax assets and liabilities with a net positive balance of € 13,516 thousand (€ 17,362 thousand in 2023). Management recognised such deferred tax assets to the extent they are likely to be recovered. The budget results and forecasts for subsequent years, consistent with those used for impairment testing, were taken into account in determining the items.

Deferred tax assets on past year losses not recognised in the financial statements as at 31 December 2024 were approximately € 5.3 million.

Income tax payables

Income tax payables amounted to € 1,996 thousand (€ 2,049 thousand as at 31 December 2023) and include income tax payables still to be paid as at the reporting date.

28. PROVISIONS FOR RISKS AND CHARGES

€ '000	Guarantees	Retirement of agents	Restructuring	Legal disputes and Others	Total
Value at 31/12/2023	**7,025**	**2,539**	**15,157**	**12,791**	**37,512**
Provisions	442	615	2,151	1,640	4,848
Reduction of excess funds	(1,006)	(7)	-	(420)	(1,433)
Utilised	(206)	(1,763)	(6,544)	(1,713)	(10,227)
Change of consolidation area	914	1,367	-	282	2,564
Exchange diff, reclassification and other changes	(13)	-	68	0	55
Value at 31/12/2024	**7,156**	**2,751**	**10,831**	**12,581**	**33,319**
				Current	33,319
				Non current	-

The product warranty provision represents the best estimate made by the Parent company's Directors with respect to the obligations deriving from the warranty on products sold by the Biesse group. The provision derives from estimates based on past experience and on the analysis of the level of reliability of the marketed products.

Due to the nature and complexity of the Biesse group's business, the obligations arising from problems related to the quality of the equipment and the guarantees given on the same, imply a careful, constant and complex evaluation by the Management, which requires the preparation of estimates, which by their nature imply a high degree of judgement.

The provisions for agents' retirement benefits refers to the liabilities related to existing agency agreements.

The restructuring provision set aside during the financial year represents the best estimate of the current expenses related to the organisational transformation process, which must lead to an adequate sizing of the structure consistent with the business model defined as part of the One Company project launched in previous years and the volumes of activities generated. To do this, a series of initiatives were implemented, such as the defensive solidarity contract for the period November 2023 - October 2024 and renewed until the end of June 2025, from which redundancies were identified on the basis of technical-organisational criteria, territorial location and the principle of non-opposition to redundancies favoured by economically incentivised redundancies. The outlays that occurred in 2024, against which the provision set aside in 2023 was partially utilised, confirm the appropriateness of the estimated charges reflected in the amount of the residual provision as at 31 December 2024 for the completion of the organisational transformation process.

The decrease in the provision for legal disputes resulted from the positive balance between openings and closures of legal risks and for penalties and customer disputes. These provisions represent the Directors' best estimate with respect to the probable liability that could arise from outstanding disputes.

29. TRADE PAYABLES

The group's trade payables as at 31 December 2024 and 31 December 2023 are detailed below:

€ '000	At 31 December 2024	2023
Trade payables to suppliers	120,334	134,696
Trade payables to related parties	568	588
Trade payables to parent company	35	(3)
Trade payables	**120,937**	**135,281**

Trade payables amounted to € 120,937 thousand (€ 135,281 thousand in the previous year), with a decrease of € 14,344 thousand due to the decrease in procurement for the period and influenced by the change in the scope of consolidation due to the acquisition of the GMM group. It should be noted that trade payables are due within the next year and it is believed that their carrying amount at the reporting date is a reasonable approximation of their fair value.

For an analysis of trade payables to related parties and the parent, please see note 35.

30. CONTRACT LIABILITIES

Contract liabilities amounted to € 99,572 thousand as at 31 December 2024 (€ 108,049 thousand as at 31 December 2023) and are made up as follows:

€ '000	At 31 December 2024	2023
Advances from customers before the sale of the goods	85,788	93,494
Net advances from customers for services	13,784	14,555
Contract liabilities	**99,572**	**108,049**

Contract liabilities mainly relate to customer advances for products not yet delivered and for which revenue is recognised when the customer obtains control of the asset. For the remaining part, they relate to advances received from customers for services recognised over time, for the part that exceeds the activities already carried out. The decrease in these liabilities was influenced by the slowdown in order intake that had already become apparent in the second half of the previous year.

31. OTHER CURRENT AND NON-CURRENT PAYABLES

As of 31 December 2024, there are no other non-current payables.

A breakdown of other current payables as at 31 December 2024 is as follows:

€ '000	At 31 December 2024	2023
Tax liabilities	13,185	9,358
Social security liabilities	11,180	12,772
Other payables to employees	26,087	29,939
Other payables to third parties	12,834	7,257
Other liabilities	**63,286**	**59,326**

Other payables of € 63,286 thousand increased by € 3,960 thousand compared to the previous year, mainly due to the consolidation of balances as a result of the acquisition of the GMM group.

Other payables to third parties in the amount of € 12,834 thousand, which increased from the previous year (€ 7,257 thousand in 2023), mainly consisted of deferred income for revenues accruing in the following year, as well as the debt of € 3,528 thousand for the price adjustment related to the acquisition of the GMM group.

32. FINANCIAL ASSETS/LIABILITIES FOR DERIVATIVE INSTRUMENTS

€ '000	31 December 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Currency derivatives	338	1,354	1,070	1,266
Total	**338**	**1,354**	**1,070**	**1,266**

The value of open contracts at year-end (with a negative net balance of € 1,016 thousand) refers to hedging contracts that are not compatible with the requirements of IFRS 9 for the application of hedge accounting. As from 2016, the Biesse group no longer records financial derivatives with the method envisaged for hedge accounting.

33. FINANCIAL RISK MANAGEMENT

The Biesse group is subject to the following financial risks connected to its operations:

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

The Biesse group's risk management policies aim to identify and analyse the risks to which the Biesse group is exposed. They also endeavour to establish appropriate limits and controls, and to monitor risk and compliance with these limits. These policies and associated procedures are regularly reviewed in order to reflect any changes to market conditions or Biesse group activities.

With regard to the risk connected with the fluctuation in raw material prices, the Biesse group tends to transfer the relevant management and economic impact to its own suppliers by agreeing fixed purchase costs for three-month periods. The impact of the main raw materials, steel in particular, on the average value of the Biesse group's products is marginal compared to the final production cost.

The following paragraphs use sensitivity analysis to assess the potential impact on actual results that hypothetical fluctuations in benchmarks may cause. As required under IFRS 7, these analyses are based on simplified scenarios being applied to actual data for benchmark periods. By their very nature, these analyses cannot be considered to truly evidence the effect of future changes in the benchmark in view of different financial and equity structures as well as different market conditions. Nor are they able to reflect the interrelations and complexity of the reference markets.

Market risk

Market risk is the risk that the fair value of a financial instrument (or future cash flows from that instrument) will fluctuate as a result of changes in market prices due to changes in exchange rates, interest rates or share prices. The purpose of market risk management is managing and controlling the Biesse group's exposure to that risk within acceptable limits, while at the same time optimising investment returns.

<u>Exchange rate risk</u>

The varied geographical distribution of production and commercial activities brings about an exposure to exchange rate risk, in terms of both transactions and translations.

a) Transaction exchange rate risk

This risk comes about due to the individual companies carrying out commercial and financial transactions in currencies other than their normal operating currency. Exchange rates may fluctuate between the time when the commercial/financial relationship begins and the time when the transaction is completed (collection/payment), thus originating gains or losses.

The Biesse group manages such risk by making use of derivative instrument purchases, such as forward exchange contracts and cross currency swaps. As from 2016, the Biesse group, following Biesse S.p.A. Board of Directors' resolution of 11 March 2016 which approved the new exchange rate risk management policy for the Biesse group, has put on hold the use of hedge accounting techniques for recognising derivative instruments, since the rules set out in the reference standards were found to be quite stringent to be applied effectively and in full to business operations.

The following table provides a quantitative summary of the Biesse group's exposure to exchange rate risk:

€ '000	Finalcial asset 31/12/2024	inancial liabilities 31/12/2024
Australian Dollar	3,818	4,591
Canadian Dollar	2,687	44
Pound Sterling	2,853	2,762
Indian Rupee	3,034	7,471
US Dollar	21,179	1,974
Chinese Renmimbi Yuan	4,182	19
Other currencies	6,403	13,900
Total	**44,155**	**30,761**

In defining the amount exposed to interest rate risk, the Biesse group also includes foreign currency orders acquired in the period before they become trade receivables (shipping-invoicing).

A sensitivity analysis follows, illustrating the expected impact on the income statement of a +15%/-15% appreciation/depreciation of the Euro.

This analysis assumes that all other variables, in particular interest rates, remain unchanged.

€ '000	Impact on income statement	
	If exchange rate > 15%	If exchange rate < 15%
Australian Dollar	101	(136)
Canadian Dollar	(345)	466
Pound Sterling	(12)	16
Indian Rupee	579	(783)
US Dollar	(2,505)	3,389
Chinese Renmimbi Yuan	(543)	735
Total	**(2,725)**	**3,687**

The above amounts are shown gross of hedging.

b) Translation exchange rate risk

The Biesse group holds a controlling interest in companies that prepare their Financial Statements in currencies other than the Euro, which is the currency used for presenting the consolidated financial statements. Therefore this exposes the Biesse group to translation risk, which arises from converting assets and liabilities of these subsidiaries into Euro.

The effects of these changes are accounted for directly under equity in the translation reserve.

The main exposures to translational exchange rate risk are continuously monitored. At the balance sheet date, it was decided not to adopt specific hedging policies for these exposures.

c) Interest rate risk

Interest rate risk represents exposure to changes in the fair value of, or future cash flows from, financial assets or liabilities, due to changes in market interest rates.

The sensitivity analysis aimed at assessing the potential impact of a hypothetical sudden and unfavourable 10% change in short-term interest rates on financial instruments (typically cash and some financial payables) reveals no significant impact on the results or the equity of the Biesse group.

Credit risk

Credit risk represents the Biesse group's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations.

The main exposure is towards customers. In order to limit this risk, the Biesse group has implemented procedures for assessing the financial potential and soundness of its customers, monitoring expected cash flows from collections and for any debt collection activities.

These procedures typically provide for sales to be finalised by obtaining advance payments. However, for those customers who are considered strategically important by Management, credit can be provided with limits being established and monitored.

The carrying amount of financial assets, net of any impairment for expected losses, represents the maximum exposure to credit risk.

For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to note 19 above on trade receivables.

Shown below is a table, as required by IFRS 9, which reports the allocation of the allowance for impairment by maturity date.

31 December 2024

	At 31 December 2024					
€ '000	Current	Overdue by 1 to 30 days	Overdue by 30 to 180 days	Overdue by 180 to 365 days	Overdue more than 365 days	Total
% Estimated loss	0.7%	0.9%	6.5%	28.0%	69.3%	**5.6%**
Receivables	74,762	21,981	21,781	3,674	5,674	**127,872**
Estimates credit losses	523	207	1,409	1,030	3,933	**7,101**

31 December 2023

	At 31 December 2023					
€ '000	Current	Overdue by 1 to 30 days	Overdue by 30 to 180 days	Overdue by 180 to 365 days	Overdue more than 365 days	Total
% Estimated loss	1.3%	0.7%	6.0%	27.8%	69.5%	**5.1%**
Receivables	77,919	21,366	14,752	3,814	4,503	**122,353**
Estimates credit losses	992	154	879	1,060	3,129	**6,212**

Liquidity risk

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

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

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

The following table shows the expected flows based on the maturities of financial liabilities other than derivatives. Balances relating to bank overdrafts and bank loans are expressed at their contractual value without being discounted, which includes both principal and interest amounts. Loans and other financial liabilities are classified on the basis of the earliest maturity date, and revocable financial liabilities, as well as other liabilities whose maturities are not available, are considered payable on demand ("worst case scenario").

31 December 2024

€ '000	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	Total
Trade and other payables	77,830	73,083	12,322	1,114	18	164,367
Bank loans and borrowings	-	1,926	74,077	72,775	45,717	194,496
Total	**77,830**	**75,009**	**86,399**	**73,889**	**45,736**	**358,863**

31 December 2023

€ '000	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	Total
Trade and other payables	76,278	89,748	17,334	654	31	184,044
Bank loans and borrowings	799	294	6	257	7	1,363
Totale	**77,077**	**90,041**	**17,340**	**910**	**39**	**185,407**

The Biesse group monitors liquidity risk by controlling net flows on a daily basis in order to ensure financial resources are managed efficiently.

The portfolio of trade receivables and the conditions attaching to them contribute to balancing the working capital and, in particular, to hedging payables to suppliers.

As at 31 December 2024, the Biesse group had lines of credit arranged for the entire Biesse group through the Parent Company Biesse S.p.A..

Classification of financial instruments

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

	31 December	
€ '000	2024	2023
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
Derivative financial assets	*338*	*1,070*
Designated at fair value through OCI:		
- other current financial assets	*22,739*	*16,758*
Measured at amortised cost :		
Trade receivables	*120,801*	*116,619*
Other assets	***5,631***	***4,966***
- other financial assets and non current receivables	*2,966*	*3,519*
- other current assets	*2,665*	*1,447*
Cash and cash equivalents	***181,012***	***104,473***
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
Derivative financial liabilities	*1,354*	*1,266*
Measured at amortised cost :		
Trade payables	*120,937*	*135,100*
Bank loans, borrowings and lease liabilities	*177,327*	*1,355*
Financial leasing liabilities	*29,708*	*25,505*
Other liabilities	*43,361*	*43,648*
Other current liabilities	*43,185*	*43,481*
Other not current liabilities	*176*	*167*

The carrying amount of the above financial assets and liabilities is equal to or a reasonable approximation of their fair value.

For financial instruments recognised at fair value in the statement of financial position, IFRS 7 requires that fair value measurements be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. To this end, IFRS 13 identifies the three levels of FV that have already been indicated in the early part of these financial statements:

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

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

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

Derivative financial instruments measured at fair value and current financial assets measured at FVOCI are classified under Level 2 (same as in 2023). Other financial liabilities at fair value through profit or loss are classified in Level 3. There were no transfers of Level during the year.

34. BUSINESS COMBINATIONS

Acquisition of the GMM group

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.

GMM S.p.A., founded in 1993 in Gravellona Toce, Piedmont, started its activity in the field of design and construction of bridge saws for the stone industry and then continued its evolution to become a world leader in the production of traditional and CNC milling cutters. Through the acquisition of the Australian company Techni Waterjet Ltd., GMM first expanded its offering through innovative waterjet cutting technology with applications mainly in the metal, stone and glass sectors, and later, with the acquisition of the Italian company Bavelloni S.p.A., further extended its product range in glass processing machines.

The total purchase price is € 72,444 thousand.

From a financial point of view, the acquisition resulted in a net cash outflow of € 68,916 thousand, corresponding to the provisional price paid at the acquisition date of € 85,996 thousand net of the GMM group's provisional financial debt; the final price adjustment of € 3,528 thousand was determined on the basis of the financial indebtedness as of 31 December 2023 and is still outstanding as of 31 December 2024.

The Biesse group acquired control of the GMM group with effect from 29 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 GMM group's balances as of 1 January 2024, the reference date for the 'Purchase Price Allocation' (PPA) process required by IFRS 3.

The following table shows the carrying amount of the net assets acquired in the business combination:

(figures in thousands of Euro)	**Total fair value of net assets acquired**
Total intangible fixed assets	29,256
Total property, plant and equipment	16,859
Net commercial working capital	21,729
Investments	57
Total other current assets/liabilities	(2,511)
TFR	(3,799)
Net financial position	(7,311)
Deferred tax assets/liabilities	(7,168)
TOTAL NET IDENTIFIED ASSETS ACQUIRED	**47,110**
(+) Goodwill	**25,334**
TOTAL NET ASSETS ACQUIRED	**72,444**

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 thousand, gross of the related tax effect. Specifically, these assessments concerned the following cases:

- brands, the fair value of which (€ 2,374 thousand) was determined using the royalty method and on the basis of an estimated average useful life of 3 years;
- patents, the fair value of which (€ 5,264 thousand) was determined using the royalty method and on the basis of an estimated average useful life of 10 years;
- software, the fair value of which (€ 6,082 thousand) was determined using the royalty method and on the basis of an estimated useful life of 10 years;
- customer lists, the fair value of which (€ 12,103 thousand) was determined using the residual income method and on the basis of an estimated useful life of 10 years;
- higher value attributed to land and buildings (€ 4,362 thousand);
- higher value attributed to plant, machinery and equipment (€ 2,350 thousand).

The deferred tax effect determined in relation to the value adjustments described above amounts to a total of € 9,021 thousand. As mentioned above, the valuations were determined on the basis of a report prepared by an independent expert.

The difference (€ 25,334 thousand) between the total purchase price (€ 72,444 thousand) and the fair value of the net assets acquired (€ 47,110 thousand) is necessarily allocated to goodwill, which in turn is allocated to the "Machinery and Systems" CGU, for which an impairment test was performed.

(figures in thousands of Euro)	
Total purchase price	72,444
(-) Fair value of the net assets being acquired	47,110
Goodwill recognised from purchase price allocation	**25,334**

35. RELATED-PARTY TRANSACTIONS

Biesse S.p.A. is owned by Bl.Fin. S.r.l.

Set out below are the Biesse group financial and income balances arising from related-party transactions for the years 2024 and 2023. It should be noted that commercial transactions with these entities were carried out at arm's length and that all transactions were in the interest of the Biesse group.

Furthermore, it should be noted that related parties also include companies owned by close relatives of Board of Directors' members.

Euro 000's	Revenues		Costs	
	For Year ended 31/12/2024	For Year ended 31/12/2023	For Year ended 31/12/2024	For Year ended 31/12/2023
Parent				
Bi. Fin. S.r.l.	1	1	1	**24**
Other related companies		**24**	**863**	**2,153**
Se. Mar. S.r.l.	-	*24*	863	*2,152*
Altri	-	-	-	-
Members of the Board of Directors	-	-	**3,684**	***3,122***
Selci Giancarlo	-	-	*41*	*133*
Selci Roberto	-	-	*1,419*	*1,135*
Potenza Massimo	-	-	*2,014*	*1,698*
Baronciani Alessandra	-	-	*28*	*25*
Ricceri Federica	-	-	*60*	*45*
Borsani Ferruccio	-	-	*10*	*31*
Schiavini Rossella	-	-	*59*	*55*
Bruni Massimiliano	-	-	*32*	-
Sgubin Cristina	-	-	*31*	-
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	**189**	**163**
Executives with strategic responsibilities			**1,873**	**1,566**
Total	**1**	**25**	**6,610**	**7,027**

Euro 000's	Receivables		Payables	
	For Year ended 31/12/2024	For Year ended 31/12/2023	For Year ended 31/12/2024	For Year ended 31/12/2023
Parent				
Bi. Fin. S.r.l.	-	-	44	1,066
Other related companies				
Se. Mar. S.r.l.	-	7	317	632
Others	-	-		-
Members of the Board of Directors				
Members of the Board of Directors	-	-	73	106
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	71	69
Total	**-**	**7**	**505**	**1,872**

For all the financial years considered, no guarantee has been given or received. The Biesse group has not accounted for any losses on receivables from related parties in the current or previous financial years. It should be noted that, as of 31 December 2019, payables to the parent company and other related parties include lease payables (€ 44 thousand to the parent company Bi.Fin. S.r.l. and € 73 thousand to members of the Board of Directors).

Directors' fees are proposed by the Board of Directors and approved at the ordinary shareholders' meeting according to the average market remuneration levels. It should be noted that, as regards managers with strategic functions who perform management and coordination activities, their remuneration (including fees and bonuses) is included under personnel expense.

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

36. OTHER INFORMATION

Contingent liabilities

Based on the information that is currently available, the Directors of the Company believe that, as at the date these financial statements were approved, the provisions set aside are sufficient to guarantee a correct representation of the financial information.

Commitments and guarantees issued and received

In the course of its commercial activities, the Biesse group issues guarantees to customers for advance payments (advance payment - performance bonds).

Atypical and unusual transactions

No transactions of such nature were reported.

Government grants pursuant to Art. 1, paragraphs 125-129 of Law No. 124/2017

For details on government aid and the de minimis aid which was received – for which there is the obligation to report to the National Registry of Government Aid, in accordance with Art. 52, Law 234/2012 – express reference is made to said register. However, the following details are reported:

N.	PROVIDER	GRANT RECEIVED 2024 € '000	CAUSAL
1	FONDIMPRESA/FONDIRIGENTI	160	Contribution for founded training
2	MINISTERO DELLO SVILUPPO ECONOMICO	1,456	Contribution for Projects financed
3	Commissione Europea	70	Contribution for Research Project
4	GSE SPA Gestore dei Servizi Energetici	36	Contribution by GSE for net metering
		1,722	

37. EVENTS AFTER THE REPORTING DATE

Please refer to the note in the Directors' Report on Operations.

Pesaro, 14 March 2025

The Chairman of the Board of Directors

Roberto Selci

38. ANNEXES

INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006[1]

Euro 000's	Note	31 December 2024	Attributable to related parties	% of incidence	31 December 2023	Attributable to related parties	% of incidence
Revenue	7	754,698	-	0.0%	785,002	-	0.0%
Other operating income	8	9,260	1	0.0%	8,408	25	0.3%
Change in inventories of finished goods and work in progres		(3,150)	-	0.0%	(34,900)	-	0.0%
Purchase of raw materials and consumables	9	(300,457)	-	0.0%	(293,766)	-	0.0%
Personnel expense	10	(247,263)	-	0.0%	(241,331)	-	0.0%
Depreciation, amortisation and impairment	11	(42,763)	-	0.0%	(51,570)	-	0.0%
Other operating costs	12	(155,430)	6,610	-4.3%	(147,673)	7,027	-4.8%
Operating profit		**14,895**	**6,611**	**44.4%**	**24,169**	**7,052**	**29.2%**
Financial income	13	3,380	-	0.0%	17,809	-	0.0%
Financial expense	13	(6,928)	-	0.0%	(21,499)	-	0.0%
Net exchange rate losses		(3,378)	-	-	-		
Pre-tax profit		**7,969**	**6,611**	**83.0%**	**20,479**	**7,052**	**34.4%**
Income taxes	27	(4,220)	-	0.0%	(7,996)	-	0.0%
Profit for the year		**3,750**	**6,611**	**176.3%**	**12,483**	**7,052**	**56.5%**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006[1]

Euro 000's ASSETS	Note	At 31 December 2024	Attributable to related	% of incidence	At 31 December 2023	Attributable to related parties	% of incidence
Equipment and other items of property, plant and equipment							
Property, plant and equipment	15, 16	137,923	-	0%	117,213	-	0%
Goodwill	17	72,083	-	0%	46,693	-	0%
Other intangible assets	18	56,692	-	0%	36,753	-	0%
Deferred tax assets	27	28,826	-	0%	25,168	-	0%
Other financial assets and receivables (inluding derivatives)	19	2,797	-	0%	3,404	-	0%
Total non current assets		**298,491**	-	0%	**229,346**	-	0%
Inventories	20	177,331	-	0%	168,393	-	0%
Trade receivables and contract assets	21	120,801	-	0%	116,619	-	0%
Other revcevables	22	17,507	-	0%	13,146	7	0.1%
Other financial assets and receivables (inluding derivatives)	19	23,077	-	0%	17,828	-	0%
Cash and cash equivalents	23	181,012	-	0%	104,473	-	0%
Total current assets		**519,727**	-	0%	**420,459**	7	0.0%
TOTAL ASSETS		818,218	-	0%	649,805	7	0.0%

Euro 000's	Note	31 December 2024	Attributable to related parties	% of incidence	31 December 2023	Attributable to related parties	% of incidence
EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital	24	27,403	-		27,403	-	
Reserves		232,221	-		221,562	-	
Profit for the year		3,750	-		12,483	-	
Equity attributable to the owners of the parent		**263,373**	-		**261,448**	-	
Non-controlling interests		0	-		0	-	
TOTAL EQUITY		263,373	-		261,448	-	
Financial liabilities		119,426	-		18,742	-	
Post-employment benefits	26	11,860	-		10,041	-	
Deferred tax liabilities	27	15,311	-		7,805	-	
Provisions for risks and charges	28	0	-		0	-	
Other liabilities	31	176	-		167	-	
Total non current liabilities		**146,773**	-		**36,755**	-	
Financial liabilities	16, 25	88,963	-		9,384	-	
Provisions for risks and charges	28	33,318	-		37,512	-	
Trade payables	29	120,937	505	0.42%	135,281	1,872	1.38%
Contract Liabilities	30	99,572	-		0	-	
Other liabilities	31	63,286	-		59,326	-	
Liabilities for income tax	27	1,996	-	0%	2,049	-	0%
Total Current liabilities		**408,072**	505	0.12%	**351,602**	1,872	0.53%
LIABILITIES		554,845	505	0.09%	388,357	1,872	0.48%
TOTAL EQUITY AND LIABILITIES		818,218	505	0.06%	649,805	1,872	0.29%

Certification of the consolidated financial statements in accordance with Art. 81-*ter* of Consob Regulation No. 11971 of 14 May 1999 as subsequently amended and integrated

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

- the adequacy in relation to the characteristics of the business and
- the effective implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2024.

2. The administrative and accounting procedures for preparing the consolidated financial statements as at 31 December 2024 were defined, and their adequacy was assessed, based on the rules and methods established by the Biesse group consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission. This is a reference framework for internationally accepted internal control systems.

3. In addition, they also certify that the consolidated financial statements as at 31 December 2024:

a) are consistent with the entries in accounting books and records;

b) have been drawn up in accordance with the international accounting standards issued by the International Accounting Standards Board, endorsed by the European Commission with the procedure provided for by Art. 6 of Resolution (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 and pursuant to Art. 9 of the Italian Legislative Decree No. 38/2005; they are capable of providing a true and fair view of the financial position, results of operations and cash flows of the issuer and the group of companies included in the scope of consolidation.

The Directors' Report on Operations includes a reliable analysis of the performance and the results of operations, and the overall position of the issuer and the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Pesaro, 14 March 2025

The Chairman of the Board in charge

Roberto Selci

The Manager of financial reporting

Nicola Sautto

Separate Financial Statements as at 31 December 2024

Biesse S.p.A.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

SEPARATE INCOME STATEMENT AS AT 31 DECEMBER 2024

€ '000	Notes	31 December 2024	31 December 2023
Revenue	6	425,954	537,745
Other operating income	6	5,274	7,353
Change in inventories of finished goods and work in progress		(7,494)	(21,753)
Purchase of raw materials and consumables	8	(229,844)	(274,330)
Personnel expense	9	(113,292)	(133,503)
Other operating costs	10	(71,820)	(83,917)
Depreciation and amortisation		(15,559)	(17,770)
Accruals to provisions	11	(1,799)	(12,890)
Impairment	12	(827)	(2,184)
Operating result		**(9,407)**	**(1,249)**
Share of loss of associates	13	(3,115)	(9,074)
Financial income	14	9,068	15,114
Dividends	15	24,041	31,928
Financial expense	14	(17,088)	(19,507)
Result before taxes		**3,499**	**17,212**
Income taxes	16	3,131	1,299
Result for the year		**6,630**	**18,511**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024

€ '000		31 December 2024	31 December 2023
Result for the year		6,630	18,511
Actuarial gains/(losses) on defined benefit plans	33	6	(103)
Valuation of financial assets	26	212	170
Translation differences on foreign operations	31	10	(3)
Items that will not be reclassified to profit or loss		**228**	**64**
Total comprehensive income for the year		**6,858**	**18,575**

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

€ '000	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and machineries	17	51,139	56,305
Equipment and other tangible assets	17	8,935	7,662
Goodwill	18	10,609	10,609
Other intangible assets	19	16,304	19,394
Deferred tax assets	34	17,089	13,848
Investments in subsidiaries and associates	20	196,787	117,247
Other financial assets and non-current receivables	21	532	1,221
		301,395	226,285
Current assets			
Inventories	22	77,704	92,624
Trade receivables and contract assets	23	58,300	65,294
Trade receivables and contract assets - related parties	24	51,693	60,438
Other assets	25	6,130	5,722
Other assets - related parties	44	0	521
Assets for derivative financial instruments	46	323	1,066
Financial assets	26	15,934	16,394
Financial assets - related parties	27	36,509	33,998
Cash and cash equivalents	28	124,927	54,594
Total current assets		371,520	330,651
TOTAL ASSETS		672,915	556,937

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
EQUITY AND LIABILITIES			
Share capital	29	27,403	27,403
Capital reserves	30	36,202	36,202
Other reserves and retained earnings	31	140,050	125,148
Result for the year		6,630	18,511
EQUITY		210,285	207,264
Non-current liabilities			
Post-employment benefits	33	7,166	8,055
Deferred tax liabilities	34	1,991	2,258
Bank loans and borrowings	35	99,800	-
Lease liabilities under IFRS 16	36	4,352	5,725
Other non-current liabilities to third parties	43	101	152
Total non-current liabilities		113,410	16,190
Current liabilities			
Trade payables	39	82,734	101,856
Trade payables - related parties	40	17,857	17,664
Contract liabilities	41	24,205	35,735
Contract liabilities - related parties	42	433	160
Other liabilities	43	33,894	36,612
Other liabilities - related parties	44	376	251
Tax liabilities	45	158	94
Lease liabilities under IFRS 16	36	3,119	2,936
Bank loans and borrowings	35	72,152	671
Other financial liabilities - related parties	27	91,854	100,314
Provisions for risks and charges	38	21,739	35,924
Liabilities for derivative financial instruments	46	1,329	1,266
Total current liabilities		349,220	333,483
LIABILITIES		462,630	349,672
TOTAL EQUITY AND LIABILITIES		672,915	556,936

SEPARATE STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2024

	Notes	31 December 2024	31 December 2023
OPERATING ACTIVITY			
+/- Result for the year		6,630	18,511
+ Amortisations:		15,559	17,770
Increase/decrease of accruals to:			-
+ post employment benefit fund	33	241	305
+ provision to funds		1,799	12,890
+/- provision for the write-down of inventory	22	-3,061	1,836
+/- Gains/losses from sales of assets		12	-2,058
+/- Gains/losses from sales on disposal of participations		-13	-1
+/- Gains/losses from sales of other securities		-83	-276
+ Impairment losses		827	2,184
- Financial income		-25,734	-33,126
+/- Unrealized exchange gains/(losses)	14	1,774	1,234
+ Income taxes		-3,131	-1,299
+ Financial expenses		7,666	4,973
+/- Revaluation/write-off of investments		3,128	9,074
SUBTOTAL OPERATING ACTIVITIES		**5,614**	**32,017**
- Payment for post employment benefits	33	-1,123	-710
- Utilisation of provision for risks and charges	38	-7,248	-633
+/- Change in trade receivables	23	5,408	-3,978
+/- Change in trade receivables - related parties	24	541	6,329
+/- Change in other receivables		-138	669
+/- Change in other receivables - related parties		516	202
+/- Change in inventories	22	17,980	25,251
+/- Change in trade payables	39	-19,194	-33,716
+/- Change in trade payables - related parties	40	142	-5,483
+/- Change in contract liabilities	41	-11,532	-22,250
+/- Change in contract liabilities - related parties	42	274	-10
+/- Change in other payables	43	-6,355	-6,071
+/- Change in other payables - related parties		-1	2
+/- Change in assets/liabilities for derivative financial instruments	46	-200	183
- Tax paid		277	3,301
- Interest paid		-7,134	-4,513
NET CASH FLOWS FROM OPERATING ACTIVITIES		**-22,173**	**-9,413**
INVESTING ACTIVITIES			-
- Investment in property, plant and equipment	17	-4,970	-6,872
+ Sale of property, plant and equipment	17	693	4,577
- Investment in intangible assets	19	-2,650	-8,555
+ Sale of intangible assets	19	-	1
- Investmentof shareholdings in subsidiaries and associates	20	-75,820	-3,961
- Disposal of shareholdings in subsidiaries and associates	20	13	-
- Investment/disposal of shareholdings in other companies		2	-2
+ Dividends received	15	40,559	2,410
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**-42,173**	**-12,402**
FINANCING ACTIVITIES			-
+/- New long term loans	49	99,800	-
+/- Long term loans reimbursement	49	-	-40
- Finance lease payments	49	-3,677	-3,063
+/- Increase/decrease of borrowings	49	71,202	-176
+/- Increase/decrease of other non-current financial assets		25	-407
+ Interests received		1,483	1,110
- New loans to related parties	49	-21,103	-2,237
+ Income from loans to related parties	49	-	200
+ New loans to related parties	49	11,852	11,205
- Reimbursement of loans from related parties	49	-21,880	-8,116
+/- Increase/decrease of other current financial assets		822	4,649
- Dividends paid	32	-3,846	-9,076
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**134,678**	**-5,951**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**70,332**	**-27,766**
CASH AND CASH EQUIVALENTS AS AT 01/01/2023		**54,594**	**81,761**
+/- Effect of exchange rate fluctuations on cash held		1	-0
+ Cash and cash equivalents from merger		-	599
CASH AND CASH EQUIVALENTS AS AT 31/12/2023			
Cash and cash equivalents	28	**124,927**	**54,594**

SEPARATE STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2024

	Notes	Share capital	Capital reserves	Other reserves and retained earnings	Result for the year	EQUITY
		28	29	30		
January 1, 2023		27,403	36,202	114,193	19,843	197,641
Other comprehensive income				64		64
Result for the year					18,511	18,511
Total gains/(losses) recognised in other comprehensive income				64	18,511	18,575
Allocation of the profit of the year				10,800	(19,843)	(9,043)
Merge of subsidiaries				91		91
December 31, 2023		27,403	36,202	125,148	18,511	207,264
January 1, 2024		27,403	36,202	125,148	18,511	207,264
Other comprehensive income				228		228
Result for the year					6,630	6,630
Total gains/(losses) recognised in other comprehensive income				228	6,630	6,858
Dividends				14,674	(18,511)	(3,837)
December 31, 2024		27,403	36,202	140,050	6,630	210,285

NOTES TO THE FINANCIAL STATEMENTS

1. OVERVIEW

Biesse S.p.A. (hereafter also the "Company") is an Italian company, with registered office in Pesaro (Italy), via della Meccanica, 16.

The Company operates in the production and marketing of machinery and systems for processing wood, glass, marble and stone. The company is listed on the Euronext STAR segment of the Milan Stock Exchange.

The currency in which the Financial Statements are presented is the Euro. Balances are expressed in thousands of Euros, unless otherwise stated.

These separate financial statements were submitted to the Board of Directors on 14 March 2025.

In addition, the Company prepares the consolidated financial statements.

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.

By deed of Notary Luisa Rossi dated 28 June 2024 by reverse merger, the subsidiary GMM Finance S.r.l. was merged into the subsidiary GMM S.p.A., the accounting and tax effects of this transaction are backdated to 1 January 2024.

On 31 October 2024, the shares of the subsidiary Biesse Russia were disposed of through a management by-out transaction following the impossibility of continuing to operate in the Russian territory due to the well-known events of the war and the consequent embargoes against Russia.

By deed of Notary Luisa Rossi dated 9 December 2024, a deed of demerger-merger was executed that involved the demerger of the equity investment in Bavelloni S.p.A. held by GMM S.p.A. in favour of Biesse S.p.A. and the merger of Forvet S.p.A. into Bavelloni S.p.A.. The effects of the demerger run from 31 December 2024, whereas the accounting and tax effects of the merger are backdated to 1 January 2024.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Statement of compliance with international financial reporting standards and general standards

The separate financial statements as at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union, as well as with the implementing provisions issued pursuant to Art. 9 of Italian Law Decree 38/2005 and the Consob regulations and provisions regarding financial statements.

The financial statements have been prepared on the historical cost basis, with the exception of derivative financial instruments, held-for-sale financial assets and financial instruments classified as available for sale, which are measured at fair value; the financial statements have been prepared also on a going concern basis.

This disclosure was prepared in compliance with the provisions of Consob (Commissione Nazionale per le Società e la Borsa – the regulatory authority for the Italian securities' market), with particular reference to resolutions No. 15519 and 15520 of 27 July 2006 and to communication No. DEM6064293 of 28 July 2006. It should be noted that, with reference to said Consob Resolution No. 15519 of 27 July 2006 on the format of financial statements, specific additional statements of income and of financial position have been included in the annex, with evidence of the impact of related-party transactions, so as to improve the readability of the information.

The accompanying consolidated financial statements of Biesse S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

Financial statements

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

Income Statement

Expenses are classified based on their nature, highlighting interim results with respect to operating and pre-tax profit. Operating profit is calculated as the difference between net revenue from sales and services and operating expense (including non-cash costs relating to depreciation, amortisation and impairment losses on current and non-current assets, net of any reversal of impairment losses) and including capital gains and losses on the sale of non-current assets. In particular, operating profit is defined as profit (loss) for the year before income taxes, financial income and expenses, foreign exchange gains and losses, dividends and profits and losses of subsidiaries. This indicator is not identified as an accounting measure under IFRS (NON-GAAP measures) and the determination criteria applied by the Biesse S.p.A. may not be consistent with those adopted by other Companies.

Statement of Comprehensive Income

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

Statement of Financial Position

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

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

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

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

Statement of Changes in Equity

This statement shows the changes in equity items related to:

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

Statement of Cash Flows

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

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

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

Other information

The Company has availed itself of the right – granted by Art. 40 of Legislative Decree 127/1991, paragraph 2-bis, for companies required to prepare consolidated financial statements – to prepare both the Directors' Report on Operations concerning the separate financial statements of the Parent Company and that concerning the consolidated financial statements in a single document.

With reference to the operating performance for 2024, reference is made to the Consolidated Directors' Report on Operations.

Biesse S.p.A. owns subsidiaries which it controls directly or indirectly.

3. MEASUREMENT CRITERIA AND USE OF ESTIMATES

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

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

Allowance for impairment

The allowance for impairment reflects Management's estimates of impairment losses on the portfolio of receivables due from end customers and the sales network. The estimate of the allowance for impairment is based on losses expected by the Company, calculated on the basis of past experience for similar receivables, current and historical past dues, losses and payments received, the careful monitoring of credit quality, and projections of economic and market conditions, in a forward looking perspective.

Allowance for inventory write-downs

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

Recoverable amount of non-current assets (including goodwill)

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

Product warranties

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

Commercial, legal and tax disputes

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

Restructuring provision

The estimate of the provision for restructuring is made using the information available regarding the status and terms of negotiations with counterparties, as well as taking into account applicable laws and practices.

4. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA ADOPTED

Main accounting standards adopted

The accounting standards adopted in the separate financial statements as at 31 December 2024 were applied in the same way also to the comparative period, except as described in the following section 5.a) "Accounting standards, amendments and IFRS interpretations applied as from 1 January 2024".

A. Foreign currency transactions

All transactions are accounted for in the functional currency of the primary economic environment in which the Company operates. Monetary assets and liabilities (defined by IAS 21 as assets or liabilities held for collection or payment, where the amount is set in advance or able to be established) are translated using the closing rate; non-monetary assets and liabilities, which are valued at historical cost in foreign currencies, are translated using the exchange rate at the date of the transaction; and non-monetary assets and liabilities, which are measured at fair value in a foreign currency, are translated at the effective exchange rate at the date of determination of fair value.

The consolidation of the balances of foreign permanent establishments (branches) expressed in currencies other than the Euro is carried out using the following methodology: balance sheet items are converted into Euros at the exchange rate in force on the closing date of the financial year, while income statement items are converted at the average exchange rate for the year. The resulting translation differences are recognised in equity under the heading "translation reserve", which is shown under other reserves in the financial statements.

Exchange rate gains or losses arising from conversion are recognised in profit or loss for the year.

To hedge its exposure to currency risk, the Company has entered into some forward and option contracts (see below the Company's accounting policies relating to these derivative instruments).

B. Revenue recognition

Revenue from the sales of goods and services is recognised when the effective transfer of control to the customer takes place. For these purposes, the Company analyses the contracts signed with customers in order to identify the contractual obligations, which may involve the transfer of goods or services, and the possible existence of a number of elements to be recognised separately. In the presence of single contract including a number of services, the Company determines the amount referring to each of the services. The method of recognising revenue from sales of goods and services depends on how the individual services are performed: performance at a given time or performance over time. In the former case, revenue is recognised when the customer obtains control of the good or service, a moment which is influenced by the delivery conditions envisaged by the contract. In the case of obligations over time, depending on the characteristics of the underlying service, revenues are recorded linearly, over the term of the contract.

In reference to the main types of sales realised by the Company, the recognition of revenue takes place on the basis of the following criteria:

a) <u>Sales of machines and systems:</u> revenue is generally recognised when the machine is delivered to the customer, which normally coincides with the moment when the customer obtains control of the good. The advances obtained from customers before completion of the sale are recorded as advances from customers, under the item Contract liabilities.

b) <u>Mechanical and electronic components, and other goods.</u> The related revenue is recognised when the customer obtains control of the good, taking account of the delivery conditions agreed with the customer. Any advances paid by the customer before the sale of the good are recognised as such under Contract liabilities.

c) <u>Installation of machines and systems for machining wood, glass, stone and other materials.</u> These are services generally sold together with the machines and systems as set out in point a) above, the revenue from which is recognised in the income statement over time on the basis of the progress of the service to be provided to the customer.

d) Other services. These are services provided over time and the related revenue is recognised in the income statement on a straight-line basis over the duration of the contract.

C. Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with all the conditions attaching to the grant and that the grant will be received. Grants are recognised in the income statement over the period in which the entity recognises as expense the related costs which the grants are intended to compensate.

For accounting purposes, a benefit arising from a government loan granted at a below-market rate of interest is treated as a government grant. This benefit is measured at the inception of the loan as the difference between the initial carrying amount of the loan (fair value plus any costs directly attributable to obtaining it) and the proceeds received, and it is subsequently recognised in the income statement in accordance with the regulations relating to the recognition of government grants.

D. Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as costs as at the time when the service giving rise to those benefits is provided. The Company recognises a liability for the amount that is expected to be paid when there is a current, legal or implicit obligation to make such payments due to past events, and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

Provisions for employee benefits on termination of employment are represented by the provision for employee severance indemnity. Post-employment benefits are recorded in accordance with the arrangements of defined-benefit plans under IAS 19.

Severance provisions are recorded at the expected future value of employee benefits as at the time when the employment relationship is terminated. This obligation is determined on the basis of actuarial assumptions. The measurement is carried out at least annually, with the support of an independent actuary, and using the projected unit credit method. The actuarial method considers financial variables such as, for instance, the discount rate or the long-term expected return on plan assets and the growth rates of salaries, and considers the probability that potential future events will occur using demographic variables such as, for instance, mortality rates and employee turnover or retirement rates. More precisely, the discount rates taken as reference are the rates or rate curves on high-quality corporate bonds (Euro Composite AA interest-rate curve) in the respective reference markets. The rates of future salary increases reflect the long-term expectation of the Company for the reference markets and inflation.

Actuarial gains and losses that emerge following the revaluation of liabilities for defined-benefit plans are immediately recognised in other comprehensive income, while net interest and other costs relating to defined-benefit plans are recognised in the income statement.

Contributions to defined contribution plans are recognised as an expense in the income statement over the period in which the employees are employed. Contributions paid in advance are recognised as an asset to the extent that the prepayment will result in a reduction in future payments or a refund.

E. Costs and charges

The costs relating to the purchase of goods and services are recognised when their amount can be measured reliably. Costs for the purchase of goods are recognised at the time of delivery, which, on the basis of the existing contracts, is the time when all related risks and rewards are transferred. Service costs are recognised on an accrual basis as the services are rendered.

F. Finance income and expense

Interest income and expenses are recorded in the income statement on an accrual basis, using the effective interest method. The effective interest method is a rate that accurately discounts expected future cash flows, based on the expected life of the financial instrument and the net carrying amount of the financial asset or liability.

G. Income taxes

Taxes are recognised in the income statement, with the exception of those relating to transactions recognised directly in equity, in which case the related effect is also recognised in equity. Income taxes include current tax and deferred tax assets and liabilities.

Current taxes are recognised on the basis of the estimated amount that the Company expects to have to pay, calculated by applying to the tax base the applicable tax rate at the reporting date in force in the respective countries. Income taxes relating to dividend distribution are recognised when a liability to pay the dividend is recognised.

Deferred tax assets and liabilities are stated using the liability method, i.e. they are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount for separate financial reporting purposes. Deferred tax assets and liabilities are not recognised on goodwill and on assets and liabilities that do not affect tax base.

Deferred tax assets are recognised only if they are considered recoverable in the light of the expected taxable income of future years. The recoverability is assessed at the end of each reporting period, and any amount no longer likely to be recovered is recognised in the income statement.

The tax rates used in recognising deferred tax assets and liabilities are those expected to be in force in the relevant country in the tax period in which the temporary differences are expected to be realised or settled.

Offsetting between deferred tax assets and liabilities is only done for homogeneous positions, and if there is a legal right to offset current tax assets and liabilities; otherwise, assets and liabilities are recognised for such securities.

H. Owned property, plant and equipment

Recognition and measurement

Items of property, plant and equipment owned by the Group are measured at acquisition or production cost, including ancillary charges, less any subsequent accumulated depreciation and any impairment losses.

Any financial charges incurred in the acquisition or construction of capitalised assets – where a certain period of time typically passes in making the asset ready for use or sale – are capitalised and amortised over the life of the class of assets to which they refer. All other financial charges are recognised in the income statement during the financial year to which they refer.

If an item of property, plant and equipment owned by the Group consists of various items with different useful lives, those items are accounted for separately (if material).

Leasehold improvements are classified under property, plant and equipment in accordance with the nature of the cost incurred. The depreciation period is the shorter of the asset’s residual useful life and the residual lease term.

Assets under construction are recorded at cost in “assets under construction” until their construction is complete. Once they become available for use, the cost is reclassified to the corresponding item line and becomes subject to depreciation.

The profit or loss generated by the sale of property, plant, machinery, equipment and other assets is determined as the difference between the net consideration received on disposal and the net residual value of the asset. It is recognised in the income statement for the year in which the sale takes place.

Subsequent costs

Costs incurred after assets are acquired as well as the costs associated with replacing various parts of assets in this category are added to the carrying amount of the item to which they refer and capitalised only when the inherent future economic benefit of the asset increases. In this case, the costs are also depreciated on the basis of the remaining useful life of the asset. All other costs are recognised in the income statement when incurred.

When the cost of replacing asset parts is capitalised, the residual value of the parts being replaced is charged to the income statement.

Depreciation

Depreciation periods start from when the asset is available for use, and end at either the date when the asset is classified as being held for sale in compliance with IFRS 5, or on the date on which useful life of the asset is concluded.

Any changes to the depreciation schedules only apply prospectively. The amount to be depreciated represents the original book value less the net expected disposal value of the asset at the end of its useful life when it is material and can be reasonably determined.

Depreciation amounts are determined by using special financial rates that correspond to the estimated useful life of each individual non-current asset. The annual rates applied by the Company are as follows:

Category	Rate
Property	2% - 3%
Plant and machinery	10% - 20%
Equipment	12% - 25%
Furniture and fittings	12%
Office machinery	20%
Motor vehicles	25%

I. Right-of-use assets and lease liabilities

In compliance with the provisions of IFRS 16, the Company identifies as leases those contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to use the modified retrospective method, so the cumulative effect of IFRS 16 has been recognised as an adjustment to the opening balance at 1 January 2019.

For every lease, starting from its commencement date, the Company records an asset (right-of-use asset) against a corresponding financial liability (lease liability), except for the following cases:

- short-term leases, i.e. those whose term is twelve months or less;
- low-value leases applied to situations in which the leased asset has a value of no more than Euro 5 thousand (value as new). The contracts for which the latter exemption has been applied fall mainly within the following categories: computers, phones and tablets, printers, other electronic devices, furniture and furnishings.

Therefore, for short-term and low-value contracts the financial lease liability and the corresponding right-of-use asset are not recognised, but the lease payments are charged to the income statement on a straight-line basis for the duration of their respective contracts.

In the case of a complex contract that includes a lease component, the latter is always managed separately compared to the other services included in the contract.

Lease liabilities

Lease liabilities are shown under Financial liabilities (current and non-current), together with other financial payables of the Company.

On initial recognition, the lease liability is recognised at the present value of the lease payments to be settled determined using the interest rate implicit in the contract (i.e. the interest rate that makes the present value of the sum of the payments and the residual value equal to the sum of the fair value of the underlying asset and the initial direct costs incurred by the Company). Where this rate is not specified in the contract or is not easily determinable, the present value is determined using the incremental borrowing rate, i.e. the incremental interest rate that, in a similar economic context and in order to obtain an amount equal to the value of the right of use, the Company would have recognised for a loan with similar duration and guarantees.

Discounted lease payments include fixed lease payments; fees that are variable due to an index or a rate; the redemption price, if any, and where the Company is reasonably certain to use it; the amount of the payment envisaged in respect of any release of guarantees on the residual value of the asset; the amount of penalties to be paid in the event that early termination options are exercised, where the Company is reasonably certain to exercise them.

After initial recognition, the lease liability is increased to reflect the interest accrued, determined on the basis of the amortised cost, and is decreased by the lease payments made.

In addition, the lease liability is remeasured to reflect any changes in leases or other situations envisaged by IFRS 16 which entail a change in the amount of the lease payments and/or term. In particular, given situations which entail a change in the estimate of the likelihood of exercise (or non-exercise) of the options for renewal or early termination of the lease or in the possible redemption (or non-redemption) of the asset upon expiry of the lease, the lease liability is remeasured by discounting the new value of the lease payments due on the basis of a new discount rate.

Right-of-use assets

Right-of-use assets are set out under “Property, plant and equipment” together with items of property, plant and equipment owned by the Group, and are broken down by category on the basis of the nature of the asset used through the lease. At the time of initial recognition of the lease, the right-of-use asset is recognised at a value corresponding to the lease liability, determined as described above, plus the lease payments made in advance and ancillary costs and net of any incentives received. Where applicable, the initial value of the right-of-use asset also includes the related costs for decommissioning and restoring the area.

Situations entailing the remeasurement of the lease liability imply a corresponding change in the value of the right-of-use asset.

After initial recognition, the right-of-use asset is depreciated on a straight-line basis, as from the commencement date of the lease, and subject to write-down in the case of impairment.

Depreciation is provided over the shorter of the lease term and the useful life of the underlying asset. However, if the lease provides for the transfer of ownership, possibly also as a result of the use of redemption options included in the value of the right of use, depreciation is provided over the useful life of the asset.

J. Intangible assets and Goodwill

Goodwill

Goodwill is an intangible asset with an indefinite useful life that arises from business combinations accounted for using the acquisition method. It is recognised as the positive difference between the acquisition cost and the Company's interest, having measured at fair value all other identifiable assets, liabilities and contingent liabilities, (full fair value method) at the acquisition date.

Goodwill is an intangible asset with an indefinite useful life, and is therefore not subject to amortisation. However, it remains subject to impairment test at least once a year, generally at the separate financial statements date, in order to verify that there has been no impairment loss, unless market or management indicators identified by the Company suggest that the impairment test is necessary also when preparing interim reports.

Goodwill is measured by identifying the cash-generating units (CGUs) that benefit from the synergies of the acquisition. The cash flows are discounted at the cost of capital in relation to the specific risks of the unit.

Impairment losses are recognised in the income statement whenever the discounted cash flow calculation indicates that the recoverable amount of the CGU is lower than its carrying amount. Losses identified in this way are not subject to any subsequent reversal of impairment.

Development costs and other intangible assets

Intangible assets generated by developing Company products are entered as assets only when the following requirements are met:

- the cost attributable to the asset during its development can be reliably measured;
- the product or process is feasible in both technical and commercial terms;
- future economic benefits are likely;
- the Company has sufficient resources available and intends to complete the asset's development, and to use or sell the asset.

These intangible assets are amortised on a straight-line basis over their useful lives.

Whenever the above criteria are not met, development costs are recognised in the income statement for the financial year in which they are incurred.

Capitalised development costs are recognised at cost less accumulated amortisation and/or any accumulated impairment losses.

Research and development costs are recognised in the income statement as incurred.

Other intangible assets including trademarks, patents and licences, which have a finite useful life, are initially recognised at acquisition cost, and are systematically amortised on a straight-line basis over their useful life or over a period not exceeding that established by the underlying licence or purchase contract.

The annual rates applied by the Company are as follows:

Category	Rate
Trademarks	10%
Patents	10% - 33.33%
Development costs	10% - 50%
Software and licences	20% - 25%

Subsequent costs

Subsequent costs are only capitalised when the expected future economic benefit that can be attributed to the corresponding asset increases. All other subsequent costs are recognised in the income statement as incurred.

K. Investments

Investments in subsidiaries, jointly controlled entities and associates not classified as held for sale are accounted for at cost.

At each balance sheet date, the existence of indicators of impairment is assessed. If such indicators exist, the adequacy of the value recognised in the financial statements is verified through a valuation test governed by IAS 36.

An impairment loss is recognised if the recoverable amount of the investment is less than its carrying amount.

If, subsequent to the recognition of an impairment loss, there are indications that the loss does not exist or has decreased, the value of the investment is reversed to reflect the lower impairment loss.

After writing off the cost of the investment, additional losses recognised by the investee are recognised as a liability, if there is a legal or constructive obligation of the investor to cover the increased losses of the investee.

L. Financial assets and liabilities

Trade receivables and issued debt securities are recognised at the time they originate. All other financial assets and liabilities are initially recognised on their trading date, i.e. when the Company becomes a contractual party to the financial instrument.

Except for trade receivables which do not involve a significant financing component, financial assets are initially measured at fair value plus or minus – in the case of financial assets or liabilities not measured at FVTPL – the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables which do not have a significant financing component are measured at their transaction price.

Subsequent classification and measurement

Upon initial recognition, a financial asset is classified according to its valuation: amortised cost; fair value recognised in other comprehensive income (FVOCI) - debt securities; FVOCI – capital stock; or at fair value through profit/(loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition unless the Company changes its business model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first year following the change of the business model.

A financial asset must be measured at amortised cost if both the following conditions are met and it is not measured at FVTPL:

– the financial asset is held as part of a business model whose objective is the possession of financial assets aimed at collecting the relevant contractual cash flows; and

– the contractual terms of the financial asset include cash flows on certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

A financial asset must be measured at FVOCI if both the following conditions are met and it is not measured at FVTPL:

– the financial asset is held as part of a business model whose objective is achieved by both collecting the contractual cash flows and by selling the financial assets; and

– the contractual terms of the financial asset include cash flows on certain dates consisting solely of payments of principal and interest on the principal amount to be repaid.

At the time of initial recognition of an equity security not held for trading purposes, the Company can make the irrevocable decision to report subsequent changes in fair value through other comprehensive income. This choice is made for each asset.

All financial assets not classified as measured at amortised cost or at FVOCI, as indicated above, are measured at FVTPL. All derivative financial instruments are included. At the time of initial recognition, the Company can irrevocably report the financial asset as measured at fair value through profit or loss for the year if this eliminates or significantly reduces an accounting mismatch that would otherwise result from the measurement of the financial asset at amortised cost or at FVOCI.

For the purposes of measurement, "principal" is the fair value of the financial asset at the time of initial recognition while "interest" is the compensation for the time value of money as well as for the credit risk associated with the amount of principal to be repaid during a given period of time and for other risks and basic costs related to the loan (for example, liquidity risk and administrative costs) as well as for the profit margin.

In assessing whether the contractual cash flows are represented solely by payments of principal and interest, the Company considers the contractual terms of the instrument. Therefore, it evaluates, among other items, whether the financial asset contains a contractual clause that modifies the timing or the amount of the contractual cash flows such as to not satisfy the following condition. For the purposes of the evaluation, the Company considers:

- contingent events that would change the timing or amount of financial flows;
- clauses that could adjust the contractual coupon rate, including variable rate items;
- advance payments and extensions; and
- clauses that limit requests for cash flows by the Company from specific activities (for example, items without recourse).

The advance payment element is in line with the criterion of "cash flows represented solely by payments of principal and interest" if the amount of the advance payment substantially consists of principal amounts due and the interest accrued on the principal amount to be repaid, which may include reasonable additional compensation for the early termination of the contract. In addition, in the case of a financial asset acquired with a premium or at a significant discount on the contractual nominal amount, any element that allows or requires an advance payment equal to an amount that substantially represents the nominal contractual amount plus the contractual interest which was accrued (but not paid) (which may include reasonable additional compensation for the early termination of the contract) is recognised in accordance with this criterion if the fair value of the advance payment element is not significant at the time of initial recognition.

Financial liabilities are measured at amortised cost or at FVTPL. A financial liability is classified at FVTPL when it is held for trading, or is a derivative or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including payable interest, are recognised in profit/(loss) for the year. Other financial liabilities are subsequently measured at amortised cost by using the effective interest method. Payable interest and exchange rate gains/(losses) are recognised in profit/(loss) for the year, as are any profits or losses deriving from derecognition.

Impairment of financial assets

At the end of each reporting period, the Company recognises an allowance for expected losses on trade receivables, contract assets and other financial assets measured at amortised cost. For these purposes, the Company adopts an impairment model based on expected credit losses, taking into account objective evidence of the risk of loss on a loan and using a forward-looking, historical experience approach for all other positions.

The value of trade receivables, contract assets and other financial assets is shown in the financial statements net of the relevant allowance for impairment, while impairment losses are recognised in the income statement under "Provisions" and "Impairment losses".

Derecognition

Financial assets are derecognised from the financial statements when the contractual rights to the cash flows deriving from them expire, or when the contractual rights to receive the cash flows as part of a transaction in which substantially all the risks and benefits derive from ownership of the financial asset are transferred, or when the Company neither transfers or substantially maintains all the risks and benefits deriving from ownership of the financial asset and does not maintain control of the financial asset.

The Company is involved in transactions that involve the transfer of assets recognised in the statement of financial position, but retains all or substantially all the risks and benefits deriving from the transferred asset. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The Company derecognises a financial liability even if the related contractual terms change and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value on the basis of the modified contractual terms.

The difference between the carrying amount of the derecognised financial liability and the amount paid (including assets not represented by transferred liquid funds or assumed liabilities) is recognised in profit/(loss) for the year.

M. Provisions for risks and charges

Provisions for risks and charges are recorded where there are legal or implicit, contractual or otherwise obligations towards third parties, deriving from past events, which are likely to require an outlay of resources whose amount can be reliably estimated.

Whenever it is estimated that these obligations will mature after twelve months and that the related effects will be material, they are discounted at a rate that reflects the time value of money and the risks specific to the recognised liability. In those cases, the increase in the provision due to the passage of time and any effect arising from a change in the discount rate are recognised as a finance expense. Any change in the estimate of provisions is reflected in profit or loss in the reporting period in which they arise.

Contingent liabilities

The Company is subject to legal and tax disputes falling under the jurisdiction of several states, in relation to which a liability is ascertained when it is considered probable that a financial outlay will occur, and the amount of the resulting losses can be reasonably estimated. If an outflow of financial resources becomes probable but its amount cannot be determined, this fact is reported in the notes to the financial statements.

In the normal course of business, Management monitors the status of litigation also with the support of its legal advisors and experts in legal and tax matters, as well as with the corporate functions most involved in matters of customer disputes.

Product warranties

The Company allocates provisions to cover the estimated costs of providing warranty services on products sold. The provisions are determined based on a model that uses available historical information regarding the nature, frequency and cost of warranty actions, for the purpose of assigning estimated costs against the corresponding sales revenue.

N. Inventories

Inventories are valued at the lesser of cost (determined using the weighted average cost method) and the net realisable value, namely, the estimated sale price less all estimated costs related to finalising the goods, the cost of sales, and distribution costs that must be incurred in order to finalize the sale.

The cost comprises the cost of direct materials and, where appropriate, direct labour, general production overheads and other costs incurred in bringing the inventories to their present location and condition.

Obsolete and slow moving inventories are written down in relation to the possibility that they can be used or sold.

The allowance for inventory write-downs reflects Management's estimate of impairment losses expected by the Company and is calculated on the basis of past experience as well as historical and expected trends in the market for second-hand equipment and spare parts, and any losses due to specific activities put into place by the Company.

O. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and cash equivalents that can be liquidated within three months. Items included in cash and cash equivalents are measured at fair value, and any corresponding changes are recognised in profit or loss.

P. Share capital

Share capital represents subscribed and paid-up capital. Any incremental costs that are directly attributable to issuing ordinary shares are recognised as a decrease in equity. Income tax relating to capital transaction costs are recognised in accordance with IAS 12.

As provided for under IAS 32, any treasury shares are recognised as a reduction in equity. Any consideration received from a subsequent sale or reissue of such treasury shares would then recognised as an increase in equity. Gains and losses from trading, if any, are recognised under equity, net of tax effects.

Q. Impairment losses on property, plant and equipment and intangible assets

At each balance sheet date, the Company reviews the existence of events or circumstances that may cast doubt on the recoverability of the value of property, plant and equipment, intangible assets with finite useful lives and investments. In the presence of loss indicators, the recoverable amount is estimated in order to quantify the extent of any impairment losses.

Goodwill is tested annually and whenever there is an indication of possible impairment.

The recoverability of the recognised amounts is tested by comparing the carrying amount with the higher of its fair value less costs to sell, where an active market exists, and the value in use. The value in use is determined based on the present value of the future cash flows expected to be derived from continuing use of an asset or group of assets and from its disposal at the end of its useful life.

The Directors determine the recoverable amount of goodwill by calculating the value in use for the cash-generating units to which goodwill is allocated. The Cash Generating Units have been defined as a group of similar assets that generate independent cash inflows through continuing use of the assets attributable to it. In line with the provisions of the relevant accounting standards, and consistent with the organisational and business structure, the Biesse Group has identified 2 Cash Generating Units (CGUs).

Management makes several assumptions in calculating the present value of future cash flows, including estimates of future increases in sales, gross operating profit, operating expense, the growth rate of terminal values, investments, changes in working capital and the weighted average cost of capital (discount rate), taking account of the specific risks of the asset or of the cash-generating units. The expected cash flows used in the model are determined during the Company's budgeting and planning processes and represent the best estimate, based on the Group's budget, which is updated annually and reviewed by Strategic Management and approved by the Parent's Board of Directors, and based on the Company's medium/long-term plan, which is updated periodically and also subject to approval. The carrying amount attributed to the cash-generating unit is determined with reference to the statement of financial position by direct, where applicable, or indirect allocation criteria.

If the recoverable amount of a tangible or intangible asset (including goodwill) or of an investment is less than the carrying amount, then the latter is reduced and it is adjusted to match the recoverable amount. This reduction reflects an impairment loss, which will be recognised in profit or loss.

Where there are indications that an impairment loss, recorded in previous years and relating to assets other than goodwill, may no longer exist or may have been reduced, then the recoverable amount of the asset is estimated anew. If the revised value is higher than the net carrying amount, the latter will be increased to match the recoverable amount. The reversal of the impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation, depreciation and write-downs) if no impairment had been recognised in previous years. A reversal of an impairment loss is recognised in profit or loss.

R. DIVIDENDS

Dividend and Interest Income

Dividend and interest income are recognised respectively:

- dividends, when the right to receive payment is determined (with financial credit at the time of the distribution resolution);
- interest, applying the effective interest rate method.

Dividends distributed

Dividends are recognised when the shareholders' right to receive payment arises, which normally corresponds to the date of the annual shareholders' meeting that resolves on the distribution of dividends.

Dividends distributable to Group Shareholders are recognised as a movement in equity in the year in which they are approved by the Shareholders' Meeting.

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

a) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2024

The following accounting standards, amendments and IFRS interpretations have been adopted for the first time as from 1 January 2024:

- On 23 January 2020, the IASB issued **"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"** and on 31 October 2022 published an amendment entitled **"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. These changes are intended to clarify how to classify debts and other liabilities as current or non-current. In addition, the changes also improve the information that an entity must provide when its right to defer the repayment of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no impact on the consolidated financial statements of the Company.
- On 22 September 2022, the IASB published an amendment **"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"**. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The adoption of this amendment had no impact on the consolidated financial statements of the Company.
- On 25 May 2023, the IASB published an amendment called **"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements".** The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoption of this amendment had no impact on the consolidated financial statements of the Company.

b) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024, NOT YET MANDATORILY APPLICABLE AND NOT YET ADOPTED IN ADVANCE BY THE GROUP AS AT 31 DECEMBER 2024

The following IFRS accounting standards, amendments and interpretations have been approved by the European Union but are not yet compulsorily applicable and were not adopted in advance by the Company as of 31 December 2024:

- On 15 August 2023, the IASB published an amendment called **"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**". The document requires an entity to apply a methodology to be applied consistently in order to verify if one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in a supplementary note. The change will apply from 1 January 2025, but an early application is allowed. The directors do not expect the adoption of this amendment to have a significant impact on the Separate Financial Statements of the Company.

c) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024

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

- On 30 May 2024, the IASB published the document **"Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7"**. The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:
  - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;

- determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

  With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.

  The amendments will apply as of the financial statements for financial years beginning on or after 1 January 2026. The directors do not expect the adoption of this amendment to have a significant impact on the Separate Financial Statements of the Company.

- On 18 July 2024, the IASB published a document entitled **"Annual Improvements Volume 11".** The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The amended standards are:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The directors do not expect the adoption of these amendments to have a significant impact on the Financial Statements of the Company.

- On 18 December 2024, the IASB published an amendment entitled **"Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7".** The document aims to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). On the basis of these contracts, the amount of electricity generated and purchased can vary depending on uncontrollable factors such as weather conditions. The IASB made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
  - a clarification regarding the application of the "own use" requirements to this type of contract;
  - of the criteria for allowing such contracts to be accounted for as hedging instruments; and,
  - of new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The change will apply from 1 January 2026, but an early application is allowed. The directors do not expect the adoption of this amendment to have a significant impact on the Separate Financial Statements of the Company.

- On 9 April 2024, the IASB published a new standard **"IFRS 18 Presentation and Disclosure in Financial Statements"**, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the financial statements, with particular reference to the income statement. In particular, the new standard requires:
  - the classification of revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the tax and discontinued operations categories already present in the income statement;
  - the presentation of two new sub-totals, operating profit and earnings before interest and taxes (i.e. EBIT).

  The new standard also:
  - requires more information on the performance indicators defined by management;
  - introduces new criteria for the aggregation and disaggregation of information; and,
  - introduces a number of changes to the format of the cash flow statement, including the requirement to use the operating result as the starting point for the presentation of the cash flow statement prepared under the indirect method and the elimination of certain

classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new standard will enter into force on 1 January 2027, but earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the consolidated financial statements of the Company.

- On 9 May 2024, the IASB published a new standard **"IFRS 19 Subsidiaries without Public Accountability: Disclosures"**. The new standard introduces some simplifications with regard to the disclosure required by the IFRS Accounting Standard in the financial statements of a subsidiary that meets the following requirements:
  - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
  - its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will enter into force on 1 January 2027, but earlier application is permitted. The directors do not expect the adoption of this amendment to have a significant impact on the Separate Financial Statements of the Company.
- On 30 January 2014, the IASB issued **IFRS 14 - Regulatory Deferral Accounts**, which allows an entity that is a first-time adopter of IFRS to continue to account for Rate-Regulated Activities in accordance with the previous accounting standards adopted. Since the Company is not a first-time adopter, this standard is not applicable.

6. REVENUE FROM SALES AND SERVICES AND OTHER OPERATING INCOME

The breakdown of revenue from sales and services is as follows:

€ '000	31 December 2024	31 December 2023
Revenues from goods	400,916	503,490
Revenues from services	24,438	33,269
Other revenues	600	986
Revenues	**425,954**	**537,745**
Lease and rental income	82	14
Income-related grants	839	169
Gains on sales of assets	142	2,078
Other income and prior year income	4,211	5,092
Total other operating income	**5,274**	**7,353**

"Total revenues" for the 2024 financial year amounted to € 425,954 thousand, compared to € 537,745 thousand recorded in the previous year, with an overall decrease of -20.8%. The decrease relates to lower sales, especially with reference to the European market, against the backdrop of the drop in order intake that started already in the financial year 2023.

As no operations were discontinued, the data above relates exclusively to continuing operations.

Among the "Other operating income", the most significant value refers to the item "Other income and contingent assets" for € 4,211 thousand, attributable for € 1,588 thousand to income deriving from the reimbursement of the costs of centralised services that Biesse S.p.A. provides to the Group's companies, for € 679 thousand to the corresponding share of the exercise of the income deriving from tax credits, and the remainder of € 1,944 thousand to contingent assets and other income of small and fragmented amounts.

The item "Capital gains from disposal" contains for € 121 thousand the income deriving from the sale of a building with plants and appurtenant land, located in Gradara (PU) concluded on 30 October for an amount of € 670 thousand. In 2023, the item included € 1,937 thousand in proceeds from the sale of a building, with plant and appurtenant land, located in Thiene (VI).

The item “Income-related grants” contains € 643 thousand for a non-repayable grant related to a financed project, € 178 thousand for grants for training courses for employees, and the remainder a grant for a research project granted by the European Commission.

Here below is a breakdown of the item “Revenue from sales and services” to related parties:

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni Spa	12	
Biesse America Inc.	39,901	45,019
Biesse Asia Pte Ltd	1,093	4,967
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	512	1,334
Biesse Canada Inc.	11,894	11,254
Biesse Deutschland GmbH	16,152	19,326
Biesse France Sarl	28,603	35,894
Biesse Group Australia Pte Ltd	15,375	15,902
Biesse Group New Zealand PTY Ltd	1,594	3,316
Biesse Group Russia LLC	-	1,822
Biesse Group UK Ltd	17,909	24,675
Biesse Gulf FZE	5,113	3,255
Biesse Iberica Woodworking Machinery S.L	19,933	19,637
Biesse Manufacturing CO PVT Ltd	3,009	1,049
Biesse Indonesia Pt	218	439
Biesse Japan KK	2,698	2,562
Biesse Korea LLC	795	592
Biesse Malaysia SDN BHD	2,444	3,271
Biesse Schweiz GmbH	4,534	6,093
Biesse Taiwan Ltd.	1,155	45
Biesse Trading (Shanghai) CO.LTD	3,854	2,675
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	4,921	5,435
Forvet Costruzione Macchine Speciali S.p.A.	-	1,017
GMM Spa	142	
HSD S.p.A.	1,431	1,403
WMP-Woodworking Machinery Portugal Unipessoal LDA	1,734	1,302
Total	185,025	212,284

Here below is a breakdown of the item “Other operating income” to related parties:

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni Spa	68	-
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	-	1
Biesse Malaysia SDN BHD	-	7
Biesse Trading (Shanghai) CO.LTD	-	1
Forvet Costruzione Macchine Speciali S.p.A.	-	74
HSD S.p.A.	1,522	1,599
Related parties		
Bi.Fin. S.r.l.	1	1
De Mitri Paolo	2	-
Total	1,593	1,683

7. ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL SEGMENT

The Company, in compliance with the provisions of IFRS 8, discloses this information in the Notes to the Consolidated Financial Statements of the Group.

8. CONSUMPTION OF RAW MATERIALS AND CONSUMABLES

Consumption of raw materials and consumables increased from € 274,330 thousand in 2023 to € 229,884 thousand in 2024, with a decrease of -16.2% compared to the previous year, attributable to the decrease in volumes as set out above. At 54.2%, this item as a percentage of the value of production deteriorated by 1.8% compared to the previous year.

Here below are the amounts due to related parties and referring to the item “Consumption of raw materials and consumables”:

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni Spa	12,182	-
Biesse America Inc,	(17)	(6)
Biesse Asia Pte Ltd	(9)	(7)
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	27	(4)
Biesse Canada Inc,	(49)	(39)
Biesse Deutschland GmbH	(55)	(58)
Biesse France Sarl	(104)	(83)
Biesse Group Australia Pte Ltd	(16)	17
Biesse Group New Zealand PTY Ltd	(4)	(10)
Biesse Group UK Ltd	(57)	(87)
Biesse Gulf FZE	(15)	(12)
Biesse Iberica Woodworking Machinery S,L	(75)	(66)
Biesse Indonesia Pt	-	3
Biesse Japan KK	(8)	(1)
Biesse Korea LLC	(1)	-
Biesse Malaysia SDN BHD	(4)	(2)
Biesse Manufacturing CO PVT Ltd	22,575	23,529
Biesse Schweiz GmbH	(7)	(2)
Biesse Taiwan Ltd,	(5)	(1)
Biesse Trading (Shanghai) CO,LTD	(11)	(4)
Biesse Turkey Makine Ticaret Ve Sanayi A,Ş	1	13
Forvet Costruzione Macchine Speciali S,p,A,	-	8,250
GMM S,p,A,	711	-
HSD S,p,A,	20,884	25,627
Woodworking Machinery Portugal, Unipessoal Lda	(1)	-
Related parties		
Renzoni S,r,l,	1	1
Semar S,r,l,	863	1,083
Total	**56,805**	**58,141**

9. PERSONNEL EXPENSE

€ '000	31 December 2024	31 December 2023
Wages, salaries, bonuses and social security contributions	108,995	130,186
Accruals to pension plans	6,217	6,628
Capitalization and recovery of personnel expense	(1,920)	(3,311)
Personnel expense	**113,292**	**133,503**

Staff costs for the financial year 2024 compared to 2023 showed a decrease of € 20,211 thousand. This decrease is the result of the implementation of the defensive solidarity contract, which started at the end of 2023 and was renewed in October 2024 until 30 June 2025, as well as the departure of certain employees against the redundancies identified at the end of the previous year.

Capitalisation and recharges of personnel expenses refer for € 457 thousand (€ 690 thousand in 2023) to recharges of personnel seconded to Group companies, and for € 1,464 thousand (€ 2,621 thousand in 2023) to capitalisation of personnel costs for the year referring to costs for new product development activities.

Average number of employees

The average number of staff members in 2024 was 1,784 (1,924 in 2023), broken down as follows:

	31 December 2024	31 December 2023
Workers	760	803
Employees	968	1,060
Directors	56	61
Total	**1,784**	**1,924**

10. OTHER OPERATING EXPENSE

The item “Other operating expenses” is detailed as follows:

€ '000	31 December 2024	31 December 2023
Production services	11,025	17,259
Maintenance	4,039	4,384
Sales commissions and transport	12,078	11,470
Consultancy fees	11,418	11,139
Utilities	3,710	4,121
Exhibitions and advertising	1,730	4,577
Insurance	1,186	1,144
Directors, statutory auditors and consultants' remuner	1,779	1,617
Travel	5,277	6,905
Other operating expenses	12,622	13,556
Use of third party assets	2,471	2,658
Other charges	4,485	5,087
Total	**71,820**	**83,917**

The year 2024 was characterised by a decrease in turnover and consequently a decrease in operating expenses. The costs related to production, such as the item “Production Services”, containing the costs of processing and transport on purchases, showed a significant decrease (about 36%).

There was also a significant decrease in “Fairs and advertising” and “Staff travel and transfers”.

The item costs for the use of third-party assets include rents for the year excluded from the application of IFRS 16 as they are of short duration or of low value, which tended to be in line with the previous period.

The decrease in the item 'Other operating costs' is mainly due to lower costs for damages on disputes with customers.

As required by Art. 149-*duodecies* of the CONSOB Issuers’ Regulations, a list of the services provided by the Independent Auditors and its network are shown below:

Service Type	Entity providing the service	Remuneration € '000
Annual and quarterly audit	Deloitte & Touche S.p.A.	160
Other certification services	Deloitte & Touche S.p.A.	116
Other services	Deloitte Network	40
Total		**316**

With reference to transactions with related parties, here below is a breakdown of the costs of the item "Other operating expense":

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni S.p.A.	220	0
Biesse America Inc.	(1,758)	(772)
Biesse Asia Pte Ltd	(1)	32
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	1,699	687
Biesse Canada Inc.	(1,073)	(572)
Biesse Deutschland GmbH	(635)	(627)
Biesse France Sarl	(784)	(453)
Biesse Group Australia Pte Ltd	(784)	(331)
Biesse Group New Zealand PTY Ltd	(81)	(88)
Biesse Group Russia LLC	7	5
Biesse Group UK Ltd	(771)	(787)
Biesse Gulf FZE	295	121
Biesse Iberica Woodworking Machinery S.L	(283)	114
Biesse Indonesia Pt	(12)	(8)
Biesse Japan KK	1	
Biesse Korea LLC	28	
Biesse Malaysia SDN BHD	6	61
Biesse Manufacturing CO PVT Ltd	584	106
Biesse Schweiz GmbH	(106)	(124)
Biesse Taiwan Ltd.	(1)	(3)
Biesse Trading (Shanghai) CO.LTD	20	116
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	1,210	964
Forvet Costruzione Macchine Speciali S.p.A.	0	345
GMM S.p.A.	(2)	0
HSD Deutschland GmbH	(2)	(2)
HSD S.p.A.	282	462
WMP-Woodworking Machinery Portugal Unipessoal LDA	98	(11)

€ '000	31 December 2024	31 December 2023
Parent Company		
Bi.Fin. S.r.l.	1	1
Related parties		
Renzoni S.r.l.	2	-
Selci Giancarlo	33	100
Selci Roberto	1,134	1,000
Potenza Massimo	133	100
Baronciani Alessandra	28	25
Bruni Massimiliano	28	
Schiavini Rossella	59	55
Borsani Ferruccio	10	31
Ricceri Federica	53	39
Sgubin Cristina	21	0
De Mitri Paolo	90	69
Ciurlo Giovanni	53	48
Pinna Benedetta	35	0
Perusia Enrica	16	46
Total	**(147)**	**749**

The negative amounts concern cost recharges to Group companies.

11. PROVISIONS

Provisions decreased compared to the previous year by € 11,091 thousand (€ 12,890 thousand in 2023 compared to € 1,799 in 2024), a year in which the most significant amount referred to the provision for corporate restructuring following the organisational transformation process initiated for the purpose of achieving the appropriate size of the structure. The balance of this item for 2024 is mainly made up of € 1,399 thousand from the provision for trade receivables, for the remaining provisions see Note 38 Provisions for risks and charges.

12. IMPAIRMENT LOSSES

In the financial year, € 827 thousand was recognised for impairment (€ 2,184 thousand in 2023), of which € 500 thousand was recognised on an appraised building plot, € 317 thousand on leased assets to be disposed of in the future, which cannot be transferred because they are perishable or not economically viable, and costs on development projects capitalised in previous years that are no longer used.

For further details, reference should be made to the Directors’ Report on Operations and to notes 17and 19.

13. PROFITS/LOSSES OF RELATED COMPANIES

Impairment losses and reversals of impairment losses are detailed below:

€ '000	31 December 2024	31 December 2023
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	-	(1,941)
Biesse Deutschland GmbH	192	-
Biesse Group Australia Pty Ltd.	274	-
Biesse Group Israel Ltd	-	(103)
Biesse Group New Zealand Ltd.	600	-
Biesse Group Russia LLC	1,775	(6,000)
Biesse Gulf FZE	-	(600)
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	(3,370)	(431)
Biesse Iberica Woodworking Machinery S.L	2,362	-
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	(4,948)	-
Biesservice Scandinavia AB	-	1
Share of profit/loss of subsidiaries and associates	**(3,115)**	**(9,074)**

The positive amount relative to the subsidiary Biesse Group Russia LLC relates to the partial release of the provision for the write-back of the investee allocated in 2023 for the estimated costs of divestment in view of the sale of the company on 31 October 2024.

For more details on the other companies mentioned in the table, please refer to the information in Note 20 commenting on the item equity investments.

14. FINANCE INCOME AND EXPENSE

The item “Finance income” is detailed below:

€ '000	31 December 2024	31 December 2023
Revenues from financial assets	1,036	414
Bank interest	628	748
Interest from customers	12	25
Other financial income	190	287
Exchange rate gains	7,202	13,640
Total financial income	**9,068**	**15,114**

The increase in the item 'Income from financial receivables' is mainly due to higher interest accrued on loans granted to Group companies.

“Interest on bank deposits” includes interest accrued on bank deposits, which decreased slightly compared to the previous period due to lower average cash balances.

The item “Other financial income” contains, for € 173 thousand, the capital gain deriving from the sale of bonds.

The amounts due to related parties referring to the item “Finance income” are shown below:

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni S.p.A.	66	-
Biesse Gulf FZE	119	98
Biesse Korea LLC	1	-
Biesse Malaysia SDN BHD	48	8
Biesse Trading (Shanghai) CO.LTD	146	7
Forvet Costruzione Macchine Speciali S.p.A.	-	4
GMM S.p.A.	205	-
WMP-Woodworking Machinery Portugal Unipessoal LDA	1	-
Total	**586**	**117**

Finance expense is detailed below:

€ '000	31 December 2024	31 December 2023
Bank interest expense on mortgages and loans	2,791	-
Interest on right of use assets	132	161
Interest on discounting of bills	3	10
Other interest	4,448	4,328
Customer discounts	245	295
Other financial expense	356	460
Exchange rate losses	9,112	14,253
Total financial expense	**17,087**	**19,507**

The increase in the item "Bank interest on loans and financing" increased due to the opening of loans and financing during the year.

“Interest expense on leases” included € 124 thousand (€ 125 thousand in 2023) for financial charges on payables relating to right-of-use assets in application of IFRS 16.

The item “Other Interest Expense” mainly contains interest expenses to Group companies for intercompany loans or cash pooling balances, for an amount in line with the previous period.

The item "Other financial expenses" contains the interest cost arising from the actuarial valuation of the severance indemnity fund in the amount of € 220 thousand, losses from the sale of bonds in the amount of € 89 thousand, and discounting charges in the amount of € 8 thousand.

Here below are the amounts due to related parties in relation to the item “Finance expense”:

€ '000	31 December 2024	31 December 2023
Subsidiaries		
Bavelloni Spa	191	-
Biesse America Inc.	1,011	954
Biesse Asia Pte Ltd	67	56
Biesse Deutschland GmbH	131	210
Biesse France Sarl	548	555
Biesse Group UK Ltd	855	790
Biesse Iberica Woodworking Machinery S.L	225	228
Biesse Schweiz GmbH	48	34
Forvet Costruzione Macchine Speciali S.p.A.	0	91
HSD S.p.A.	1,374	1,436
Parent company		
Bifin S.r.l.	18	22
Related parties		
Selci Giancarlo	-	1
Selci Roberto	1	1
Total	**4,469**	**4,378**

The balance of positive and negative exchange rate differences showed a negative amount of € 1,910 thousand (negative € 613 thousand in 2023).

Unrealised foreign exchange gains and losses gave a negative balance of € 1,774 thousand (negative balance of € 1,234 thousand in 2023) due to the adjustment to the period-end exchange rate of credit and debit items denominated in foreign currencies, in addition to the valuation of forward contracts outstanding at the end of the financial year (negative balance of € 1,006 thousand in 2024 against a negative balance of € 200 thousand in 2023).

As for realised exchange rate differences, they were negative at € 136 thousand (positive at € 621 thousand in 2023).

15. DIVIDENDS

Dividends amounting to € 24,041 thousand refer to the dividends distributed in 2024 by the following companies:

- HSD S.p.A.: € 13,000 thousand. This dividend was authorised on 16 December 2024;
- Biesse America Inc.: € 4,763 thousand (USD 5,000 thousand). This dividend was authorised on 16 December 2024;
- Biesse France Sarl: € 4,000 thousand. This dividend was authorised on 16 April 2024;
- Biesse Iberica Woodworking Machinery s.l.: € 1,000 thousand. This dividend was authorised on 4 December 2024;
- Biesse Canada Inc.: € 673 thousand (CAD 1,000 thousand). This dividend was authorised on 12 December 2024;
- Biesse Group UK Ltd.: € 605 thousand (GBP 500 thousand). This dividend was authorised on 17 December 2024;

All of the dividends listed above, with the exception of that of HSD S.p.A., were collected during the year. In terms of total cash flows, the dividends received by the Company in 2024 amounted to € 40,554 thousand (€ 2,410 thousand in 2023); dividends from subsidiaries resolved in 2023 were therefore collected in 2024.

16. TAXES

Below is the breakdown of the 'Taxes' item:

€ '000	31 December 2024	31 December 2023
Current taxes IRES	(660)	129
Deferred taxes IRES	(3,688)	(1,650)
Taxes IRES	**(4,348)**	**(1,521)**
Current taxes IRAP	0	712
Deferred taxes IRAP	110	100
Taxes IRAP	**110**	**812**
Income taxes relating to previous years	1,107	(590)
Total taxes of the year	**(3,131)**	**(1,299)**

Biesse S.p.A. closed the 2024 financial year with a total positive tax value of € 3,131 thousand (positive for € 1,299 thousand in 2023).

The balance of “IRES Taxes” was positive by € 4,348 thousand (positive for € 1,521 thousand in 2023).

“Current IRES taxes” were positive in the amount of € 660 thousand (negative in the amount of € 129 thousand in 2023) and represent the remuneration of the national tax consolidation; Taxes calculated on the excess of the loss for the year 2024, which was not covered by the tax consolidation, were accrued under deferred IRES taxes.

No 'Current IRAP taxes' were set aside in 2024 following the recognition of a negative taxable income (provision of € 712 thousand in 2023).

Deferred IRES and IRAP taxes, positive in the amount of € 3,578 thousand (positive in the amount of € 1,550 thousand in 2023), refer to the movement of temporary reversals, for details of which please refer to note 34.

“Income taxes related to previous years” were negative for € 1,107 thousand (positive for € 590 thousand in 2023) as a result of non-recoverable dividend withholdings in the amount of € 581 thousand, payments for IRAP repayments in the amount of € 480 thousand, allocation to the tax provision in the amount of € 108 thousand, and other minor differences on taxes.

The provision for taxes of the year can be reconciled with the profit or loss for the year shown in the financial statements as follows:

€ '000	Year ended at 31/12/2024		Year ended at 31/12/2023	
Profit (Loss) before tax	3,499		17,211	
Taxes	840	24.00%	4,131	24.00%
Tax effect of permanent differences	(5,190)	(148.33)%	(5,623)	(32.67)%
Other movements	2	0.06%	(29)	(0.17)%
Income taxes and effective tax rate	**(4,348)**	**(124.26)**	**(1,521)**	**(8.84)%**

A positive influence on the effective tax rate is mainly due to the reduced taxation of dividends and benefits from investments under the Industria 4.0 plan and patent box.

The decrease in the 2024 tax rate compared to the 2023 tax rate is due to the total amount of the 'final' reversals, which, although of a similar amount in the two financial years, represent a significantly higher incidence against the lower pre-tax result of the 2024 financial year compared to the previous year.

17. PROPERTY, PLANT, EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT AND ASSETS AVAILABLE FOR SALE

	Property, plant and machinery	Equipment and others tangible assets		Total
€ '000		Equipment and others tangible assets	Assets under construction and advances	
Historical cost				
Value at 01/01/2023	130,938	45,079	1,613	177,630
Increases	4,862	4,831	70	9,763
Disposals	(2,567)	(3,957)	(4)	(6,528)
Reclassification	133	375	(508)	0
Merger effect	920	239	-	1,159
Value at 31/12/2023	134,286	46,567	1,171	182,024
Increases	3,167	6,370	-	9,537
Disposals	(5,460)	(1,738)	-	(7,198)
Reclassification	1,526	(1,084)	(442)	-
Value at 31/12/2024	**133,519**	**50,115**	**729**	**184,363**
Depreciation Funds				
Value at 01/01/2023	72,927	40,012	-	112,939
Amortisation of the period	6,514	2,642	-	9,156
Disposals	(1,980)	(2,779)	-	(4,759)
Other Variations	154	30	-	184
Merger effect	366	171	-	537
Value at 31/12/2023	77,981	40,076	-	118,057
Amortisation of the period	6,420	3,364	-	9,784
Disposals	(2,815)	(1,553)	-	(4,368)
Other Variations	794	22	-	816
Value at 31/12/2024	**82,380**	**41,909**	**-**	**124,289**
Net book Value				
Value at 31/12/2023	56,305	6,491	1,171	63,967
Value at 31/12/2024	**51,139**	**8,206**	**729**	**60,074**

In the reporting period, capital expenditure of € 9,537 thousand was made (€ 9,763 thousand in 2023), of which € 4,924 thousand related to investments in owned assets and € 4,613 thousand related to new rights-of-use contracts (IFRS 16). These investments mainly relate to the purchase of an automatic warehouse for the spare parts department for € 2,035 thousand, the new fitting out of the show room area for € 615 thousand, the purchase of a new data centre for € 355 thousand, the increase in the rents of buildings due to ISTAT adjustments and contract renewals for € 333 thousand, and the signing of rental contracts for company cars for € 4,053 thousand; The remaining amount is related to the normal replacement of work tools, necessary for ordinary production activity.

The item "Disposals", the net value of which is € 2,830 thousand, refers for € 1,994 thousand to terminations in advance of contractual expiry dates on existing lease contracts and for € 549 thousand to the sale of a building and land pertaining thereto, including plant, at the Gradara (PU) site, executed on 30 October by deed of Notary Luisa Rossi; the sales amount amounted to € 670 thousand, generating a capital gain of € 121 thousand.

As at 31 December 2024, there were no commitments to purchase tangible fixed assets and there were no liens or mortgages on land and buildings.

Right-of-use assets

Right-of-use assets are included in property, plant and equipment separately by category, while lease liabilities are included in “Finance lease liabilities” falling due within and beyond one year.

During 2024, right-of-use assets increased by € 4,613 thousand (€ 2,891 thousand in 2023) and a net decrease due to early closures of lease contracts for € 2,138 thousand (€ 1,765 thousand in 2023).

The breakdown of depreciation of leased assets is summarised below:

- Depreciation of Buildings: € 1,320 thousand (€ 1,611 thousand in 2023)
- Depreciation of Machinery: € 493 thousand (€ 493 thousand in 2023)
- Depreciation of Motor vehicles: € 1,877 thousand (€ 1,039 thousand in 2023)
- Depreciation of Means of internal transport: € 5 thousand (€ 12 thousand in 2023)

The items relating to leases other than depreciation are summarised below:

- Interest expense: € 132 thousand (€ 161 thousand in 2023), recognised under “Finance expense”;
- Costs (fees) relating to short-term leases: € 2,407 thousand (€ 2,465 thousand in 2023), recognised under “Other operating expense” in “Use of third-party assets”;
- Costs (fees) relating to low-value leases: € 64 thousand (€ 193 thousand in 2023), recognised under “Other operating expense” in “Use of third-party assets”.

In 2024, outflows for payments related to leases amounted to € 6,280 thousand (€ 5,882 thousand in 2023), of which € 3,677 thousand (€ 3,063 thousand in 2023) was for the repayment of lease debts and the remainder for payments made as interest on debts in addition to payments for short-term, low-value leases.

The breakdown of leases outflows is summarised below:

- Lease repayments – principal amounts: € 3,677 thousand (€ 3,063 thousand in 2023);
- Lease interest paid during the year: € 132 thousand (€ 161 thousand in 2023);
- Payments relating to short-term leases: € 2,407 thousand (€ 2,465 thousand in 2023);
- Payments relating to low-value leases: € 64 thousand (€ 193 thousand in 2023).

18. GOODWILL

Goodwill is allocated to cash-generating units (“CGUs”), where CGUs are identified as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. The methods for monitoring the performance of the Company and the Group are carried out through the two operating segments (Machinery and Systems and Mechatronics), to which the respective CGUs correspond, without changes compared to the 2023 financial year. In this regard, it should be noted that, following the completion of the acquisition by Biesse S.p.A. of the GMM Group in January 2024, the "Machinery and Systems" CGU also includes the activities attributable to the Italian and foreign companies belonging to that group and active in the same machine tool sectors in which Biesse S.p.A. operates, particularly in the processing of stone, glass and other materials.

The entire goodwill of Biesse S.p.A. relates to the Machinery and Systems CGU.

The value for 2024 is € 10,609 thousand, unchanged from the previous year.

As required by accounting standards, at least once a year the Directors determine the recoverable amount of goodwill by calculating the value in use. By its nature, this method requires the Directors to materially assess the performance of operating cash flows during the period being used for the calculation, as well as assessing the discount rate and growth rate for said cash flows.

The recoverable amount of the Cash Generating Unit was verified by determining its value in use, taken as the present value of future cash flows generated by the CGU, and calculated in accordance with the discounted cash flow method. Since, as indicated above, the entire goodwill of Biesse S.p.A. relates to the Machines and Systems CGU, the value in use of the Machines and Systems CGU was determined, in continuity with the previous year, on the basis of the indications described below.

Assumptions based on the applied parameters

The primary assumptions used by the company to the parameters used for the purposes of the impairment test are as follows:

	31 December	
	2024	2023
WACC	11.3%	11.3%
Growth rate of the final value	2.0%	1.7%

The following factors were considered to determine the discount rate:

- with reference to the yield on risk-free securities, reference was made to the yield curve German government bonds with a maturity of 15 years on 31 December 2024;
- With regard to the systematic riskiness ratio(β), the specific risk determined on the basis of the average unlevered *beta* of comparable companies (Source Beta Bar) was considered, then levered on the basis of the ratio of debt to the average total capitalisation of comparable companies and the tax rate;
- as for the market risk premium (MRP), it was assumed to be 5.5%;
- With regard to the additional risk premium, a value of 2.9% was assumed, corresponding to the additional risk associated with investing in smaller companies, and a country risk premium estimated as the weighted average of the countries in which the companies belonging to the Machinery and Systems CGU operate of 1.4%;
- Finally, a rate of 3.4% was considered as the gross cost of debt, determined on the basis of the yield on risk-free bonds increased by a spread estimated on the basis of the spread between the 15-year EUR Composite (BBB) index (source: Bloomberg) and the yield on 15-year German government bonds of 2.6%.

Assumptions underlying cash flow estimates

The estimated operating cash flows for future years (five years 2025-2029) have been made by reference to: i) in relation to the year 2025, to data inferable from the Biesse Group's 2025 Budget approved in December 2024; ii) in relation to the year 2026, to the data inferable, for the same year and on the basis of a prudential view, from the Group's Industrial Plan for the three-year period 2024-2026 approved by the Board of Directors on 28 February 2024; iii) in relation to the years 2027-2029, projecting the expected growth of the inflation rate.

The analysis of risks related to climate change as reported in the section "Biesse's main risks" and in the Sustainability Report did not reveal any risks that would have a significant financial effect in the short or medium term on the company's performance, as there are no significant impacts in financial terms to be taken into account or that would affect the estimated operating cash flows in future years. The goodwill impairment tests were approved by the Board of Directors on 26 February 2025.

The expected future cash flows used to perform the goodwill impairment test on Biesse S.p.A. are identified as those produced by the Machinery and Systems CGU due to the interdependence of the cash flows generated by the manufacturing companies included in this CGU and the foreign trading companies that exclusively distribute the machinery produced by the Parent and its manufacturing subsidiaries. These cash flows are, moreover, referred to the Machine and Systems CGU in its current condition and exclude the estimate of future cash flows that may arise from future restructuring plans or other structural changes.

The main assumptions underlying the determination of the prospective cash flows of the Business Plan are set out below and are based on a prudential view of future scenarios:

	31/12/2024
CAGR forecast revenue	3.14%
Average incidence of the cost of sales on plan revenue	41.1%
Average incidence of personnel expense on plan revenue	31.3%
Average incidence of fixed operating costs on revenue	19.4%

Impairment test results

Data in millions of € (Machines & Systems CGU)	**31/12/2024**
Carrying amount of Net Invested Capital	231.5
Recoverable value	281.2
Impairment	-

The result of the test as reported above did not reveal the need to impair the Goodwill values recorded in the financial statements as at 31 December 2024.

Finally, it should be noted that the estimates and data of the Business Plan to which the parameters indicated above are applied, are determined by the Management of the Biesse Group on the basis of past experience and a prudential view of expectations regarding the developments of the markets in which the Biesse Group operates, it being understood that the estimation of the recoverable value of the cash-generating unit requires discretion and the use of estimates by Management.

Sensitivity analysis and Break-even point

A sensitivity analysis of the results was performed for both the Biesse Group and the CGUs under review; the value in use remains higher than the book value even assuming deteriorating changes in key parameters such as:

- 0.5% increase in the discount rate;
- 0.5% reduction in the growth rate.

The break-even point between use value (recoverable value) and book value of the CGU, in relation to the impairment check carried out for the year ended 31 December 2024, would be determined in the following alternative scenarios:

In thousands of Euro	**31/12/2024**
WACC	13.3%
Growth rate	-1.3%
Terminal value EBITDA	€ 58,538

19. OTHER INTANGIBLE ASSETS

	Development costs	Patents, trademarks and other intangible assets	Assets under construction and advances	Total
€ '000				
Historical cost				
Value at 01/01/2023	76,321	39,012	8,232	123,565
Increases	-	2,517	6,039	8,556
Disposals	-	(1)	-	(1)
Reclassification	2	3,505	(5,309)	0
Other variations	(505)	-	(1,768)	(2,273)
Merger effect	223	231	-	454
Value at 31/12/2023	**77,843**	**45,264**	**7,194**	**130,301**
Increases	18	883	1,794	2,695
Disposals	-	(185)	-	(185)
Reclassification	2,781	(131)	(2,650)	0
Value at 31/12/2024	**80,642**	**45,831**	**7,194**	**132,811**
Depreciation Funds				
Value at 01/01/2023	69,696	32,474	-	102,170
Amortisation of the period	3,208	5,406	-	8,614
Other variations	(273)	-	-	(273)
Merger effect	170	226	-	396
Value at 31/12/2023	**72,801**	**38,106**	**-**	**110,907**
Amortisation of the period	2,656	3,119	-	5,775
Disposals	-	(184)	-	(184)
Other variations	10	-	-	10
Value at 31/12/2024	**75,467**	**41,041**	**-**	**116,508**
Net book Value				
Value at 31/12/2023	5,042	7,158	7,194	19,394
Value at 31/12/2024	**5,175**	**4,790**	**6,338**	**16,303**

The intangible assets shown above have a finite useful life and are amortised accordingly.

The total increase for the year of € 2,695 thousand (€ 8,556 thousand in 2023) refers for € 1,794 thousand to capitalisations on R&D projects not yet completed.

As at 31 December 2024, the financial statements include assets represented by new product development costs of € 11,209 thousand (€ 12,082 thousand in 2023), of which € 6,034 thousand (€ 7,039 thousand in 2023) are shown under assets under construction and advances.

Capitalising development costs involves the Directors preparing estimates, since the recoverability of those costs depends on cash flows from the sale of products marketed by the Company.

These estimates are characterised both by a complexity of assumptions underlying the revenue and future margin projections, and by strategic industrial choices made by the Directors.

Patents, trademarks and other rights are amortised in relation to their useful life.

The item “Other changes”, with a net value of € 10 thousand (€ 2,000 thousand in 2023) contains the loss of value recorded following impairment on development projects considered no longer recoverable and/or strategic.

As already highlighted, the verification of the cash flows expected from the sale of the products, which incorporate the development projects subject to capitalisation, revealed the need to make, as of 31 December 2024, a devaluation of costs related to previously capitalised development projects in progress for € 10 thousand.

20. EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

They amounted to a total of € 196,787 thousand (€ 117,247 thousand as at 31 December 2023), an increase of € 79,540 thousand over the previous year.

Changes in the period are detailed below:

€ '000	31 December 2024	31 December 2023
Opening balance	117,247	118,894
Acquisitions/Increases	84,430	1,519
Disposals	0	(238)
Impairment	(4,890)	(2,928)
Closing balance	**196,787**	**117,247**

As at 31 December 2024, there were no equity investments in associates.

Transaction details are provided here below:

The increases refer to:

- Purchase of 100% of the share capital of GMM Finance S.r.l. (parent company of the GMM Group) for € 72,444 thousand on 29 January 2024;
- Share capital increase in the subsidiary Biesse Turkey Makine Ticaret Ve Sanayai As for € 5,000 thousand through capitalisation of trade receivables;
- Share capital increase in the subsidiary Brasil Comercio e Industria de Maquinas e Equipamentos Ltda for € 3,588 thousand through capitalisation of trade receivables; The increase in the equity investment amounted to € 2,598 thousand, as € 990 thousand was utilised from the shareholders' equity provision set aside in the previous year;
- Increase in share capital in the subsidiary Biesse Hong Kong Ltd by € 3,450 thousand through the capitalisation of trade receivables;
- Increase in share capital in the subsidiary Biesse Gulf FZE by € 2,250 thousand through the capitalisation of trade receivables; the increase in the equity investment amounted to € 750 thousand, as € 1,500 thousand was used to replenish the shareholders' equity provision set aside in the previous year;
- Establishment of the commercial subsidiary Biesse Kazakhstan LLP for € 178 thousand;
- Incorporation of the production company Biesse Tooling S.r.l. for € 10 thousand.

By deed of Notary Luisa Rossi dated 28 June 2024, the newly acquired GMM Finance S.r.l. was inversely merged into the subsidiary GMM S.p.A., the accounting and tax effects of this transaction being backdated to 1 January 2024. As a result of this extraordinary transaction, the equity investment held in GMM Finance S.r.l. was renamed GMM S.p.A..

It should be noted that, by deed of the Notary Luisa Rossi dated 9 December 2024 and effective 31 December 2024, the demerger of the equity investment in Bavelloni S.p.A., held by the subsidiary GMM S.p.A., in favour of Biesse S.p.A. was completed; the transaction was simultaneous with the merger of the subsidiary Forvet S.p.A. into Bavelloni S.p.A.. Overall, this demerger-merger transaction resulted in Biesse S.p.A. recognising an equity investment value in Bavelloni S.p.A. of € 50,339 thousand, of which € 45,398 is attributable to the value already recognised for Forvet S.p.A.. As a result, the book value of the equity investment in GMM S.p.A. was decreased by € 7,789 thousand relative to the demerger of Bavelloni S.p.A., or the book value of Bavelloni S.p.A.'s shareholding.

On 31 October 2024, through a management buy-out, the shares of the sales subsidiary Biesse Group Russia were sold. The transaction generated a modest capital gain of € 13 thousand.

Cash flows related to equity investments amounted to € 72,568 thousand representing the balance between:

- The partial payment of shares in GMM Finance S.r.l., the parent company of the GMM Group, in the amount of € 68,916 thousand;
- The payment for the increase in the share capital of the subsidiary Biesse Hong Kong Ltd of € 3,450 thousand;
- The payment to cover losses of the Russian subsidiary Biesse Group Russia for € 3,444 thousand;
- The incorporation of the production company Biesse Tooling S.r.l. for € 10 thousand;
- the proceeds from the sale of the subsidiary Biesse Group Russia of € 13 thousand.

Below is a table comparing the carrying amount of equity investments, already net of the write-downs/write-backs discussed below, their equity and the result for the year as at 31 December 2024 attributable to the Parent Biesse S.p.A. (Appendix A), converted into Euro:

€ '000	Investment value	Equity including net result of the year	Year end result	Difference
Bavelloni S.p.A.	50,340	17,619	(777)	(32,721)
Biesse America Inc.	7,580	15,953	4,486	8,373
Biesse Asia Pte Ltd	1,088	587	(1,793)	(501)
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	2,598	1,450	(1,534)	(1,148)
Biesse Canada Inc	96	1,624	435	1,528
Biesse Deutschland GmbH	6,420	473	(1,186)	(5,947)
Biesse France Sarl	4,879	2,667	720	(2,212)
Biesse Group Australia Pte Ltd	5,781	6,544	303	763
Biesse Group Israel Ltd	-	(21)	0	(21)
Biesse Group New Zealand PTY Ltd	1,806	1,612	343	(194)
Biesse Group UK Ltd	1,088	2,865	(471)	1,777
Biesse Gulf FZE	750	(12)	(706)	(762)
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	80	2,413	(1,230)	2,333
Biesse Iberica Woodworching Machinery Sl	6,810	2,742	867	(4,068)
Biesse Manufacturing CO PVT Ltd	17,839	43,753	2,564	25,914
Biesse Indonesia PT.	23	29	(2)	6
Biesse Kazakhstan LLP	178	178	0	0
Biesse Tooling S.r.l.	10	10	0	0
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	2,852	712	(4,675)	(2,140)
GMM S.p.A.	64,654	29,961	877	(34,693)
H.S.D. Spa	21,915	49,984	9,657	28,069
Total	**196,787**	**181,143**	**7,878**	**(15,644)**

The figures relating to equity and the result for the year refer to the financial year.

The Company, at least on an annual basis or more frequently when there is an indication of impairment, analyses the item Equity investments, first identifying the equity investments with a carrying amount higher than the corresponding pro-quota equity and with a negative result for the period, as well as those worthy of particular attention. Such analysis also takes account of the historic performance of the subsidiary, also in reference to the ability to distribute dividends arising from positive results, and to further information relating to the relevant market and/or sector. With reference to the companies for which this comparison revealed permanent impairment, the company carried out an impairment test.

The write-downs of the cost of investments recorded in the financial statements for € 8,318 thousand are carried out following the analysis process described above.

The following write-downs emerged as a result of the impairment test:

- € 4,948 thousand of the subsidiary Biesse Turkey Makine Ticaret Ve Sanayi As;
- € 3,370 thousand of the subsidiary Biesse Hong Kong Ltd..

It should be noted that an impairment test was also carried out to verify the recoverability of the value of the equity investment held in GMM S.p.A. (group newly acquired in 2024) and in Bavelloni S.p.A. (incorporating company of Forvet S.p.A.), formerly part of the GMM group, which, following a demerger-merger transaction, was demerged in favour of Biesse S.p.A.

An analysis is also made for the recovery of value on those equity investments that were impaired in previous years. The analysis concerns companies with shareholders' equity exceeding the cost of the investment and with a profit in the last three financial years. Should the expected cash flows exceed the cost recorded in the balance sheet, a write-back is made for the excess part of the cost up to the amount previously written down. The following value reversals emerged from this analysis:

- € 2,362 thousand of the subsidiary Biesse Iberica Woodworking Machinery s.l.;
- € 600 thousand of the subsidiary Biesse Group New Zealand Ltd;
- € 274 thousand of the subsidiary Biesse Group Australia Pty Ltd;
- € 192 thousand of the subsidiary Biesse Deutschland GmbH.

The main assumptions used in determining the value in use of the cash generating unit relate to the discount rate (WACC = Weighted Average Cost of Capital) and the growth rate ("g rate").

In particular, the calculations used the projections of the cash flows of the individual investee companies for the period relative to 2025-2029 inferable from the individual company budgets and, in particular, for the data referring to the year 2025 declined in line with the Group budget approved by the Board of Directors on 19 December 2024, for the year 2026 based on the prudential vision of the last year of the Group Business Plan approved by the Board of Directors on 28 February 2024 and, in relation to the years 2027-2029, projecting the expected growth of the inflation rate.

The primary assumptions used by the Company to estimate future cash flows for the purposes of the impairment test are as follows:

	As at 31 December 2024	
	WACC	Growth rate of the final value
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	13.4%	5.5%
Biesse Gulf FZE	10.7%	2.0%
Biesse Brasil comèrcio e indùstria de màquinas e equipamento Ltda	12.7%	3.2%
Biesse Group New Zealand Ltd	10.3%	2.0%
Biesse Group Australia Pty Ltd	9.9%	2.0%
Biesse Iberica Woodworking Machinery s.l.	11.1%	0.5%
Biesse Deutschland GmbH	9.9%	2.0%
Biesse Hong Kong Ltd	10.6%	2.1%
Bavelloni	11.2%	1.9%
GMM	11.6%	1.9%

In greater detail, the following factors were considered to determine the discount rate:

- with reference to the yield on risk-free securities, reference was made to the yield curve German government bonds with a maturity of 15 years on 31 December 2024;
- With regard to the systematic riskiness ratio(β), the specific risk determined on the basis of the average unlevered *beta* of comparable companies (Source Beta Bar) was considered, then levered on the basis of the ratio of debt to the average total capitalisation of comparable companies and the tax rate;
- as for the market risk premium (MRP), it was assumed to be 5.5%;
- With regard to the additional risk premium, a value of 2.9% was assumed, corresponding to the additional risk associated with investing in smaller companies and a country risk premium estimated on the basis of the reference area in which each company operates;

- Finally, a rate of 3.4% was considered as the gross cost of debt, determined on the basis of the yield on risk-free securities increased by a spread taking into account country risk.

21. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

The item "Other non-current financial assets and receivables", amounting to € 532 thousand (€ 1,221 thousand in 2023), is broken down as follows:

€ '000	31 December 2024	31 December 2023
Minority interests in other companies and consortiums	115	117
Other receivables / guarantee deposits	417	1,104
Total other financial asset and non current receivable	**532**	**1,221**

The item "Other receivables / Guarantee deposits - non-current portion" contains € 196 thousand (€ 829 thousand in 2023) in receivables from the tax authorities and € 222 thousand (€ 275 thousand in 2023) in guarantee deposits. The decrease compared to the previous period is mainly due to the current account receivable of the amount due within 12 months.

22. INVENTORIES

€ '000	31 December 2024	31 December 2023
Raw materials, consumables and suppliers	28,796	36,173
Work in progress and semi-finished goods	20,328	21,963
Finished goods	15,047	20,905
Spare parts	13,533	13,583
Total inventories	**77,704**	**92,624**

The carrying amount is recorded net of the allowances for inventory write-downs which totalled € 12,725 thousand (€ 15,786 thousand at the end of 2023). These provisions include € 2,638 thousand for the write-downs of raw materials, supplies and consumables (€ 2,733 thousand at the end of 2023), € 196 thousand for the write-downs of work in progress and semi-finished products (€ 196 at the end of 2023), € 7,172 thousand for the write-downs of finished products and goods (€ 9,913 thousand at the end of 2023) and € 2,719 thousand for the write-downs of spare parts (€ 2,944 thousand at the end of 2023). The allowance for inventory write-downs of raw materials, supplies and consumables on the historical cost of the related inventories was 8.4% (7.0% at the end of 2023), that of work in progress and semi-finished products was equal to 1.0% (0.9% at the end of 2023), that of the write-downs of finished products and goods was equal to 32.3% (32.2% at the end of 2023) and the one for spare parts was equal to 16.7% (17.8% at the end of 2023).

The total value of the Company's warehouses decreased by € 14,920 thousand compared to the previous year, in line with the stock optimisation strategy and as a consequence of the drop in turnover. In particular, inventories of "Raw, ancillary and consumable materials" decreased by € 7,377 thousand, inventories of "Work in progress and semi-finished goods" decreased by € 1,635 thousand, inventories of "Finished products and goods" decreased by € 5,858 thousand and inventories of "Spare parts" decreased by € 50 thousand.

The cash flow, positive for € 17,980 thousand, can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes			31 December 2024
			Merger effect	New Leasing	Other	
Inventories	92,624	(17,980)	0	0	3,060	77,704
Total	**92,624**	**(17,980)**	**0**	**0**	**3,060**	**77,704**

Item “Other” refers to the non-monetary change in the provision for inventory write-downs.

23. TRADE RECEIVABLES AND CONTRACT ASSETS DUE FROM THIRD PARTIES

€ '000	31 December 2024	31 December 2023
Trade receivables within one year	57,110	63,006
Trade receivables beyond one year	3,612	3,483
Allowance for impairment	(2,422)	(1,195)
Total	**58,300**	**65,294**

The alignment of the value of receivables to their fair value is implemented through the allowance for impairment; Management believes that the carrying amount of trade receivables is a reasonable approximation of their fair value.

There are no particular critical issues in terms of days sales outstanding, impaired positions or deterioration of credit quality.

The decrease in receivables is directly influenced by the decrease in turnover.

Trade receivables are recognised net of the allowance for impairment, which is estimated with reference to both non-performing loans and loans overdue more than 180 days. Receivables that were not yet overdue at the reporting date also include a general impairment loss estimated on the basis of data and past experience with respect to losses on receivables recorded by the Company, adjusted to take account of specific forecast factors relating to debtors and the macroeconomic environment.

The changes in the allowance are summarised in the following table:

€ '000	31 December 2024	31 December 2023
Opening balance	1,195	1,770
Allowance/Release	1,399	57
Utilisation	(172)	(642)
Effetto fusioni	-	10
Total	**2,422**	**1,195**

Provisions to the allowance for impairment are made on the basis of specific assessments of expired receivables and receivables due to expire. With respect to other receivables, provisions are determined on the basis of information updated as at the financial statement date, taking account both of past experience and of losses expected over the life of the receivable. The amount of the provisions is determined on the basis of the current value of the estimated recoverable flows, after taking into account the related recovery costs and the fair value of any collaterals given to the Company. In particular, specific impairment losses arise mainly from the measurement of receivables subject to specific legal disputes, and the relevant legal opinion is usually provided.

Recognised trade receivables included receivables specifically impaired as individual assets whose net value amounted to € 2,945 thousand, following impairment losses of € 2,239 thousand (in 2023, net receivables amounted to € 1,751 thousand following impairment losses of € 1,012 thousand) and in a generic way for € 183 thousand (same estimate as in 2023). Impairment losses recognised in the income statement were recognised indirectly through provisions to the allowance for impairment.

There are no receivables due over 5 years.

The positive cash flow of € 5,408 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Trade receivables and commercial activities towards third parties	65,294	(5,408)	(1,586)	65,294
Total	**65,294**	**(5,408)**	**(1,586)**	**65,294**

The "Other" item contains the balance between the provision for bad debts of € 1,399 thousand, the financial discounts, the exchange adjustments in addition to the discount of trade receivables with a maturity of more than 12 months.

24. TRADE RECEIVABLES AND CONTRACT ASSETS DUE FROM RELATED PARTIES

The amount of € 51,693 thousand (€ 60,438 thousand in 2023) refers to receivables from subsidiaries.

The amounts receivable from subsidiaries are trade receivables and refer to transactions undertaken for the sale of goods and/or rendering of services.

Receivables from subsidiaries are detailed here below:

€ '000	31 December 2024	31 December 2023
Bavelloni S.p.A.	302	
Biesse America Inc.	13,159	12,852
Biesse Asia Pte Ltd	(491)	1,528
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	118	3,544
Biesse Canada Inc.	2,344	721
Biesse Deutschland GmbH	1,045	2,310
Biesse France Sarl	4,686	6,534
Biesse Group Australia Pte Ltd	3,396	2,837
Biesse Group New Zealand PTY Ltd	395	1,080
Biesse Group UK Ltd	3,612	3,270
Biesse Gulf FZE	3,066	2,048
Biesse Iberica Woodworking Machinery S.L	3,578	2,572
Biesse Manufacturing CO PVT Ltd	2,935	2,353
Biesse Indonesia Pt	80	231
Biesse Japan KK	3,783	2,953
Biesse Korea LLC	395	(174)
Biesse Malaysia SDN BHD	288	501
Biesse Schweiz GmbH	808	1,610
Biesse Taiwan Ltd.	34	(21)
Biesse Trading (Shanghai) CO.LTD	1,056	2,656
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	3,530	7,809
GMM S.p.A.	382	-
Forvet Costruzione Macchine Speciali S.p.A.	-	1,118
HSD S.p.A.	2,214	2,086
Waterjet Production Academy GmbH	252	-
WMP-Woodworking Machinery Portugal Unipessoal LDA	726	20
Total	**51,693**	**60,438**

The cash flow, positive for € 541 thousand, can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Trade receivables and commercial activities due from related parties	60,438	(541)	8,204	51,693
Total	**60,438**	**(541)**	**8,204**	**51,693**

The item "Other" includes € 8,588 thousand for the effects arising from the waiver of receivables with consequent recognition as an increase in the value of investments in the subsidiary Biesse Turkey Makine Ticaret Ve Sanayi As (for € 5,000 thousand) and in the subsidiary Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda (for € 3,588 thousand); The exchange rate adjustment of foreign currency items generated a positive effect of € 382 thousand.

25. OTHER CURRENT ASSETS DUE FROM THIRD PARTIES

“Other current assets due from third parties” are detailed as follows:

€ '000	31 December 2024	31 December 2023
Consumption tax receivables and other tax receivables	766	1,979
Income tax assets	1,441	434
Other assets	3,923	3,309
Total	**6,130**	**5,722**

The item “consumption tax and other tax receivables” contains € 705 thousand of tax receivables yet to be collected; The decrease is mainly due to lower tax credits of € 815 thousand and the balance of the previous year-end VAT credit of € 211 thousand, the balance of which was reclassified as a payable at 31 December 2024.

“Income tax receivables” contain an IRES credit of € 896 thousand and an IRAP credit of € 259 thousand due to higher advance payments than current taxes due, and IRES credits for withholding taxes of € 286 thousand. The increase over the previous year is mainly due to the higher credit of the IRES tax balance of € 744 thousand and the higher credit of the IRAP tax balance of € 249 thousand.

The Company, as consolidating entity, participates in the group national tax consolidation scheme, along with the subsidiary HSD S.p.A.. In this context, pursuant to articles 117 et seq. of Presidential Decree 917/86, the IRES tax has been determined at an aggregated level by offsetting the positive and negative taxable amounts of the above-mentioned companies. The financial relationships and the mutual responsibilities and obligations among the companies are defined in the regulation governing participation in the Group tax consolidation scheme.

The item “Other receivables from third parties” mainly contains deferrals on costs pertaining to future years, mainly related to annual contracts for internet services and software assistance.

26. CURRENT FINANCIAL ASSETS DUE FROM THIRD PARTIES

Current financial assets due from third parties amounted to € 15,934 thousand (€ 16,394 thousand in 2023).

This item contains financial investments with an interest rate higher than the cost of the company's third-party financing, while remaining consistent with the current Treasury policy. Against the investment in bonds, a short-term credit line was granted at a cheaper cost than the other short-term loans granted to the company.

The Company, in compliance with the current Treasury Policy, has invested € 1.5 million of its liquidity in an instrument with a high prudence profile issued by a counterparty with a high credit standing (Insurance Policy). This instrument has no time constraints whatsoever and is therefore readily liquidable and receivable; In addition, the Company made investments in immediately liquidated administered securities deposits in the amount of € 14,306 thousand. The carrying amount of these assets is a reasonable approximation of their fair value.

The valuation of "Financial Assets", recognised directly in equity net of the tax effect of € 67 thousand, is recognised in the statement of comprehensive income as positive for € 212 thousand.

27. CURRENT FINANCIAL ASSETS AND LIABILITIES DUE FROM RELATED PARTIES

Current financial assets and liabilities due from related parties refer to intercompany treasury activities aimed at optimising cash flows between Biesse S.p.A. and its subsidiaries. Loans granted and received are at floating rate with application of the Libor / Euribor rate and have variable and renewable maturities.

Financial assets are broken down as follows:

€ '000	31 December 2024	31 December 2023
Bavelloni S.p.A.	4753	
Biesse America Inc.	-	6,787
Biesse Deutschland GmbH	-	1,000
Biesse Group UK Ltd	-	1,726
Biesse Gulf FZE	-	2,250
Biesse Korea LLC	320	-
Biesse Malaysia SDN BHD	900	700
Biesse Trading (Shanghai) Co. Ltd.	4,879	1,534
GMM S.p.A.	12,552	-
HSD Spa	13,000	20,000
WMP-Woodworking Machinery Portugal Unipessoal LDA	105	-
Total current financial assets to related parties	**33,997**	**33,997**

The receivable from GMM S.p.A. refers to an intercompany loan primarily granted to allow the repayment of long-term bank loans whose cost was higher than that applied to Biesse's credit lines.

The receivable from HSD S.p.A. refers to receivables for dividends to be collected.

Financial liabilities are broken down as follows:

€ '000	31 December 2024	31 December 2023
Bavelloni S.p.A.	2666	-
Biesse America Inc.	24,724	16,005
Biesse Asia Pte. Ltd.	560	1,452
Biesse Deutschland GmbH	3,500	4,155
Biesse France Sarl	7,727	13,826
Biesse Group UK Ltd	14,740	13,753
Biesse Iberica Woodworking Machinery S.L	5,036	4,353
Biesse Schweiz GmbH	2,125	2,538
Forvet Costruzione Macchine Speciali S.p.A.	0	3,838
HSD S.p.A.	30,506	40,394
Total current financial liabilities to related parties	**91,584**	**100,314**

The balances relating to the subsidiaries Biesse France Sarl, Biesse Group UK Ltd, Biesse Iberica Woodworking Machinery S.L, Bavelloni S.p.A. and HSD S.p.A. derive from the management of the cash pooling, while the others derive from intercompany loans.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 124,927 thousand (€ 54,594 thousand in 2023), comprising the value of bank deposits of € 123,984 thousand (€ 53,331 thousand in 2023), and cash and cash equivalents of € 942 thousand (€ 1,263 thousand in 2023).

For further details, reference should be made to the Statement of cash flows.

29. SHARE CAPITAL AND TREASURY SHARES

The share capital amounts to € 27,403 thousand and consists of 27,402,593 ordinary shares, each with a par value of € 1 and dividend rights.

As at the date on which these financial statements were approved, the Company held no treasury shares.

30. SHARE CAPITAL RESERVES

The amount of € 36,202 thousand (unchanged compared to 2023) relates to the share premium reserve.

31. OTHER RESERVES AND RETAINED EARNINGS

The carrying amount was broken down as follows:

€ '000	31 December 2023	31 December 2023
Legal reserve	5,479	5,479
Extraordinary reserve	135,524	120,849
Actuarial reserve	(4,162)	(4,168)
Reserves profits/(losses) from the valuation of financial assets	179	(32)
Translation reserve	-	(10)
Other reserves and retained earnings	3,030	3,030
Total other reserves and retained earnings	**140,050**	**125,148**

The "Extraordinary reserve" item increased by € 14,675 thousand for the remaining share of the 2023 profit destination net of deliberate dividends. The reserve includes € 3,851 thousand of the effects determined by the IAS transition, which to date make this amount unavailable and non-distributable. In addition, non-distributable reserves of € 11,209 thousand are considered to cover the residual amortisable value of development costs.

The item "Severance indemnity actuarial gains (losses) reserve" contains actuarial losses related to defined benefit plans, while the item "Valuation of financial assets gains (losses) reserve" contains losses from the valuation of financial assets.

The "Translation reserve" includes the exchange rate gains (losses) arising from the consolidation of the financial statements of the Dubai branch, which was zero in 2024.

The item "Retained earnings and other reserves" contains € 2,450 thousand in merger surpluses and deficits from the mergers of subsidiaries and € 580 thousand in transaction reserves to IAS/IFRS of merged companies.

Type/description	Amount	Possibility of use	Available amount	Summary of use in the three previous years	
€ '000				To cover losses	For other reasons
Share capital	27,403				
Share capital reserves:					
Share premium reserve	36,202	A,B,C	36,202		
Profit reserves:					
Legal reserve	5,479	B			
Extraordinary reserve	135,524	A,B,C	120,464		
Severance indemnity actuarial gains (losses) reserve	(4,162)				
Valuation of financial assets gains (losses) reserve	179				
Translation reserve	-				
Retained earnings and other reserves	3,030	A,B,C	2,587		
Total	**203,655**		**159,253**		
Non-distributable amount					
Residual distributable amount			**159,253**		

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

With regard to the items under shareholders' equity, these are considered as unavailable and non-distributable reserves: the "Legal reserve", part of the "Extraordinary reserve", the "Severance indemnity actuarial gains (losses) reserve", the "Valuation of financial assets gains (losses) reserve", the "Translation reserve" and share of "Retained Earnings and Other Reserves".

The other reserves recognised in the financial statements can be considered available for distribution.

32. DIVIDENDS

In the financial year 2024, dividends in the amount of € 3,836 thousand were declared to the shareholders, whereas, € 3,846 thousand were paid as they partly related to the previous year's dividends. There are no dividends payable as at 31 December 2024.

33. POST-EMPLOYMENT BENEFITS

Defined-contribution plans

As a result of the Supplementary Pension Reform, the amounts accruing from 1 January 2007 – and at the discretion of employees – are allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS (the Italian National Social Security Institution), taking the form of defined-contribution plans (no longer subject to actuarial measurement), starting from when the employee's choice has been formalised.

Because of the aforementioned circumstances the total expense provided for at year-end amounted to € 6,217 thousand (€ 6,628 thousand in 2023).

Defined-benefit plans

The present value of the liabilities for post-employment benefits, accrued at the end of the period by company employees and consisting of the severance indemnity provision amounted to € 7,166 thousand (€ 8,055 thousand in 2023).

The amounts recognised in the income statement can be summarised as follows

€ '000	31 December 2024	31 December 2023
Relevance of the period/Provisions	22	23
Financial expenses	220	281
Total	**242**	**304**

The item “Accrued in the period / provisions” contains the amount set aside by the Dubai Branch.

The charge for the year, recorded under financial expenses, amounted to € 220 thousand (€ 281 thousand in 2023).

The changes in the year relating to the present value of severance indemnity obligations, are as follows:

€ '000	31 December 2024	31 December 2023
Opening balance	8,055	8,050
Current service	22	23
Financial expenses	220	281
Payments	(1,123)	(710)
Actuarial gains/(losses)	(8)	135
Other movements	-	134
Merge effects	-	142
Closing balance	**7,166**	**8,055**

The item “Actuarial gains/losses”, recognised directly in equity net of the tax effect of € 2 thousand, is recognised in the statement of comprehensive income for € 6 thousand.

The assumptions used for measuring severance indemnity obligations are:

- Annual rate of inflation: 2.0% (2.0% in 2023);
- Annual discount rate: determined by reference to market yields of leading companies bonds as at the measurement date. In this regard, the Euro Composite AA interest-rate curve was used for the actuarial calculation.

The sensitivity analysis of the main valuation parameters is presented below:

€ '000	31 December 2024	31 December 2023
Turnover rate +1%	7,173	8,024
Turnover rate -1%	7,125	7,979
Inflation rate +0.25%	7,221	8,087
Inflation rate -0.25%	7,080	7,919
Actualisation rate +0.25%	7,040	7,871
Actualisation rate -0.25%	7,263	8,137

34. DEFERRED TAX ASSETS AND LIABILITIES

€ '000	31 December 2024	31 December 2023
Deferred tax assets	17,089	13,848
Deferred tax liabilities	(1,991)	(2,258)
Net position	**15,098**	**11,590**

Overall, deferred tax assets, net of deferred tax liabilities and broken down by type, can be analysed as follows:

€ '000	31 December 2024	31 December 2023
Accrual to provision for riskes and charges	8,558	10,779
Recoverable tax losses	6,083	-
Amortisation	1,495	1,875
Other	953	1,194
Deferred tax assets	**17,089**	**13,848**
Amortisation	(1,304)	(1,276)
Other	(687)	(982)
Deferred tax liabilities	**(1,991)**	**(2,258)**
Net position	**15,098**	**11,590**

The allocation of deferred tax assets was implemented by critically assessing the existence of the conditions for future recoverability of these assets on the basis of the Company's business plans.

35. BANK OVERDRAFTS AND LOANS

The table below provides the breakdown of payables relating to bank overdrafts and loans.

€ '000	31 December 2024	31 December 2023
Bank loans and borrowings	72,152	671
Current liabilities	**72,152**	**671**
Unsecured mortgages	99,800	-
Non-current liabilities	**99,800**	**0**
Total	**171,952**	**671**

There are no secured mortgages or loans.

The liabilities are payable as follows:

€ '000	31 December 2024	31 December 2023
On demand or within one year	72,152	671
Within two years	14,203	-
Within three years	14,251	-
Within four years	14,257	
Within five years	14,263	
After five years	42,826	
Total	**171,952**	**671**

As at 31 December 2024 the Company had no loans in foreign currency.

At 31 December 2024, total credit lines were € 314.7 million, of which € 110.7 million within 12 months were revoked. The remainder refers to committed lines of € 100 million with maturities within 12 months and amortising loans with maturities beyond 12 months in the amount of € 104 million. All lines, both short and over 12 months, are unsecured.

Compared to the financial statements for the year ended 31 December 2023, the Company's financial payables increased by € 171,281 thousand. In detail, the portion due within 12 months amounted to € 72,152 thousand (increasing by € 71,481 thousand) and represented 42.0% of debt, while payables due beyond 12 months increased by € 99,800 thousand (to zero in 2023) and represented 58.0% of debt. In particular, the portion of bank debt maturing within the next financial year mainly represents the debt attributable to the completion of the acquisition of the GMM group, while the medium/long-term debt was taken out in order to allow the rescheduling of the short-term debt indicated above and, in compliance with the Treasury Policy in force, this liquidity, amounting to approximately € 100 million, was invested in time deposits with a monthly maturity and maturity date of 23 January 2025. It should be noted that financial covenants relating to the consolidated financial statements are to be measured on these medium/long-term loans, defined in the ratio between the net financial position and EBITDA lower than 3; these covenants were met as at 31 December 2024.

36. FINANCE LEASE LIABILITIES

€ '000	31 December 2024	31 December 2023
Leasing liabilities		
due within one year	3,183	3,034
due over one year, but within five years	4,356	5,597
due over five years	54	261
Total	**7,593**	**8,892**
After deduction for future financial charges	(121)	(231)
Actual value for leasing liabilities	**7,472**	**8,661**
whose:		
Current	3,119	2,936
Non-current	4,353	5,725

Finance lease liabilities refer both to finance leases on machinery for the mechanical workshop and to rights of use relating to buildings, apartments, vehicles and production equipment according to IFRS 16.

As at 31 December 2024, the effect of the rights of use alone had an impact of € 7,325 thousand (€ 8,056 thousand in 2023) on the item "Present value of lease liabilities" and of € 7,446 thousand (€ 8,282 thousand in 2023) on the item "Total" of lease liabilities.

It should also be noted that there are payables to related parties totalling € 398 thousand (€ 1,524 thousand in 2023) of which to the parent Bi.fin. S.r.l. for € 44 thousand (€ 1,064 thousand in 2023), to HSD S.p.A. for € 283 thousand (€ 354 thousand in 2023), to Selci Roberto for € 41 thousand (€ 61 thousand in 2023) and to Selci Giancarlo for € 30 thousand (€ 45 thousand in 2023).

37. NET FINANCIAL POSITION

Below is the detail of the Net Financial Position at 31 December 2024 and 31 December 2023. It should be noted that the Net Financial Position is presented in accordance with ESMA Communication 32-382-1138 of 4 March 2021, which entered into force on 5 May 2021.

€ '000	31 December 2024	31 December 2023
Financial assets	177,370	104,985
Financial assets - third parties	15,934	16,394
Financial assets - related parties	36,509	33,997
Cash	124,927	54,594
Financial short term lease liabilities	(3,119)	(2,936)
Financial short term bank and other de	(73,481)	(1,947)
Other short term current financial liabi	(91,584)	(100,314)
Short term net financial position	**9,186**	**(212)**
Financial medium/long term lease liab	(4,352)	(5,725)
Financial medium/long term bank and	(99,800)	-
Trade and other medium/long term de	(101)	(152)
Medium/ long term net financial p	**(104,253)**	**(5,877)**
Total net financial position	**(95,067)**	**(6,089)**

In the NFP statement, in application of the new provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob which refers to the ESMA Recommendations of 4 March 2021, trade payables due beyond one year have been included.

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

For the sake of full disclosure, it should be noted that, as this is not specifically regulated, the Net Financial Position does not include the residual debt for the payment of the price adjustment related to the acquisition of the GMM Group of € 3.5 million, which is recognised in the balance sheet under Other payables.

The Net Financial Position as at 31 December 2024 was negative for around € 95,067 thousand (negative for € 87,743 thousand excluding the effects of IFRS 16), worsening compared to the previous year's figure, negative for around € 6,089 thousand (and positive for € 1,967 thousand excluding the effects of IFRS 16). The increase in debt is mainly due to the investment for the acquisition of the GMM Group with an outlay of € 68,916 thousand and dividend payments of € 3,846 thousand. Operations drained cash amounting to € 22,171 thousand, negatively impacted by non-recurring financial outlays arising from the payment of redundancy incentives for the redundancies identified as at 31 December 2023 and the cash absorption of net working capital as a result of the contraction of contractual advances received from customers influenced by the slowdown in order intake during the year.

38. PROVISIONS FOR RISKS AND CHARGES

€ '000	Guarantees	Retirement of agents	Legal disputes and Others	Provision for equity investment risks	Fund restructuring	Total
Value at 31/12/2023	**3,219**	**2,137**	**11,039**	**7,746**	**11,782**	**35,923**
Provision	-	603	1,279	0	-	1,882
Release	(364)	-	(1,118)	(1,536)	-	(3,018)
Utilised	-	(597)	(1,658)	(6,160)	(4,993)	(13,408)
Value at 31/12/2024	**2,885**	**2,143**	**9,542**	**50**	**6,789**	**21,379**

Due to the nature of the Group's business, the obligations arising from problems related to the quality of the equipment and the guarantee given on the same, imply a careful, constant and complex evaluation by the Management, which requires the preparation of estimates, which by their nature imply a high degree of judgement.

The warranty provision represents the best estimate made by the Company's Directors with respect to the obligations deriving from the warranty on products sold by the Company. The adjustment derives from estimates based on past experience and on the analysis of the level of reliability of the marketed products. The decrease recorded following the above estimates amounts to € 364 thousand.

The provisions for agents' retirement benefits refers to the estimated liabilities related to existing agency agreements.

The balance of the "Provision for legal disputes and other" derives from the opening and closing of legal risks and for penalties with some customers.

The provision for equity investment risks consists of the provisions made for negative equity of subsidiaries with a view to possible write-offs; The utilisations of the provision for recapitalisations carried out during the year relate to € 3,670 thousand for the subsidiary Biesse Group Russia LLC prior to the sale of the company (a recapitalisation that was lower than the amount allocated to the provision for risks in the previous year, which resulted in a release of the provision of € 1,536 thousand), € 1,500 thousand for the subsidiary Biesse Gulf FZE and € 990 thousand for the subsidiary Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda. The remaining balance relates to the subsidiary Biesse Group Israel Ltd.

The corporate restructuring provision represents the best estimate of the current expenses related to the organisational transformation process, which must lead to an adequate sizing of the structure consistent with the business model defined as part of the One Company project launched in previous years and the volumes of activities generated. To do this, a series of initiatives were implemented, such as the defensive solidarity contract for the period November 2023 - October 2024 and renewed until the end of June 2025, from which redundancies were identified on the basis of technical-organisational criteria, territorial location and the principle of non-opposition to redundancies favoured by economically incentivised redundancies. The outlays that occurred in 2024, against which the provision set aside in 2023 was partially utilised, confirm the appropriateness of the estimated charges reflected in the amount of the residual provision as at 31 December 2024 for the completion of the organisational transformation process.

There are no disputes/contentious issues highlighting possible liabilities worth mentioning.

39. TRADE PAYABLES TO THIRD PARTIES

Trade payables to third parties, amounting to € 82,734 thousand (€ 101,856 thousand in 2023), refer primarily to payables to suppliers for the Company's ordinary operations.

It should be noted that the discounted value of trade payables due beyond the next financial year was € 101 thousand.

It is believed that their carrying amount at the reporting date is a reasonable approximation of fair value.

The decrease in trade payables to third parties is attributable to a decrease in purchases.

The negative cash flow of € 19,193 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Trade payables to third parties	101,856	(19,193)	71	82,734
Total	**101,856**	**(19,193)**	**71**	**82,734**

40. TRADE PAYABLES TO RELATED PARTIES

Trade payables to related parties are broken down as follows:

€ '000	31 December 2024	31 December 2023
Trade payables - parent company	-	2
Trade payables - subsidiaries	17,465	17,314
Trade payables - related parties	392	348
Total	**17,857**	**17,664**

The amounts payable to subsidiaries are trade payables and refer to transactions undertaken for the purchase of goods and/or rendering of services.

The item "Trade payables to other related parties" includes € 317 thousand (€ 279 thousand in 2023) in payables for the purchase of goods from Semar S.r.l. and € 71 thousand for the unpaid amount of payables to members of the Board of Statutory Auditors.

The breakdown of the balance of the item “Trade payables to subsidiaries” is as follows:

€ '000	31 December 2024	31 December 2023
Bavelloni S.p.A.	2621	
Biesse America Inc.	332	240
Biesse Asia Pte Ltd	28	50
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	578	517
Biesse Deutschland GmbH	100	209
Biesse France Sarl	145	275
Biesse Group Australia Pte Ltd	5	-
Biesse Group New Zealand PTY Ltd	-	8
Biesse Group Russia LLC	2	17
Biesse Group UK Ltd	222	215
Biesse Gulf FZE	157	47
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	-	51
Biesse Iberica Woodworking Machinery S.L	350	620
Biesse Manufacturing CO PVT Ltd	6,380	8,150
Biesse Indonesia PT.	-	3
Biesse Japan KK	1	-
Biesse Schweiz GmbH	64	31
Biesse Trading (Shanghai) CO.LTD	21	-
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	128	277
Forvet Costruzione Macchine Speciali S.p.A.	-	259
GMM S.p.A.	867	-
HSD S.p.A.	5,389	6,301
WMP-Woodworking Machinery Portugal Unipessoal LDA	75	44
Total	**17,465**	**17,314**

The positive cash flow of € 142 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Trade payables to related parties	17,664	142	51	17,857
Total	**17,664**	**142**	**51**	**17,857**

41. CONTRACT LIABILITIES DUE TO THIRD PARTIES

The item “Contract liabilities due to third parties” amounting to € 24,205 thousand (€ 35,735 thousand in 2023) includes advances, down payments and deposits paid by customers. The decrease is influenced by the slowdown in the entry of orders that occurred during the year.

The negative cash flow of € 11,531 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Contractual liabilities towards related parties	35,735	(11,531)	1	24,205
Total	**35,735**	**(11,531)**	**1**	**24,205**

42. CONTRACT LIABILITIES DUE TO RELATED PARTIES

The item "Contract liabilities due to related parties" amounting to € 433 thousand (€ 160 thousand in 2023) includes advances, down payments and deposits paid by the Group's sales branches.

The balance is as follows:

€ '000	31 December 2024	31 December 2023
Biesse America Inc.	1	3
Biesse Canada Inc	1	-
Biesse Deutschland GmbH	42	46
Biesse France Sarl	98	101
Biesse Group Australia Pte Ltd	3	4
Biesse Group New Zealand PTY Ltd	1	2
Biesse Group UK Ltd	3	3
Biesse Iberica Woodworking Machinery S.L	4	1
Biesse Schweiz GmbH	0	-
Biesse Taiwan Ltd	280	-
Total	**433**	**160**

The positive cash flow of € 273 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Contractual liabilities towards related parties	160	273	-	433
Total	160	273	-	433

43. OTHER LIABILITIES DUE TO THIRD PARTIES

€ '000	31 December 2024	31 December 2023
Other non current liabilities to third parties	101	152
Other current liabilities to third parties	33,894	36,612
Total other liabilities to third parties	**33,995**	**36,764**

The item "Other non-current liabilities due to third parties" contains for € 101 thousand (€ 152 thousand in 2023) the present value of trade payables due more than one year.

The balance of "Other current liabilities due to third parties" amounted to € 33,894 thousand (€ 36,612 thousand in 2023). The details are as follows:

€ '000	31 December 2024	31 December 2023
Tax liabilities	6,250	5,405
Social security liabilities	7,423	9,519
Other payables to employees	11,742	17,657
Other current liabilities	8,479	4,031
Total current liabilities to third parties	**33,894**	**36,612**

The item “Taxes payable” includes the balance of the VAT payable and payables to the treasury for personal income tax withheld as a substitute for tax to employees and professionals.

The item “Social security institutions payables” includes payables to INPS, INAIL, ENASARCO entities and payables to pension and medical assistance funds.

The decrease in the item “Other payables to employees” is mainly due to the decrease in payables for holidays, bonuses and performance awards.

The increase in the item “Other current liabilities” is mainly due to the debt of € 3,528 thousand still to be paid for the difference between the execution instalment and the final purchase price of the GMM Group, while the remaining portion mainly contains deferrals on revenues accruing in subsequent years.

The negative cash flow of € 6,355 thousand can be summarised as follows:

€ '000	31 December 2023	Cash flow	Non-monetary changes			31 December 2024
			Merger effect	New Leasing	Other	
Other current liabilities to third parties	36,612	(6,355)	-	-	3,637	33,894
Total	**36,612**	**(6,355)**	**-**	**-**	**3,637**	**33,894**

The item “Other” contains € 3,528 thousand for the difference between the execution instalment and the final purchase price of the GMM Group not yet paid.

44. OTHER CURRENT ASSETS AND LIABILITIES DUE FROM/TO RELATED PARTIES

Other current assets from related parties are zero (€ 521 thousand in 2023).

Other current liabilities to related parties amounting to € 376 thousand (€ 251 thousand in 2023) include € 201 thousand for the payable to the subsidiary HSD S.p.A. for the domestic tax consolidation and the difference for the payable for the subscription of the share capital of the newly established subsidiary Biesse Kazakhstan LLP.

45. INCOME TAX PAYABLES

€ '000	31 December 2024	31 December 2023
IRAP liabilities	-	44
Provision for tax risks	158	50
Total tax payables	**158**	**94**

The item 'Income Taxes payable' of € 158 thousand (€ 94 thousand in 2023) refers to provisions for tax risks, which were adjusted upwards by € 108 thousand at year-end.

46. FINANCIAL ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS

€ '000	31 December 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Derivatives on exchange rates	323	(1,329)	1,066	(1,266)
Total	**323**	**(1,329)**	**1,066**	**(1,266)**

The value of open contracts at year-end, with a negative balance on the income statement of € 1,006 thousand (negative balance of € 200 thousand in 2023), refers to hedging contracts that are not compatible with the requirements of IFRS 9 for the application of hedge accounting.

Derivative financial instruments and forward contracts outstanding at year-end (amounts in thousands of Euro)

€ '000	Type of hedged risk	Notional amount		Fair value of derivatives	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
Hedging transactions					
Forward contracts (Australian Dollar)	Currency	6,201	11,345	60	(340)
Forward contracts (Canadian Dollar)	Currency	4,549	8,189	(9)	(43)
Forward contracts (Swiss Franc)	Currency	3,294	(259)	2	19
Forward contracts (Chinese Renminbi)	Currency	6,066	5,222	(117)	24
Forward contracts (Pound Sterling)	Currency	5,656	9,551	(18)	(13)
Forward transactions (Indian Rupee)	Currency	7,061	(20,074)	9	(485)
Forward contracts (New Zealand Dollar)	Currency	486	857	7	(14)
Forward contracts (US Dollar)	Currency	53,325	26,606	(940)	652
Total		**86,638**	**41,437**	**(1,006)**	**(200)**

The individual effects reported in the table above include positive and negative changes.

47. CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

Contingent liabilities

Biesse S.p.A. is party to various lawsuits and disputes. It is nevertheless believed that the settlement of such disputes will not give rise to further liabilities in addition to those already provided for in a specific provision for risks. Please refer to note **Errore. L'origine riferimento non è stata trovata.**above for details on contingent liabilities relating to tax risks.

Commitments

There are no commitments on existing purchases.

Guarantees issued and received

The Company has issued sureties totalling € 11,070 thousand (€ 12,998 thousand 2023). The most relevant components concern: the guarantee in favour of UBI banca for the credit line granted to the subsidiary HSD S.p.A. (€ 6,000 thousand) and the guarantee issued in favour of BPM (€ 3,000 thousand). In addition to the above, there are (bank) guarantees in favour of customers for prepayments made – advance payment bonds for € 2,037 thousand and other minor guarantees for € 33 thousand.

48. RISK MANAGEMENT AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The Company is exposed to financial risks connected to its operations:

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

The Company's risk management policies aim to identify and analyse the risks to which the Company is exposed, to establish appropriate limits and controls, and to monitor risk and compliance with these limits. These policies and associated procedures are regularly reviewed in order to reflect any changes to market conditions or Company activities.

With regard to the risk connected with the fluctuation in raw material prices, the Company tends to manage the economic impact by agreeing purchase costs for periods of no less than six months. The impact of the main raw materials, steel in particular, on the average value of the Company's products is marginal compared to the final production cost.

The following paragraphs use sensitivity analysis to assess the potential impact on actual results that hypothetical fluctuations in benchmarks may cause. As required under IFRS 7, these analyses are based on simplified scenarios being applied to actual data for benchmark periods. By their very nature, these analyses cannot be considered to truly evidence the effect of future changes in the benchmark in view of different financial and equity structures as well as different market conditions. Nor are they able to reflect the interrelations and complexity of the reference markets.

Market risk

Market risk is the risk that the fair value of a financial instrument (or future cash flows from that instrument) will fluctuate as a result of changes in market prices due to changes in exchange rates, interest rates or share prices. The purpose of market risk management is managing and controlling the Company's exposure to that risk within acceptable limits, while at the same time optimising investment returns.

Exchange rate risk

The varied geographical distribution of production and commercial activities brings about an exposure to exchange rate risk, in terms of both transactions and translations.

a) Transaction exchange rate risk

This risk is the result of commercial and financial transactions carried out by the Company in currencies other than the Company's functional currency. Exchange rates may fluctuate between the time when the commercial/financial relationship begins and the time when the transaction is completed (collection/payment), thus originating gains or losses.

The Company manages such risk by making use of derivative instrument purchases, such as forward exchange contracts and cross currency swaps. As from 2016, the Company, following the Board of Directors' resolution of 11 March 2016 which approved the new exchange risk management policy for the Biesse Group, has put on hold the use of hedge accounting techniques for recognising derivative instruments, since the rules set out in IFRS 9 were found to be quite stringent to be applied effectively and in full to business operations.

The following table provides a quantitative summary of the Company's exposure to exchange rate risk:

	Financial Asset		Financial Liabilities	
€ '000	31/12/2024	31/12/2023	31/12/2024	31/12/2023
US Dollar	13,926	14,835	752	16,675
Canadian Dollar	2,344	749	44	106
Pound Sterling	2,255	3,689	142	9,967
Australian Dollar	3,391	2,850	9	344
Swiss Franc	807	1,690	64	2,628
Indian Rupee	2,853	2,275	6,198	8,585
Chinese Renmimbi Yuan	1,056	4,215	-	-
Other currencies	560	1,040	56	136
Total	**27,192**	**31,343**	**7,265**	**38,441**

In defining the amount exposed to interest rate risk, the Company also includes foreign currency orders acquired in the period before they become trade receivables (shipping invoicing).

Here below is a sensitivity analysis illustrating the impact on profit or loss of a +15%/-15% appreciation/depreciation of the Euro.

This analysis assumes that all other variables, in particular interest rates, remain unchanged.

€ '000	IMPACT ON INCOME STATEMENT if exchange rate > 15%	 if exchange rate < 15%
US Dollar	(1,718)	2,325
Canadian Dollar	(300)	406
Pound Sterling	(276)	373
Australian Dollar	(441)	597
Swiss Franc	(97)	131
Rupia indiana	436	(590)
Chinese Renmimbi Yuan	(138)	186
Total	**(2,534)**	**3,428**

The amounts reported above, are shown gross of hedging (which is not material in value).

Interest rate risk

Interest rate risk represents exposure to changes in the fair value of, or future cash flows from, financial assets or liabilities, due to changes in market interest rates.

The Company is exposed to fluctuations in interest rates with reference to finance expense relating to payables to lease companies for fixed assets acquired under finance leases. Considering that the exposure is currently limited and that there is substantial stability in interest rates (for the Eurozone), the company has chosen not to hedge its own debt.

The sensitivity analysis aimed at assessing the potential impact of a hypothetical sudden and unfavourable 10% change in short-term interest rates on financial instruments (typically cash and some financial payables) reveals no significant impact on the results or the equity of the Company.

Credit risk

Credit risk represents the Company's exposure to potential financial losses deriving from the failure of commercial and financial counterparties to fulfil their contractual obligations.

The main exposure is towards customers. In order to limit this risk, the Company has implemented procedures for assessing the financial potential and soundness of its customers, monitoring expected cash flows from collections and for any debt collection activities.

These procedures typically provide for sales to be finalised by obtaining advance payments. However, for those customers who are considered strategically important by Management, credit can be provided with limits being established and monitored.

The carrying amount of financial assets, net of any impairment for expected losses, represents the maximum exposure to credit risk.

For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to note 23above on trade receivables.

31/12/2024

€ '000	Current	Less than 30 days	30-180 days	180 days-1year	Beyond 1 year	Total
% estimated loss	0.9%	-	7.6	24.1%	64.4	4.0%
Value of the receivable	50,299	3,864	2,727	1,715	2,117	60,722
Estimated credit loss	437	-	207	414	1,364	2,422

31/12/2023

€ '000	Current	Less than 30 days	30-180 days	180 days-1year	Beyond 1 year	Total
% estimated loss	0.4%	-	-	10.4%	68.8	1.8%
Value of the receivable	50,710	7,945	5,256	1,333	1,246	66,490
Estimated credit loss	198	-	1	139	857	1,195

Liquidity risk

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

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

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

The following table shows the expected flows based on the maturities of financial liabilities other than derivatives. Balances relating to financial lease liabilities, bank overdrafts and bank loans are expressed at their contractual value without being discounted, which includes both principal and interest amounts. Loans and other financial liabilities are classified on the basis of the earliest maturity date, and revocable financial liabilities, as well as other liabilities whose maturities are not available, are considered payable on demand ("worst case scenario").

31/12/2024

€ '000	Less than 30 days	30-180 days	180 days-1year	1-5 years	Beyond 5 years	Total
Trade and other payables	53,763	48,051	8,564	-	-	110,378
Bank overdrafts and bank/intercompany loans	59,152	13,000	-	56,974	42,826	171,952
Total	**112,915**	**61,051**	**8,564**	**56,974**	**42,826**	**282,330**

31/12/2023

€ '000	Less than 30 days	30-180 days	180 days-1year	1-5 years	Beyond 5 years	Total
Trade and other payables	56,978	66,267	9,818	-	-	133,063
Bank overdrafts and bank/intercompany loans	671	-	-	-	-	671
Total	**57,649**	**66,267**	**9,818**	**-**	**.**	**133,734**

The Company monitors liquidity risk by controlling net flows on a daily basis in order to ensure that financial resources are managed efficiently.

The portfolio of trade receivables and the conditions attaching to them contribute to balancing the working capital and, in particular, to hedging payables to suppliers.

Classification of financial instruments

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

€ '000	31 December 2024	31 December 2023
FINANCIAL ASSETS		
Designated at fair value through profit or loss:		
Derivative financial assets	323	1,066
Designated at fair value through OCI:		
- other current financial assets	15,934	16,394
Measured at amortised cost :		
Trade receivables	*109,993*	*125,732*
Other assets	*37,041*	*35,739*
- other financial assets and non current receivables	*532*	*1,221*
- other current financial assets	*23,509*	*4,484*
- other current assets	*13,000*	*30,034*
Cash and cash equivalents	*24,927*	*54,594*
FINANCIAL LIABILITIES		
Designated at fair value through profit or loss:		
Derivative financial liabilities	*1,329*	*1,266*
Measured at amortised cost :		
Trade payables	*100,692*	*119,672*
Bank loans, borrowings and lease liabilities	*271,008*	*109,646*
Other current liabilities	*19,165*	*27,176*

The carrying amount of the above financial assets and liabilities is equal to or a reasonable approximation of their fair value.

For financial instruments recognised at fair value in the statement of financial position, IFRS 7 requires that fair value measurements be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are as follows:

Level 1 – quoted prices in an active market for assets or liabilities subject to measurement;

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

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

Derivative financial instruments measured at FVTPL are classified under Level 2 (same as in 2023). During the financial year there were no transfers between Levels.

Other current financial assets measured at FVOCI are classified under Level 2.

49. TRANSACTIONS NOT INVOLVING CHANGES IN CASH FLOWS AND RECONCILIATION OF CASH FLOWS

For the year 2024, the following significant transaction took place, which did not lead to changes in cash flows:

- Signing/closure of lease and rental contracts pursuant to IFRS 16 for € 2,488 thousand.

Reconciliation of cash flows

The following tables provide details on the main changes in financial assets and liabilities, with separate specification of those which generated cash flows (shown in the "Financial assets" section of the statement of cash flows) and other changes that do not have cash flow effects:

€ '000	31 December 2023	Cash flow	Non-monetary changes Other	31 December 2024
Bank loans and increase / decrease from banks	671	171,002	279	171,952
Payables for financial leasing	8,661	(3,678)	2,488	7,471
Other financial liabilities towards related parties	100,314	(10,029)	1,299	91,584
Current financial assets with related parties	33,998	(19,456)	21,967	36,509
Total	**143,644**	**137,839**	**26,033**	**307,516**

€ '000	31 December 2022	Cash flow	Non-monetary changes Other	31 December 2023
Bank loans and increase / decrease from banks	877	(216)	10	671
Payables for financial leasing	10,054	(3,063)	1,670	8,661
Other financial liabilities towards related parties	96,396	3,090	828	100,314
Current financial assets with related parties	5,550	(373)	28,821	33,998
Total	**112,877**	**(562)**	**31,329**	**143,644**

With regard to the reconciliation of the cash flows reported in the Statement of Cash Flows with reference to trade receivables from third and related parties, changes in inventories, trade payables to third and related parties, contractual liabilities and other liabilities to third parties, reference should be made to the relevant paragraphs in the notes to the financial statements.

50. ATYPICAL OR UNUSUAL TRANSACTIONS

In 2024, there were no such transactions.

51. RELATED-PARTY TRANSACTIONS

The Company is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr Giancarlo Selci (resident in Italy). Members of the Board of Directors as well as of the Board of Statutory Auditors and companies controlled directly or indirectly or owned by close relatives are also classified as related parties.

The details of transactions between Biesse and other related entities are specified below.

€ '000	Costs 2024	Costs 2023	Revenues 2024	Revenues 2023
Subsidiaries				
Subsidiaries	58,170	60,039	211,241	246,010
Parent				
Bifin S.r.l.	170	176	1	1
Other related companies				
Semar S.r.l.	864	1,083	-	-
Renzoni S.r.l.	2	1	-	-
Members of the Board of Directors				
Members of the Board of Directors	2,950	2,576	-	-
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	194	164	3	-
Other related companies				
Total transactions with related parties	**62,350**	**64,039**	**211,245**	**246,011**

€ '000	Receivables 2024	Receivables 2023	Payables 2024	Payables 2023
Subsidiaries				
Subsidiaries	88,202	94,955	110,141	118,394
Parent				
Bifin S.r.l.	-	-	44	1,065
Other related companies				
Semar S.r.l.	-	1	317	279
Renzoni S.r.l.	-	-	2	-
Members of the Board of Directors				
Members of the Board of Directors	-	-	73	106
Members of the Board of Statutory Auditors				
Members of the Board of Statutory Auditors	-	-	71	69
Other related companies				
Total transactions with related parties	**88,202**	**94,956**	**110,648**	**119,913**

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

Payables to related parties contain payables for rights of use in accordance with IFRS 16; As of 31 December 2024, there are payables to the parent company Bi.fin. S.r.l. for € 44 thousand (€ 1,064 thousand in 2023), to HSD S.p.A. for € 77 thousand (€ 354 thousand in 2023), to Selci Roberto for € 20 thousand (€ 61 thousand in 2023) and to Selci Giancarlo for € 16 thousand (€ 45 thousand in 2023).

The remuneration paid to directors is set by the Remuneration Committee, based on average market remuneration levels. For more details, please refer to the Remuneration Committee report published on the website www.biesse.com.

On 25 October 2024, the Board of Directors resolved that Bi.Fin S.r.l., pursuant to Article 2497 et seq. of the Italian Civil Code, does not actually carry out management and coordination activities, and at the same time granted the Chairman of the Board of Directors and the Chief Executive Officer, severally, the powers necessary to implement the resolution and to carry out the obligations required under Article 2497-bis of the Italian Civil Code, such as: i) the deletion of Biesse S.p.A. from the section of the companies register in which the companies or entities subject to management and co-ordination activities are indicated and ii) the elimination of the reference to Bi.Fin S.r.l. being subject to management and co-ordination activities in the acts and correspondence of Biesse S.p.A..

With regard to commercial and financial relations with the parent company Bi.Fin. S.r.l., please refer to notes 24and40.

52. OTHER INFORMATION

As required by the Italian Civil Code, it should be noted that:

- the Company has not issued financial instruments (Art. 2427, paragraph 1, No. 19);
- the Company is not financed by shareholders with interest-bearing loans (Art. 2427, paragraph 1, No. 19 bis);
- there are no assets allocated for a specific business (Art. 2427, paragraph 1, No. 20).

53. EVENTS AFTER THE REPORTING DATE

By deed of Notary Luisa Rossi dated 27 January 2025, the transfer of the grinding wheel production activities of the Lugo (RA) site from Biesse S.p.A. to Biesse Tooling S.r.l., a wholly-owned subsidiary, was finalised, with effect from 1 February 2025.

54. GOVERNMENT GRANTS PURSUANT TO ART. 1, PARAGRAPHS 125-129 OF LAW NO. 124/2017

For details on government aid and the de minimis aid which was received – for which there is the obligation to report to the National Registry of Government Aid, in accordance with Art. 52, Law 234/2012 – express reference is made to said register. However, the following details are reported:

N	PROVIDER	GRANT RECEIVED € '000	CAUSAL
1	Fondimpresa	74	Contribution for funded training by Fondimpresa
2	Fondirigenti	49	Contribution for funded training by Fondirigenti
3	GSE SPA Gestore dei Servizi Energetici	36	Contribution from GSE for net metering
4	MIMIT Ministero delle Imprese e del Made in Italy - Fondo crescita sostenibile (sustainable growth fund, managing by Intesa San Paolo)	643	Project financed 'Intelligence 5.0: from cyber-physical systems for the creation of 'self-aware' machine tools to innovative models of evolved industrial services' Application area "Intelligent factory" pursuant to the Ministerial Decree of 5 March 2018 and the subsequent Directorial Decree of 27 September 2018

55. REMUNERATION OF DIRECTORS, GENERAL MANAGERS, MANAGERS WITH STRATEGIC RESPONSIBILITIES AND MEMBERS OF THE BOARD OF STATUTORY AUDITORS

Description of position			*Remuneration*			
Thousands of Euro			Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Name	**Position**	**Duration of mandate**				
Selci Giancarlo	Chairman of the BoD	29/04/2024	33	2	-	-
Selci Roberto	CEO - Chairman of the BoD	29/04/2024 – 28/04/2027	1,134	45	-	-
Potenza Massimo	Board Member** and CO-CEO	28/04/2027	134	4	640	774
Baronciani Alessandra	Board member*	28/04/2027	28	-	-	-
Schiavini Rossella	Board member*	28/04/2027	28	-	-	31
Ricceri Federica	Board member*	28/04/2027	28	-	-	23
Bruni Massimiliano	Board member*	28/04/2027	21	-	-	7
Sgubin Cristina	Board member*	28/04/2027	20	-	-	1
Borsani Ferruccio	Board member*	29/04/2024	8	-	-	2
Total			**1,434**	**51**	**640**	**838**

De Mitri Paolo	Chairman of the Board of Statutory Auditors	28/04/2027	85	-	-	-
Ciurlo Giovanni	Statutory auditor	28/04/2027	55	-	-	-
Pinna Benedetta	Statutory auditor	28/04/2027	35	-	-	-
Perusia Enrica	Statutory auditor	29/04/2024	16	-	-	-
Total			**191**			

* Independent Directors.

** Biesse S.p.A.'s managers with strategic responsibilities holding the position of Director.

The Ordinary Shareholders' Meeting of 29 April 2024 appointed the Board of Directors and the Board of Statutory Auditors for the 2024-2027 financial years.

56. PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors, having acknowledged the positive economic and financial results achieved in the 2024 financial year, proposes to assign dividends to Shareholders to be taken from net profit at the rate of € 0.04 for each of the entitled shares, for a total amount of € 1,096,103.72, with an ex-dividend date set for 5 May 2025.

Therefore, you are invited to resolve on the allocation of the profit for the year of € 6,630,160.34 with the following distribution:

- allocation of € 1,096,103.72 to dividends;
- allocation of the remaining profit of € 5,534,056.62 to the Extraordinary Reserve;

Coupons will be paid in one lump sum as of 7 May 2025 (with ex-dividend date as of 5 May 2025 and record date 6 May 2025) through authorised financial intermediaries.

Pesaro, 14/03/2025

The Chairman of the Board of Directors

Roberto Selci

Biesse

Certification of the separate financial statements in accordance with Art. 81-*ter* of Consob Regulation No. 11971 of 14 May 1999 as subsequently amended and integrated

1. The undersigned Roberto Selci and Nicola Sautto in their capacities as, respectively, Chairman and Chief Executive Officer and Manager in charge of the financial reporting of Biesse S.p.A., having also taken into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, hereby certify:

- the adequacy in relation to the characteristics of the business and
- the effective implementation of the administrative and accounting procedures for the preparation of the separate financial statements during 2024.

2. The administrative and accounting procedures for preparing the separate financial statements as at 31 December 2024 were defined, and their adequacy was assessed, based on the rules and methods established by Biesse consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission. This is a reference framework for internationally accepted internal control systems.

3. In addition, they also state that the separate financial statements as at 31 December 2024:

a) are consistent with the entries in accounting ledgers and records;

b) have been drawn up in accordance with the international accounting standards issued by the International Accounting Standards Board, endorsed by the European Commission with the procedure provided for by Art. 6 of Resolution (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 and pursuant to Art. 9 of the Italian Legislative Decree No. 38/2005; they are capable of providing a true and fair view of the financial position, results of operations and cash flows of the issuer.

The Directors' Report on Operations includes a reliable analysis of the performance and the results of operations, and the overall position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Pesaro, 14 March 2025

The Chairman of the Board in charge

Roberto Selci

The Manager of financial reporting

Nicola Sautto

APPENDICES TO THE 2024 FINANCIAL STATEMENTS

APPENDIX “A”

DIRECT AND INDIRECT INVESTMENTS IN SUBSIDIARIES

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

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Biesse America Inc. 4110 Meadow Oak Drive Charlotte, North Carolina – USA	USD	11,500,000	100%			100%
Biesse Asia Pte. Ltd. Zagro Global Hub 5 Woodlands Terr. – Singapore	EUR	1,548,927	100%			100%
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda Rua Liege 122 - Vila Vermelha - Sao Paulo - Brazil	BRL	45,275,328	100%			100%
Biesse Canada Inc. 18005 Rue Lapointe – Mirabel (Quebec) – Canada	CAD	180,000	100%			100%
Biesse Group Deutschland GmbH Gewerberstrasse, 6 – Elchingen (Ulm) – Germany	EUR	1,432,600	100%			100%
Biesse France Sarl 4, Chemin de Moninsable – Brignais – France	EUR	1,244,000	100%			100%
Biesse Group Australia Pty Ltd. 3 Widemere Road Wetherill Park – Sydney – Australia	AUD	15,046,547	100%			100%
Biesse Group Israel Ltd. 8 Ha-Taas St. Ramat-Gan 5251248, Israel	ILS	192,346	100%			100%
Biesse Group New Zealand Ltd. Unit B, 13 Vogler Drive Manukau – Auckland – New Zealand	NZD	3,415,665	100%			100%
Biesse Group UK Ltd. Lamport Drive – Daventry Northamptonshire – Great Britain	GBP	655,019	100%			100%
Biesse Gulf FZE Dubai, free Trade Zone	AED	19,827,957	100%			100%
Biesse Hong Kong Ltd (formerly Centre Gain Ltd) Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	203,263,887	100%			100%
Biesse Iberica Woodworking Machinery s.l. C/De La Imaginaciò, 14 Poligon Ind. La Marina – Gavà Barcellona – Spain	EUR	699,646	100%			100%
Biesse India Private Limited Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk – Bangalore –India	INR	721,932,182	100%			100%
Biesse Indonesia Pt. Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000	10%	90%	Biesse Asia Pte. Ltd.	100%
Biesse Japan K.K. C/O Mazars Japan K.K., ATT New Tower 11F, 2-11-7, Akasaka, Minato-ku, Tokyo	JPY	5,000,000		100%	Biesse Asia Pte Ltd.	100%
Biesse Kazakhstan LLP 9th floor, “Baykonyr” business-center, 42 Abay Avenue, 050022, Almaty, Republic of Kazakhstan	KZT	94,300,000	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
Biesse Korea LLC Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
Biesse Malaysia SDN BHD No. 5, Jalan TPP3 47130 Puchong - Selangor, Malaysia	EUR	1,435,704		100%	Biesse Asia Pte. Ltd.	100%
Biesse Portugal, Unipessoal, lda. Sintra Business Park, 1, São Pedro de Penaferrim – Sintra – Portugal	EUR	5,000		100%	Biesse Iberica *W. M. s.l.*	100%
Biesse Schweiz GmbH Luzernerstrasse 26 – 6294 Ermensee – Switzerland	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
Biesse Taiwan Ltd. 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
Biesse Tooling S.r.l. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	10,000	100%			100%
Biesse Trading (Shanghai) Co. Ltd. Room 301, No.228, Jiang Chang No. 3 Road, Zha Bei District,– Shanghai – China	RMB	118,581,740		100%	Biesse (HK) Ltd.	100%
Biesse Turkey Makine Ticaret Ve Sanayi A.S. Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul –Turkey	TRY	229,214,500	100%			100%
HSD S.p.A. Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
HSD Deutschland GmbH Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	100%
HSD Mechatronic (Shanghai) Co. Ltd. D2, 1st floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
HSD Mechatronic Korea LLC 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		100%	HSD S.p.A.	100%
Hsd Usa Inc. 3764 SW 30th Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
Bavelloni S.p.A. Via Giulio Natta 16 Lentate sul Seveso (MB) - Italy	EUR	2,500,000	100%			
Bavelloni America Inc. 4361 Federal Drive Suite 160 – Greensboro – Usa	USD	200,000		100%	Bavelloni S.p.A.	100%
Bavelloni do Brasil comércio de maquinas LTDA Rua Jose Versolato 111 - Sao Bernardo do Campo - Brazil	BRL	116,156		100%	Bavelloni S.p.A.	100%
Bavelloni France SASU Quai du commerce, 12 – Lione - France	EUR	20,000		100%	Bavelloni S.p.A.	100%
Z. Bavelloni Mèxico Sa de CV Privada calle nr.30 no.2646 zona industrial - Guadalajara - Mexico	MXN	403,396		100%	Bavelloni S.p.A.	100%
GMM S.p.A. Via Nuova 155/B Gravellona Toce (VB) - Italy	EUR	1,000,000	100%			
GMM International Ltd Unit 1717, New Tech Plaza, 34 Tai Yau Street, Kowloon - HONG KONG	CNY	156,386		100%	GMM S.p.A.	100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
GMM Steinbearbeitungsmaschinen GmbH Karlshöhlchen 6 76872 Freckenfeld - Germany	EUR	100,000		100%	GMM S.p.A.	100%
GMM USA Inc. 8610 Airpark West Drive Suite 100, Charlotte – USA	USD	182,283		100%	GMM S.p.A.	100%
Mectoce S.r.l. Via Nuova 155/B Gravellona Toce (VB) - Italy	EUR	62,500		100%	GMM S.p.A.	100%
Waterjet Production Academy GmbH Zeppelinstrasse 7a – Karlsruhe – Germany	EUR	25,000		100%	GMM S.p.A.	100%
Techni Waterjet Pty Ltd 47 Barry road – Campbellfield (Victoria) – Australia	AUD	441,001		100%	GMM S.p.A.	100%
Techni Waterjet LLC 8610 Air Park West Drivesuite 100 Charlotte - Usa	USD	2,150,000		100%	Techni Waterjet Pty Ltd	100%
Techni Waterjet Ltd 300/21 Moo 1, Tambol Tasith – Ampur Pluakdaeng, Rayong – Thailand	THB	15,000,000		100%	Techni Waterjet Pty Ltd	100%

STATEMENT OF CHANGES IN EQUITY INVESTMENTS

Company	Historical Cost	Impairment previous years	Acquisitions, subscriptions, increases in share capital and capital contributions	Disposal and other movements	Impairment 2024	Value at 31/12/24
€ '000						
Bavelloni S.p.A.	-	-	-	50,340	-	50,340
Biesse America Inc.	7,580	-	-	-	-	7,580
Biesse Asia Pte Ltd	1,088	-	-	-	-	1,088
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	5,334	(5,334)	3,588	(990)	-	2,598
Biesse Canada Inc.	96	-	-	-	-	96
Biesse Group Deutschland GmbH	9,719	(3,491)	-	-	192	6,420
Biesse Groupe France Sarl	4,879	-	-	-	-	4,879
Biesse Group Australia Pte Ltd	10,807	(5,300)	-	-	274	5,781
Biesse Group Israel Ltd	53	(53)	-	-	-	0
Biesse Group New Zealand PTY Ltd	1,806	(600)	-	-	600	1,806
Biesse Group Russia	3,262	(3,262)	3,670	(3,444)	(226)	0
Biesse Group UK Ltd	1,088	-	-	-	-	1,088
Biesse Gulf FZE	2,819	(2,819)	2,250	(1,500)	-	750
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	32,585	(32,585)	3,450	-	(3,370)	80
Biesse Iberica Woodworking Machinery SL	11,793	(7,345)	-	-	2,362	6,810
Biesse India Private Ltd	17,839	-	-	-	-	17,839
Biesse Indonesia PT.	23	-	-	-	-	23
Biesse Kazakhstan LLP	-	-	178	-	-	178
Biesse Tooling S.r.l.	-	-	10	-	-	10
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	8,800	(6,000)	5,000	-	(4,948)	2,852
Forvet Costruzione Macchine Speciali S.p.A.	45,398	(2,848)	-	(42,550)	-	0
GMM S.p.A.	-	-	72,444	(7,790)	-	64,654
HSD S.p.A.	21,915	-	-	-	-	21,915
TOTALE	186,884	(69,637)	90,590	(5,934)	(5,116)	196,787

APPENDIX “B”

INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Euro 000's	31 December 2024	Related parties	%	31 December 2023	Related parties	%
Revenue	425,954	185,025	43.44%	537,745	212,283	39.48%
Other operating income	5,274	1,594	30.22%	5,402	1,683	31.16%
Other operating income - non recurring items	-	-	-	1,951	-	-
Change in inventories of finished goods and work in progress	(7,494)	-	-	(21,753)	-	-
Purchase of raw materials and consumables	(229,844)	(56,806)	24.72%	(274,330)	(58,142)	21.19%
Personnel expense	(111,474)	(962)	0.86%	(133,503)	(510)	0.38%
Personnel expense - non recurring items	(1,818)	-	-	-	-	-
Other operating costs	(71,820)	147	(0.20)%	(82,962)	(750)	0.90%
Other operating costs - non recurring items	-	-	-	(955)	-	-
Depreciation and amortisation	(15,559)	(260)	1.67%	(17,770)	(260)	1.46%
Accruals to provisions	(1,799)	-	-	(1,108)	-	-
Accruals to provisions - non recurring items	-	-	-	(11,782)	-	-
Impairment	(827)	-	-	(2,000)	-	-
Impairment - non recurring items	-	-	-	(184)	-	-
Operating result	**(9,407)**	**-**	**-**	**(1,249)**	**-**	**-**
Share of loss of associates	(3,115)	(3,115)	100.00%	(9,074)	(9,074)	100.00%
Financial income	9,068	586	6.46%	15,114	116	0.77%
Dividends	24,041	24,041	100.00%	31,928	31,928	100.00%
Financial expense	(17,088)	(4,469)	26.15%	(19,507)	(4,378)	22.44%
Result before taxes	**3,499**	**-**	**-**	**17,212**	**-**	**-**
Income taxes	3,131	-	-	1,299	-	-
Result for the year	**6,630**	**-**	**-**	**18,511**	**-**	**-**

STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Euro 000's	31 December 2024	Related parties	%	31 December 2023	Related parties	%
ASSETS						
Non-current assets						
Property, plant and machineries	51,139	-	-	56,305	-	-
Equipment and other tangible assets	8,935	-	-	7,662	-	-
Goodwill	10,609	-	-	10,609	-	-
Other intangible assets	16,304	-	-	19,394	-	-
Deferred tax assets	17,089	-	-	13,848	-	-
Investments in subsidiaries and associates	196,787	196,787	100.00%	117,247	117,247	100.00%
Other financial assets and non-current receivables	532	-	-	1,221	-	-
Total Non-current assets	**301,395**	**196,787**	**65.29%**	**226,286**	**117,247**	**51.81%**
Current assets						
Inventories	77,704	-	-	92,624	-	-
Trade receivables and contract assets	109,993	51,693	47.00%	125,732	60,438	48.07%
Other assets	6,130	-	-	6,243	521	8.35%
Assets for derivative financial instruments	323	-	-	1,066	-	-
Financial assets	52,443	36,509	69.62%	50,392	33,998	67.47%
Cash and cash equivalents	124,927	-	-	54,594	-	-
Total current assets	**371,520**	**88,202**	**23.74%**	**330,651**	**94,957**	**28.72%**
TOTAL ASSETS	**672,915**	**284,989**	**42.35%**	**556,937**	**212,204**	**38.10%**

Euro 000's	31 December 2024	Related parties	%	31 December 2023	Related parties	%
EQUITY AND LIABILITIES						
Share capital	27,403	-	-	27,403	-	-
Capital reserves	36,202	-	-	36,202	-	-
Other reserves and retained earnings	140,050	-	-	125,148	-	-
Profit for the year	6,630	-	-	18,511	-	-
EQUITY	**210,285**	**-**	**-**	**207,264**	**-**	**-**
Non-current liabilities						
Post-employment benefits	7,166	-	-	8,055	-	-
Deferred tax liabilities	1,991	-	-	2,258	-	-
Bank loans and borrowings	99,800	-	-	-	-	-
Lease liabilities under IFRS 16	4,352	241	5.54%	5,725	1,259	21.99%
Altre passività verso terzi non correnti	101	-	-	152	-	-
	113,410	**241**	**-**	**16,190**	**1,259**	**0.08%**
Current liabilities						
Trade payables	100,591	17,857	17.75%	119,520	17,664	14.78%
Contract liabilities	24,638	433	1.76%	35,895	160	0.45%
Other liabilities	34,270	376	1.10%	36,863	251	0.68%
Tax liabilities	158	-	-	94	-	-
Lease liabilities under IFRS 16	3,119	156	5.00%	2,936	265	9.03%
Bank loans and borrowings	163,736	91,584	55.93%	100,985	100,314	99.34%
Provisions for risks and charges	21,379	50	0.23%	35,924	7,746	21.56%
Liabilities for derivative financial instruments	1,329	-	-	1,266	-	-
	349,220	**110,456**	**0.32%**	**333,483**	**126,400**	**0.38%**
LIABILITIES	**462,630**	**110,697**	**23.93%**	**349,673**	**127,659**	**36.51%**
TOTAL EQUITY AND LIABILITIES	**672,915**	**110,697**	**16.45%**	**556,937**	**127,659**	**22.92%**

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Biesse S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Biesse S.p.A. and its subsidiaries (the "Biesse Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Biesse Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Biesse S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Goodwill Impairment test and other assets allocated to CGUs	
Description of the key audit matter	The consolidated financial statements include a Goodwill of Euro 72.1 million, allocated to the two cash generating units (“CGUs”) Machines & Systems and Mechatronics. As required by the International Accounting Standard IAS 36, goodwill is not amortized and is subject to impairment test at least annually, by comparing the recoverable amounts of the CGUs identified by Biesse Group, determined according to the value-of-use methodology, and the related accounting values as at December 31, 2024, which take into account both goodwill and other assets allocated to the CGUs. As a result of the impairment tests, approved by the Board of Directors on February 26, 2025, Biesse Group did not detect any impairment loss. The evaluation process provided for in IAS 36 is complex and is based on assumptions concerning, inter alia, the forecast of expected CGUs cash flows, the definition of an appropriate discount rate (WACC) and of a long-term growth (g-rate). The assumptions underlying the impairment tests are, by nature, influenced by future expectations about the evolution of the external market conditions connected also to the business, which determine elements of physiological estimation uncertainty. The impairment tests as at December 31, 2024 were carried out by the Management on the basis of economic and financial projections for the period 2025 to 2029; in particular i) with reference to the year 2025, the financial data from the Budget 2025 of Biesse Group approved in December 2024; ii) in relation to the year 2026, financial data extracted, for the same year and based on a prudential basis, from the Business Plan of Biesse Group for the three-years 2024-2026 approved by the Board of Directors on 28 February 2024; iii) with reference to 2027-2029, projecting the expected growth of the inflation rate. In view of the subjectivity and uncertain nature of the estimates relating to the determination of CGUs cash flows and of the key variables of the impairment model, we considered the impairment tests as a key audit matter for the audit of Biesse Group consolidated financial statements. The notes to the consolidated financial statements in paragraphs “4.L Intangible assets and Goodwill” and “4.R Impairment losses on property, plant and equipment and intangible assets” describe the valuation process applied by Management, Note 17 shows the main assumptions, as well as the goodwill information, including a breakeven point paragraph illustrating the effects of changes in key variables used for impairment tests necessary in order to write-off the excess between carrying amount and respective value in use.

Audit procedures performed	In the context of our audit we have, among others, carried out the following procedures, also using the support of our network experts: • understanding of the process and relevant controls designed and implemented by Management for the preparation and approval of the impairment tests; • analysis of the reasonableness of the main assumptions adopted for the formulation of cash flow forecasts and the information obtained from Management; • analysis of the actual results 2024 compared to the relevant expectations in order to assess the nature of the deviations and the reliability of the planning process of the forecast data; • assessing the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate) applied, by identifying and observing external sources usually used in practice; • test of the clerical accuracy of the model used to calculate the value in use for the CGUs; • test of the accurate determination of the carrying amount of the CGUs; • test of the break-even point prepared by the Management. Finally, we examined the adequacy and compliance of the disclosure provided by the Directors on impairment tests with respect to IAS 36.

Provisions for Risks and Charges

Description of the key audit matter	Provisions for risks and charges amounting to Euro 33,319 thousand (Euro 37,512 thousand as at December 31, 2022) are booked in the consolidated financial statements, mainly attributable to the estimate of liabilities related disputes and/or litigations with customers, as well as to contractual warranties relating to sales of machinery and to the restructuring provision related to the ongoing process of organizational transformation. With reference to disputes and/or litigations with customers, the obligations arising given to issues related to machinery quality and to contractual warranties' provisions, imply evaluations by the Management, which require the use of estimates that, given the Biesse Group's business, are characterized by a significant degree of judgment. In particular, Management accounts provisions when it considers that a financial outflow is likely to occur and when the liability can be measured with sufficient reliability, also taking into consideration the consultants' opinions. Furthermore, Management shall determine the amount of obligations related to contractual warranties based on historical information on the nature, the frequency and average cost of related interventions.

Finally, in relation to the restructuring provision, the amount accounted represents the estimate made by the Management for the resolution of the redundancies already identified, using the knowledge and information available on the applicable laws, also taking into consideration the terms of the negotiations underway with the counterparties.

With reference to the degree of judgment of the assessments carried out by Management, we considered the estimate of provisions for risks and charges a key audit matter for the audit of Biesse Group consolidated financial statements.

The explanatory notes to the consolidated financial statements in paragraphs “3. Measurement criteria and use of estimates”, “4.N Provisions for risks and charges” describe the evaluation process adopted by the Directors and paragraph “28. Provisions for risks and charges” provides disclosure on the movement of the provisions for risks and charges occurred in the financial year ended as of December 31, 2024.

Audit procedures performed

Within the scope of our audit we have carried out the following procedures:

- understanding of the process for identifying and evaluating obligations related to sales contracts and orders, as well as liabilities for the outstanding litigations;
- analysis of the reasonableness of the assumptions on the basis of the evaluations carried out by Management, as well as the eventual support of experts appointed for this purpose, and examination of the main internal documentation and of the related contracts, technical reports prepared by management experts, and historical information used by the Company to support the estimates;
- examination of the information obtained from internal and external lawyers and meetings with Management;
- retrospective analysis of the litigations already in place as of December 31, 2023 and concluded as of today, in order to test the reasonableness and reliability of the assessments carried out by the Management when preparing the consolidated financial statements for the previous year;
- with specific reference to the restructuring provision accounted as of December 31, 2024, analysis of the utilizations of the provision during the year 2024 in order to verify the reasonableness and reliability of the charges’ estimate for the completion of the organizational transformation process activated by Management when preparing the previous year financial statements;
- analysis of events occurred after the financial statements end date, which can provide useful information for the verification of estimates.

	Finally, we examined the adequacy of the disclosure provided in the Notes regarding this consolidated financial statement account balance.
Acquisition of GMM Finance S.r.l. and of its subsidiaries (GMM Group)	
Description of the key audit matter	On January 29, 2024, the acquisition of the entire share capital of GMM Finance S.r.l. was completed, the holding company at the head of the GMM Group which also includes the companies GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd., as well as their respective Italian and foreign subsidiaries; a group active in the sector of machine tools for processing stone, glass and other materials. The inclusion in the consolidation scope took place starting from the beginning of January, also taking into account the agreements defined between the parties regarding the methods of acquisition of the GMM Group. The acquisition was recognized in the consolidated financial statements according to the purchase method provided for in the International Accounting Standard International Financial Reporting Standards 3 “Business combinations” involving the purchase price allocation process (“PPA”), that required Management to evaluate the fair values of the assets acquired and liabilities assumed, also through the support of an independent expert. The final allocation of values in the PPA process has determined the recognition, at the acquisition date, of intangible assets with a defined useful life for Euro 29.3 million, of tangible assets for Euro 16.9 million, of the relative tax effects, and for the residual amount of a goodwill of Euro 25.3 million. In consideration of the relevance of this transaction in the context of the Biesse Group consolidated financial statements and of the complexity of the assessments required by IFRS 3 accounting standard, which, by nature, imply a high degree of judgment, we have considered the acquisition of the GMM Group a key audit matter for the audit of the Biesse Group consolidated financial statements. Note 4 to the consolidated financial statements describes the method for the recognition of Business combinations and note 34 describes the valuation process adopted by Management and the disclosure related to the acquisition.

Audit procedures performed

In the context of our audit we have, among others, carried out the following procedures, also using the support of our network experts:

- analysis of the agreements related to the acquisition GMM Finance S.r.l.'s shares in order to understand its terms and main conditions;
- discussion with the the Management of Biesse Group as well as understanding the controls on the accounting recognition process of the business combination operation;
- examination of the reasonableness of the criteria and of the main assumptions used by Management, with the support of the expert, for the identification of acquired assets and liabilities assumed, for the estimate of fair values and for the method of determining the residual goodwill;
- analysis of the report prepared by the expert appointed by the Management to support the accounting allocation process of the acquisition cost, also evaluating the expert's objectivity and professional credentials;
- analysis of the accuracy of the accounting records.

Finally, we examined the adequacy of the disclosure provided by the Biesse Group on business aggregation and its compliance with the provisions of the International Financial Reporting Standards 3.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Biesse Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Deloitte.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Biesse Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Biesse Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Biesse Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Biesse Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Biesse S.p.A. has appointed us on June 20, 2018 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Biesse S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Biesse S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Biesse Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Biesse Group as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 28, 2025

As disclosed by the Directors on page 119, the accompanying consolidated financial statements of Biesse S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Biesse S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Biesse S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Provisions for Risks and Charges	
Description of the key audit matter	Provisions for risks and charges amounting to Euro 21,379 thousand (Euro 35,924 thousand as at December 31, 2023) are booked in the financial statements, mainly attributable to the estimate of liabilities relating to disputes and/or litigations with customers, as well as to contractual warranties relating to sales of machinery and to the restructuring provision related to the ongoing process of organizational transformation. With reference to disputes and/or litigations with customers, the obligations arising given to issues related to machinery quality and to contractual warranties' provisions, imply evaluations by the Management, which require the use of estimates that, given the Company's business, are characterized by a significant degree of judgment. In particular, Management accounts provisions when it considers that a financial outflow is likely to occur and when the liability can be measured with sufficient reliability, also taking into consideration the consultants' opinions. Furthermore, Management shall determine the amount of obligations related to contractual warranties based on historical information on the nature, the frequency and average cost of related interventions. Finally, in relation to the restructuring provision, the amount accounted represents the estimate made by the Management for the resolution of the redundancies already identified, using the knowledge and information available on the applicable laws, also taking into consideration the terms of the negotiations underway with the counterparties. With reference to the degree of judgment of the assessments carried out by Management, we considered the estimate of provisions for risks and charges a key audit matter for the audit of the Company's financial statements. The explanatory notes to the statutory financial statements in paragraphs "3. Measurement criteria and use of estimates" and "4.M Provisions for risks and charges" describe the evaluation process adopted by the Directors and paragraph "38. Provisions for risks and charges" provides disclosure on the movement of the provisions for risks and charges occurred in the financial year ended as of December 31, 2024.

Deloitte.

Audit procedures performed

Within the scope of our audit we have carried out the following procedures:

- understanding of the process for identifying and evaluating obligations related to sales contracts and orders, as well as liabilities for the outstanding litigations;
- analysis of the reasonableness of the assumptions on the basis of the evaluations carried out by Management, as well as the eventual support of experts appointed for this purpose, and examination of the main internal documentation and of the related contracts, technical reports prepared by management experts, and historical information used by the Company to support the estimates;
- examination of the information obtained from internal and external lawyers and meetings with Management;
- retrospective analysis of the litigations already in place as of December 31, 2023 and concluded as of today, in order to test the reasonableness and reliability of the assessments carried out by the Management when preparing the financial statements for the previous year;
- with specific reference to the restructuring provision accounted as of December 31, 2024, analysis of the utilizations of the provision during the year 2024 in order to verify the reasonableness and reliability of the charges' estimate for the completion of the organizational transformation process activated by Management when preparing the previous year financial statements;
- analysis of events occurred after the financial statements end date, which can provide useful information for the verification of estimates.

Finally, we examined the adequacy of the disclosure provided in the Notes regarding this financial statement account balance.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Biesse S.p.A. has appointed us on June 20, 2018 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Biesse S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Biesse S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Biesse S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Biesse S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 28, 2025

As disclosed by the Directors on page 179, the accompanying financial statements of Biesse S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Deloitte.

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010

To the Shareholders of
Biesse S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the Biesse Group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Biesse Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph *"Taxonomy"* of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement in the paragraph “Taxonomy” has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of Biesse S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the “double materiality assessment process”) and for disclosing this process in the paragraph “General information – [IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities” of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS

- compliance of the information included in the paragraph “Taxonomy” with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group, as indicated in the paragraph *"General Information - [BP-2] Disclosures in relation to specific circumstances - Sources of estimation and outcome uncertainty"*. Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the paragraph *"General Information - [BP-2] Disclosures in relation to specific circumstances - Sources of estimation and outcome uncertainty"*.

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.
As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;

- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the related calculation methods, as well as qualitative and quantitative factors related to the nature of such information;

- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;

- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;

- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, including the information related to the materiality assessment process;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 28, 2025

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

BIESSE S.p.A.
Pesaro head office – Via della Meccanica 16
Share capital € 27,393,042
Court of Pesaro – Tax Code 00113220412

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

(pursuant to Art. 153 Italian Legislative Decree No. 58/98 and Art. 2429, paragraph 2, Italian Civil Code)

Dear Shareholders,

The Board of Statutory Auditors, pursuant to Art. 153 of Italian Legislative Decree 58/1998 ("Consolidated Law on Finance [TUF]") and Art. 2429, paragraph 2, of the Italian Civil Code, is called upon to report to the Shareholders' Meeting of BIESSE S.p.A. ("BIESSE" or the "Company"), called to approve the financial statements for the year ended 31 December 2024, on the supervisory activities carried out during the year in fulfilment of its duties, including in its capacity as "Internal Control and Audit Committee", to which further specific control and monitoring functions are assigned on the subject of financial reporting and statutory audit, on the supervisory activities carried out with reference to the non-financial disclosure obligations under Legislative Decree 254/2016, on any omissions and reprehensible facts discovered and on the results of the company's financial year.

Throughout the financial year, the Board of Statutory Auditors fulfilled its official responsibilities in accordance with the regulations set out in the Italian Civil Code, the Consolidated Finance Act, the requirements of Article 19 of Legislative Decree No. 39/2010, the stipulations of the Articles of Association, and in adherence to the Consob regulations on corporate oversight. Additionally, the Board took into consideration the guidelines of the Corporate Governance Code of Borsa Italiana, as well as the Rules of Conduct for the Board of Statutory Auditors of listed companies as recommended by the National Council of Chartered Accountants and Accounting Experts. During the year, the Board of Statutory Auditors monitored compliance with the law and the articles of association, respect for the principles of correct administration, the adequacy of the organisational structure as regards the aspects under its responsibility, the procedures for the concrete implementation of the rules of corporate governance, the internal control system and the administrative-accounting system, as well as the adequacy of the latter in correctly representing management events, all of which is described in this Report.

This Board of Statutory Auditors was appointed by the shareholders' meeting on 29 April 2024 and will serve a full three-year term, concluding with the approval of the financial statements for the year ending 31 December 2026. Its composition complies with the gender distribution criterion set forth in Art. 148, paragraph 1-bis, of the Consolidated Law on Finance (TUF), as amended by Art. 1, paragraph 303, of Law No. 160 of 27 December 2019, also considering what was clarified in CONSOB Communication No. 1/2020 of 30 January 2020.

The Board's activities are supported by specific Regulations to facilitate its operations, adopted in June 2021 and subsequently confirmed by the members of the Board of Statutory Auditors from time to time in office.

During the year, the Board of Statutory Auditors acquired information to help it carry out the general supervisory tasks assigned to it, using the system of information flows envisaged within the BIESSE Group (the "BIESSE Group" or simply the "Group") as well as by taking part in Board of Directors' meetings.

The Board of Statutory Auditors regularly participated in the work of the Control and Risk Committee, the Remuneration Committee and the Related Parties Committee, and held regular meetings with senior management in the persons of the Chairman of the Board of Directors and the Managing Directors. It also met the Supervisory Board set up pursuant to Italian Legislative Decree 231/01. It also conducted regular meetings with the company's supervisory bodies for a reciprocal exchange of information, as well as with the boards of auditors of the principal companies within the group.

The Board had frequent discussions with the manager in charge of financial reporting (hereafter "Financial Reporting Manager") and with the Internal Audit Department and also held regular meetings with the company in charge of auditing the accounts (the "Independent Auditors"). It also met with the heads of the key corporate departments.

The recommendations and suggestions formulated by the Board are communicated to the internal functions concerned, either during the meetings held or through the Company function that supports the Board in its activities, or communicated directly to the body with management or strategic supervision functions and to the relevant Board Committees, monitoring their implementation. Given the above, the following is a report on the supervisory activities performed during the year and provides the information referred to in Consob Communication No. 1025664 of 6 April 2001 as amended.

1. SUPERVISING COMPLIANCE WITH THE LAW AND THE ARTICLES OF ASSOCIATION

During 2024, the Board of Statutory Auditors held 11 meetings. The relevant minutes record the control and supervision activities carried out. During the current year and up to the date of approval of this Report, the Board of Statutory Auditors has held 3 meetings.

The Board of Auditors attended the meetings of the Board of Directors, in accordance with the current Articles of Association; during the 2024 financial year, 10 meetings were held. It also participated in the meetings of the Control and Risk Committee, the Remuneration Committee and the Related Parties Committee which – during the year – held respectively 7 meetings, 6 meetings and 2 meetings.

The Board of Statutory Auditors monitored compliance with Italian law, the provisions of the Articles of Association and the instructions issued by the Supervisory and Control Authorities, and the conformity of the proposal regarding the distribution of dividends.

The Board also oversaw the sufficiency of the information supplied to the subsidiaries in accordance with Article 114(2) of the Consolidated Finance Act.

In relation to the aforementioned, no irregularities or other matters have arisen that warrant mention in this report.

2. SUPERVISING COMPLIANCE WITH THE PRINCIPLES OF SOUND ADMINISTRATION

The Board of Statutory Auditors acquired knowledge of and supervised, to the extent of its competence, compliance with the principles of proper administration and protection of the Company's assets.

In the opinion of this Board of Statutory Auditors, the Company is managed in compliance with the law and the Articles of Association, just as the structure of powers and proxies appears adequate. The administrative work did not give rise to particular or significant findings and/or observations either by us or by any other corporate body with specific control functions.

As regards the decision-making processes of the Board of Directors, the Board of Statutory Auditors oversaw, also by taking direct part in meetings, the compliance of these processes with the law and the Articles of

Association and verified that the resolutions of the Board of Directors were backed by adequate information, analysis and verification processes.

The Board of Statutory Auditors, which also attended the Board of Directors' meetings, received timely updates from the Directors. These updates, provided at intervals considered suitable for the company's size, included detailed information on the activities conducted and the most significant economic, financial, and asset-related transactions decided upon and executed throughout the year by the Company and its subsidiaries.

The current administrative body was appointed by the Shareholders’ Meeting of Biesse on 29 April 2024. The Board of Statutory Auditors has monitored the adequacy of the structure of powers and proxies, also as a result of the continuation and extension to the entire Biesse Group of the ‘One Company’ project and the change management that followed.

The Board of Statutory Auditors took note of the statements made pursuant to Art. 2391 of the Italian Civil Code.

It should be noted that the work of the Board saw the involvement, on invitation, of the Chairman, the Chief Executive Officer, the Financial Reporting Manager and other managers, depending on the specific items on the agenda, also to illustrate and analyse the provisions subject to resolution. By drawing on these participants, the Board was able to delve into the transactions proposed and/or resolved and their impact on income and equity.

The Board of Statutory Auditors conducted the necessary in-depth discussions with the BIESSE Group's management on the progress made in achieving the individual objectives set, on the most important transactions for earnings, cash flows and assets/liabilities, engaging constantly and effectively within the scope of their respective competences.

Based on the information provided, the Board of Statutory Auditors recognises that the transactions in question adhere to legal requirements and the company's Articles of Association. Furthermore, they are not evidently imprudent, reckless, contrary to the decisions of the Shareholders' Meeting, nor do they threaten the integrity of the company's assets.

The acquired information regarding these transactions also enabled the verification of the decision-making process's rationality and the alignment of these transactions with the company's requirements. It is considered that these transactions, which are fully described in the Directors’ Report on Operations, do not require specific comments from the Board.

Among the most significant events affecting the 2024 financial year, the Board of Statutory Auditors recalls the acquisition, finalised on 29 January 2024, of the entire share capital of GMM Finance S.r.l., the holding company at the head of the GMM Group to which GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd. belong, as well as their respective Italian and foreign subsidiaries, active in the sectors of machine tools for processing stone, glass and other materials. The Board oversaw the acquisition process and, within the scope of its authority, identified no issues to report in this document.

3 - SUPERVISING THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Directors, along with its appointed representatives, is tasked with establishing the company's organisational framework, shaping the corporate configuration of the Group, and ensuring the presence of adequate internal controls to oversee the performance of both the Company and the Group. Within the scope of its authority, the Board of Statutory Auditors oversaw the appropriateness of the organisational structure throughout the financial year. This included assessing the structure, procedures, skills, and responsibilities in relation to the size of the Company and the Group, as well as in the context of the nature and fulfilment of the corporate objectives.

The Board conducted frequent meetings with the pertinent departments to evaluate the suitability of the modifications to the organisational structure in light of the advancements in the “One Company” initiative.

The Board of Statutory Auditors, within the scope of its authority, found no deficiencies in the adopted organisational model. Nevertheless, the unpredictability of the medium to long-term impacts, the considerable degree of uncertainty regarding the context in question, and predictions of a potential economic downturn, necessitate regular reviews of the strategic guidelines and the outcomes obtained. This is also essential in striving for the goal of ongoing process enhancement.

The Board of Statutory Auditors, while also considering the focus placed on these matters by the Supervisory Authority and without affecting the principal responsibilities of the Internal Audit, oversaw the effective execution of the organisational framework established by the Board of Directors. Additionally, it will assess the adequacy and effectiveness of the qualitative and quantitative allocation of resources dedicated to this end. In addition, the Board of Statutory Auditors was kept up-to-date on the status of implementation of integration plans, in particular at a procedural level and in the area of corporate compliance (including, in addition to the issue of the administrative liability of entities pursuant to Legislative Decree 231/2001 mentioned below, also the fulfilments prescribed by Regulation (EU) 2016/679 and national laws and regulations on the protection of personal data).

The Board was informed of the organisational and procedural activities implemented pursuant to Legislative Decree No. 231/2001, including through periodic meetings with the Supervisory Board and the examination of the periodic reports issued by the latter and transmitted to the Board in accordance with the Information Flow Protocol adopted by the Company. From these disclosures, without prejudice to the suggestions for improvement and implementation of the internal control system that the Supervisory Board shared with management, no facts or elements emerged that should be reported in this Report. In particular, the Supervisory Board has informed the Board of Statutory Auditors that it has not received any reports of violations or suspected violations of the Organisational Model adopted by the Company and/or of Legislative Decree No. 231/2001.

4. SUPERVISING THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM

In its oversight capacity concerning the effectiveness of the internal control and risk management system (ICRMS), in accordance with Article 149 of the Consolidated Finance Act and Recommendation 32 of the Corporate Governance Code, the Board of Auditors has overseen the suitability of the organisational structure. No significant issues were detected. The Board recommended additional enhancements as needed to maintain its appropriateness in line with the development of the company's operations and organisational framework.

BIESSE’s internal control system is based on first, second and third level controls. The second level controls are carried out by the Compliance, Risk Management and Financial Reporting Manager functions; The third-level functions within the Internal Audit department operate according to a multi-year plan that is reviewed annually. This plan outlines the activities and processes to be audited, adopting a risk-based approach. For certain operational activities that fall outside its area of expertise, the department relies on the support of an external advisor. This audit plan of the Internal Audit function also extends to the companies that have become part of the Biesse Group perimeter as a result of the acquisition transactions finalised by BIESSE.

Further third-level controls are carried out, to the extent of their respective competences, by the Supervisory Board appointed by the Company pursuant to Legislative Decree No. 231/2001 (referred to in the previous point) and by the accredited bodies for the certification of company management systems.

The Company has adopted a risk management policy, overseen by the Risk Management function, which is described in the Report on Operations.

The Board noted that the key functions, together with the other bodies and functions to which a control role is attributed, they cooperate with each other by exchanging useful information for the performance of their respective tasks, as well as sharing points of attention detected during the verification activities. The Board of Statutory Auditors continuously monitored the issues highlighted by the Internal Audit and Risk Management departments, the scope of the activities carried out by them and the related actions planned to overcome the anomalies detected. In particular, the Board has requested to be periodically informed on the strengthening measures adopted and those in the process of being adopted, by means of specific in-depth analysis of the audit reports and the status of implementation of the remediations adopted.

The outcomes of the tasks performed by the Internal Audit function did not uncover any major areas of concern; however, they identified opportunities for enhancement that will be continuously monitored. The Board of Statutory Auditors recognises that the Internal Audit function's periodic report culminates in an assessment of the dependability of the existing internal controls. Furthermore, the Control and Risk Committee has evaluated the internal control and risk management system as being sufficient, considering the company's scale and nature.

Regarding the implementation of the Enterprise Risk Management (ERM) system, the Board recognises that the Company, in compliance with the provisions of the prevailing Corporate Governance Code, has established a risk management system that is under constant review by the Risk Management function. The Biesse Group has defined an Enterprise Risk Management (ERM) Policy and a procedure to assess and quantify business risks, based on international standards. Furthermore, as part of the risk assessment phase of the ERM process, aspects of integration of environmental, social and governance risks were taken into account, and due consideration was given to the impacts arising from the integration process of the companies that became part of the Biesse Group's perimeter as a result of the acquisitions completed. The policy is addressed to the corporate bodies, employees and associates who operate within the Biesse Group and who are involved in various ways in the ERM process.

In addition, during its meetings, the Board of Statutory Auditors took favourable note of the activities undertaken in order to adopt an operating instruction for the correct detection of crisis indicators, in compliance with the regulatory obligations set forth in Article 2086 of the Italian Civil Code and in the Code of Corporate Crisis and Insolvency, which will be referred to in paragraph 12 below.

As already mentioned in point 3. of this Report, the Board of Statutory Auditors also met with the Supervisory Board appointed by the Company pursuant to Legislative Decree 231/2001, acquiring, through the Board, information on the degree of compliance, with respect to Legislative Decree 231/2001, also of the companies recently acquired by BIESSE and noting that appropriate coordination activities are underway in order to ensure a high degree of committment and awareness within the Biesse Group on the relevant issues.

On the basis of the activities performed, the information acquired, the content of the report of the internal control function and the periodic reports of the Supervisory Board, the Board of Statutory Auditors considers that there are no critical elements that could affect the structure of the internal control and risk management system.

5. SUPERVISING THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND THE STATUTORY AUDIT ACTIVITIES

The Board of Statutory Auditors supervised the adequacy of the administrative and accounting system and its ability to reliably represent management events. This activity took the form of the acquisition of information from the heads of the competent Corporate Functions and the Financial Reporting Officer, the analysis of the main corporate documents and the evaluation of the feedback provided by the auditing firm Deloitte & Touche S.p.A. and the Financial Reporting Officer.

The administrative and accounting procedures relating to the preparation of the individual and consolidated financial statements, as well as any other financial communication required by current legislation, were prepared under the responsibility of the Financial Reporting Office, who certified their adequacy and effective application jointly with the Chief Executive Officer.

In its capacity also as the Internal Control and Audit Committee pursuant to Article 19, paragraph 2, letter c) of Legislative Decree 39/2010, the Board of Auditors maintained constant coordination with the Management Administration and Budget. In this context, regular meetings were organised to discuss the administrative-accounting system and its reliability in correctly representing management events. These meetings did not reveal any significant criticalities in the operational and control processes such as to compromise the judgement of the adequacy and application of the administrative-accounting procedures, consistent with international accounting standards.

The Board of Statutory Auditors monitored the change in the position of Financial Reporting Officer, which took place in early 2024, and which did not give rise to organisational disruptions or difficulties in the supervision entrusted to him.

The Independent Auditors verified the administrative and accounting procedures, without finding any critical elements or findings concerning the reliability of the internal control system. They also ascertained the correctness of the accounting records, operating events and information used in the preparation of the individual and consolidated financial statements, making no observations or remarks.

The Board of Statutory Auditors recommends the continuous oversight of the role of guidance and coordination by the Parent Company, also in light of the acquisition of the GMM Group, to foster the continuous alignment, monitoring and sharing of financial reporting processes and internal control systems. In this context, it takes note of the extension of the Internal Control System to the GMM Group, which should be completed shortly and is necessary to ensure segregation of functions, efficiency of processes, reliability of information, protection of assets and risk control.

Without prejudice to the fact that the statutory audit of the accounts pursuant to Legislative Decree 39/2010 is the responsibility of the Independent Auditors, the Board of Statutory Auditors, to the extent of its competence, on the basis of the information received from the Financial Reporting Officer and from the checks carried out pursuant to articles 2403 et seq. of the Italian Civil Code, deems that the administrative and accounting system, as a whole, is adequate and reliable and that the management facts are correctly and promptly recorded.

In line with the provisions of Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, also supervised the activities carried out by the Independent Auditors.

During 2024 and up to the date of this Report, the Board of Statutory Auditors monitored the work of the Independent Auditors and assessed its implications on the financial statement disclosures. It also promoted a constant and timely dialogue with the Independent Auditors, consistent with Consob's instructions and the provisions of Article 150, Paragraph 3 of the Consolidated Law on Finance.

During regular meetings with the Independent Auditors, the main process and organisational changes with an impact on accounting systems and financial reporting were discussed in detail. Particular attention was paid to valuation processes in the finance area, impairment tests on investments and goodwill, and the disclosure of subsequent events to be reported in the financial statements, with reference to transactions concluded between the end of the financial year and the approval of the financial statements by the Board of Directors.

The Board of Statutory Auditors informed the Independent Auditors of its activities and found no reprehensible or reportable facts. No anomalies, critical issues or omissions emerged from the dealings with the Independent Auditors.

Pursuant to Legislative Decree No. 39/2010 and Regulation (EU) 537/2014, the engagement for the legal audit of the individual and consolidated financial statements was granted by the Shareholders' Meeting of 20 June 2018 for the period 2019-2027 to Deloitte & Touche S.p.A., including also the opinion on consistency pursuant to Article 123-bis, paragraph 4, of the Consolidated Financial Act.

On 28 March 2025, the Independent Auditors issued, pursuant to Art. 14 of Italian Legislative Decree No. 39/2010 and Art. 10 of the Regulation (EU), No. 537/2014, the Audit report on the separate financial statements as at 31 December 2024. In that document they:

- expressed a favourable opinion, certifying that the financial statements give a true and fair view of the financial position, financial performance and cash flows, in accordance with the IFRSs adopted by the EU and the implementing provisions of Legislative Decree 38/2005;
- confirmed the consistency and compliance of the Report on Operations, the information indicated in Article 123-bis, paragraph 4 of the Consolidated Law on Finance, and the financial statements themselves, in compliance with the law.

The report does not contain any points of information, exceptions or remarks. It reports on the auditing standards adopted and identifies provisions for risks and charges as 'key issues'.

On the same date, the Independent Auditors issued a similar report on the consolidated financial statements, also unqualified, confirming the same principles and key aspects, with particular reference to:

- the impairment test on goodwill and assets allocated to CGUs;
- the provisions for risks & charges;
- Takeover of GMM Finance S.r.l. and its subsidiaries (GMM Group).

Also on 28 March 2025, the Independent Auditors submitted to the Board of Statutory Auditors the additional report required by Article 11 of Regulation (EU) 537/2014, from which no significant deficiencies in internal controls over financial reporting emerged, nor any ascertained or suspected instances of non-compliance with rules or statutes.

They also submitted the declaration of independence required by Article 6 of Regulation (EU) 537/2014, without evidence of any prejudicial situation.

The Board of Statutory Auditors took note of the transparency report published by the Independent Auditors on its website, pursuant to Article 18 of Legislative Decree No. 39/2010.

The Independent Auditors received, together with the other companies belonging to its network, in addition to the duties envisaged by the law for listed companies, further engagements which are accessory and/or connected to the statutory audit, the fees for which are set out in the annex to the financial statements, as required by Art. 149-duodecies of the Issuers’ Regulation, amount to a total of € 116.5 thousand, broken down as follows:

a) € 105,000 for the activities performed to issue the certification of compliance of sustainability reporting with the rules of Legislative Decree No. 125 of 6 September 2024, and certification of compliance with the disclosure requirements of Article 8 of Regulation (EU) 2020/852 ("Taxonomy Regulation");

b) € 11.5 thousand for work connected to confirming the actual expenses incurred for Research & Development.

The aforementioned engagements other than the statutory audit, where required by the law and not already authorised by the resolutions of the Shareholders’ Meeting of 20 June 2018, were, where necessary, approved in advance by the Board of Statutory Auditors pursuant to articles 4 and 5 of Regulation (EU) No. 537/2014. In this regard, BIESSE adopted a “Group Regulation on the process of conferring engagements on Independent Auditors and their network", with the aim of defining the process of conferring engagements by the BIESSE Group on the independent auditors and on subjects connected to them, the roles and responsibilities at Group level, and the related rules and methodologies.

Furthermore, it should be noted that the audit fees recognised by the subsidiaries to Deloitte & Touche S.p.A. and to companies in the Deloitte network for 2024 total € 248 thousand, in addition to € 4.5 thousand for certification services.

During the 2024 financial year, Deloitte Financial Advisory S.r.l., a company in the Deloitte network, carried out an activity in addition to the DD assignment on the GMM Group conferred on it by Biesse S.p.A. for € 40 thousand.

These assignments, when not already authorised by the Shareholders' Meeting of 20 June 2018, were approved in advance by the Board of Statutory Auditors pursuant to Articles 4 and 5 of Regulation (EU) 537/2014. To this end, BIESSE adopted a 'Group Regulation' for the management of assignments to independent auditors and their network.

The Board of Statutory Auditors found no critical elements or causes of incompatibility, pursuant to Articles 10, 10-bis and 17 of Legislative Decree No. 39/2010 and its implementing provisions.

6. SUPERVISORY ACTIVITIES ON SUSTAINABILITY REPORTING PURSUANT TO THE *CORPORATE SUSTAINABILITY REPORTING DIRECTIVE* - *"CSRD"*

The Board of Statutory Auditors met on several occasions with the function of the Company in charge of drafting the CSRD 2024 Sustainability Report prepared in accordance with the provisions of the EU Directive 2022/2464 (the so-called Corporate Sustainability Reporting Directive - CSRD, published in the EU Official Gazette in 2022 and Legislative Decree 125/2024, which transposed the CSRD into Italian law, acquiring information on the processes and underlying structures that govern the production, reporting, measurement and representation of results and relevant information, through the performance of the double materiality assessment and the identification of impacts, risks and opportunities of reference for BIESSE. In the course of these meetings, the Board did not become aware of any shortcomings or violations of the aforementioned regulatory provisions.

The Independent Auditors presented to the Board of Statutory Auditors the outcome of the activities carried out to certify compliance with the ESRS standards adopted for the preparation of the Group's consolidated Sustainability Report - duly extended to the GMM Group and, therefore, to GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd, as well as the respective Italian and foreign subsidiaries - with specific attention to the procedures adopted, the perimeter of the verifications with the detail of the Group companies and the issues sampled for the testing activity and issued on 28 March 2025 the certification in which it expresses an opinion on the conformity of the Sustainability Report with the reference regulatory requirements.

7. SUPERVISING THE IMPLEMENTATION OF CORPORATE GOVERNANCE RULES

In accordance with Article 2403 of the Italian Civil Code and Article 149 of the Consolidated Law on Finance, the Board of Statutory Auditors has overseen the processes for the actual application of the corporate governance standards outlined in the Codes of Conduct to which Biesse has committed itself. The Company complies with the Corporate Governance Code published by Borsa Italiana and has compiled the annual Corporate Governance and Ownership Structure Report in accordance with Article 123-bis of the Consolidated Finance Act, which was ratified by the Board of Directors on 14 March 2024.

This report has been compiled in accordance with the latest Corporate Governance Code, the 2024

Recommendations from the Chair of the Corporate Governance Committee, and, as previously noted, the guidelines set out in the 'Format for the Report on Corporate Governance and Ownership Structures' issued by Borsa Italiana.

The Board of Statutory Auditors has taken note of the information provided in the aforesaid report, from which no substantial deviations from the provisions of the Corporate Governance Code emerge, such as to require specific clarifications and/or illustrations in the said report.

The Board of Statutory Auditors therefore positively assessed the actions already implemented and those planned by the Company to ensure its full alignment with the Recommendations provided by the Corporate Governance Committee.

8. SUPERVISING RELATIONS WITH SUBSIDIARIES AND PARENT COMPANIES

The Board of Statutory Auditors acquired knowledge of and supervised, within the scope of its competence, the adequacy of the directives issued by the Parent Company to its subsidiaries, in accordance with Article 114, paragraph 2, of Legislative Decree No. 58/1998. This activity was also carried out through the constant exchange of information with the Boards of Statutory Auditors of the subsidiaries, with the heads of the relevant corporate functions and with the Independent Auditors. With regard to the above, there are no particular observations to report.

The Board also met periodically with the Boards of Statutory Auditors of the subsidiaries and the parent company, and no communications emerged to be reported in this Report.

9. SUPERVISING RELATED PARTY TRANSACTIONS

The Report on Operations, both at individual and consolidated level, together with the information acquired by the Board of Auditors, did not reveal any atypical and/or unusual transactions with third parties, Group companies or other related parties.

The Board of Statutory Auditors notes that the Company has adopted the regulation on related party transactions, in accordance with the provisions of Consob resolutions. Where deemed necessary, the Board requested further investigation and clarification.

It should also be noted that the Board of Directors has provided regular reporting on the execution of transactions with related parties, even when carried out by Italian or foreign companies, after analysis by the Related Parties Committee, whose meetings the Board of Statutory Auditors has continuously attended.

Information on these transactions is provided in the reports on operations prepared by the administrative body.

In the course of its activities, the Board of Statutory Auditors did not find any violations or inadequacies in the information flows concerning or resulting from transactions with related parties.

10. OMISSIONS AND CENSURABLE FACTS FOUND. INITIATIVES UNDERTAKEN

During the year and up to the date of this Report, the Board of Statutory Auditors has not received any complaint pursuant to Art. 2408 of the Italian Civil Code.

During the year no claims or petitions were received.

Throughout the year, there were no instances of omissions or delays attributable to the directors as per Article 2406 of the Civil Code.

11. OPINIONS GIVEN

During the year, the Board of Statutory Auditors issued its opinion on the proposed allocation of remuneration to the members of the Board of Directors and issued its favourable opinion, pursuant to Article 158-bis of the Consolidated Law on Finance, on the appointment of the new Financial Reporting Officer.

The Board of Statutory Auditors carried out its Self-Assessment at the beginning of its term of office drawing inspiration from the reference regulations and practices, as well as from the inspiring principles contained in the 'Rules of Conduct for the Board of Statutory Auditors of Listed Companies', edited by the Working Group Revision of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies - Administration and Control System Area of the National Council of Chartered Accountants and Accounting Experts.

The outcome of the self-assessment was positive, with no evidence of substantial criticalities. In particular, the control body provided a positive picture of the suitability of the members and the adequate composition of the body, with reference to the requirements of professionalism, competence, honourableness and independence required by the regulations.

With reference to the composition, size and functioning of the Board of Directors and its Committees, including the requirements of independent Directors, the definition of remuneration, as well as the completeness, competences and responsibilities related to the various corporate functions, the Board of Statutory Auditors, to the extent of its competence, did not find any elements worthy of mention in this Report.

It should be noted that the Board of Statutory Auditors also acknowledged that during the financial year, following the installation of the new Board of Directors, the self-assessment process of the body and its Committees was not started, as the Board decided to exercise the option provided for by the Corporate Governance Code to carry out the self-assessment every three years, since it is a company with concentrated ownership. The self-assessment will take place by means of individual questionnaires and collegial assessment, with analysis of composition, internal dynamics, tasks, fulfilment and remuneration aspects. The findings will be discussed in the Board meetings, with corrective actions identified if necessary.
An external party was not involved, as this was deemed unnecessary due to the size and organisational characteristics of the company.

Finally, in view of the ownership structure and size of the company, the outgoing Board of Statutory Auditors did not express any indications on the optimal composition of the new Board, leaving shareholders to fully assess this, in line with the Corporate Governance Code's principle of proportionality.

Furthermore, the Board of Statutory Auditors took note of the annual report on the remuneration policy, approved by the Board of Directors on 14 March 2025, and supervised the process of its implementation. This policy is integrated with the corrective measures proposed by the Supervisory Bodies during the discussions held with the Company and with the Board of Statutory Auditors itself.

On 28 March 2025, the Board of Statutory Auditors issued its opinion on the proposals to adjust the fees of the Independent Auditors, also with reference to the issuance of the certification of compliance of sustainability reporting with the provisions of Legislative Decree 125/2024 regulating the criteria for the preparation and certification of compliance with the disclosure requirements of Article 8 of Regulation (EU) 2020/852 ("Taxonomy") for the year 2024 - considered a start-up year - and subsequently for the "fully operational" period 2025-2027.

12. PROPOSALS CONCERNING THE ANNUAL FINANCIAL STATEMENTS AND THEIR APPROVAL AND MATTERS WITHIN THE COMPETENCE OF THE BOARD OF STATUTORY AUDITORS

The draft financial statements for the financial year ended 31 December 2024, referring to the parent company, shows a net profit of € 6,630,160.34 and shareholders' equity, including the result for the year, of € 210,284,850.08.

At the consolidated level, the BIESSE Group recorded a profit of € 3,749,852.85 for the same year and a total equity, including profit, of € 263,373,023.95.

Both financial statements - separate and consolidated - were prepared on a going-concern basis, applying the accounting standards in full without any exceptions, and were audited by the Independent Auditors, which issued its report without any remarks or references.

Overall, the results for the year show a decrease compared to the previous year, although they confirm the positive performance of both the Company and the Group.

With regard to the separate and consolidated financial statements for the year ended 31 December 2024, the following is noted:

- Through direct activities and the acquisition of information from the auditing firm, the Board of Statutory Auditors verified compliance with the regulatory provisions concerning the preparation and layout of the separate financial statements, the consolidated financial statements and the Report on Operations. It also noted the appropriate use of the accounting standards set out in the notes to the accounts and the Report on Operations;

- in application of CONSOB Resolution No. 15519/2006, the effects of related party transactions are expressly disclosed in the financial statements;

- the financial statements correspond to the facts and information that have come to the knowledge of the Board of Auditors in the exercise of its duties and powers of control and inspection;

- to the best of the Board’s knowledge, the Directors in drawing up the financial statements have not departed from the legal provisions set forth in Art. 2423, paragraph 5, of the Italian Civil Code;

- the Chief Executive Officer and the Financial Reporting Manager have issued the certification pursuant to Art. 81-ter of CONSOB Regulation No. 11971/1999 and subsequent amendments and additions and Art. 154-bis of the Consolidated Law on Finance (TUF);

- the Report On Operations complies with legal requirements and provides the necessary information on the activities carried out, the significant transactions brought to the attention of the Board during the year and in the first months of the following year, the main risks to which the Company and the Group are exposed, intra-group transactions, as well as the process of adjusting the organisational structure to the governance principles set forth in the Corporate Governance Code for Listed Companies.

On the premise that control of the regularity of the bookkeeping and the correct recording of management events in the accounting records, as well as the verification of correspondence between the information in the financial statements and the results in the accounting records and the conformity of the financial statements with the law, is entrusted to the Independent Auditors, the Board of Statutory Auditors acknowledges that it has supervised the general layout of the financial statements. This activity was also carried out through meetings with the heads of the competent functions and with the Independent Auditors, preliminarily noting the absence of irregularities in the application of the accounting principles adopted, as well as the consistency and adequacy of the administrative-accounting system in correctly representing management events and in guaranteeing the reliability of information intended for the outside world.

The Board of Statutory Auditors, while noting the existence of a situation of economic, financial and equity equilibrium of the Company, notes that, in compliance with the provisions of Article 2086 of the Italian Civil Code, the Company has initiated a process aimed at activating specific information flows to monitor the indicators of this equilibrium over time. This is in order to allow the corporate bodies, each within the scope of its responsibilities, a constant assessment of the processes in place, as well as an ongoing verification of the prospective sustainability of debt and business continuity, in accordance with the provisions of Article 3 of Legislative Decree No. 14/2019.

Therefore, considering the contents of the audit reports issued by the Independent Auditors and noting the statements jointly issued by the Chief Executive Officer and the Financial Reporting Manager, the Board of Statutory Auditors does not note – to the extent of its responsibilities – any elements that prevent approval of the draft financial statements of BIESSE as at 31 December 2024 accompanied by the Report on Operations and the Notes, in accordance with the text approved by the Board of Directors on 14 March 2025.

In relation to the financial statements for the year ended 31 December 2024, the Board of Directors proposes: (i) the distribution of a dividend of € 1,096,103.72 (€ 0.04 for each of the shares representing the share capital) corresponding to a 16.53% share of the financial year's profit, and then (ii) the allocation of the remaining € 5,534,056.62 of the year's profit to the extraordinary equity reserve. In this regard, the Directors emphasised that the distribution of reserves does not have a significant impact on the Company's and the Group's capital adequacy, in accordance with the parameters set forth in the prudential supervisory regulations on capital requirements.

The Board of Statutory Auditors has no observations to offer regarding the proposal for the distribution of the year's profits and the payment of a dividend, as put forward by the Board of Directors.

Summarising the supervisory and control work undertaken, the Board of Statutory Auditors does not believe that grounds exist to exercise the option of making proposals to the Shareholders' Meeting pursuant to Art.153, paragraph 2 of the Consolidated Law on Finance (TUF).

As we reach the end of the first year of our term of office, we wish to extend our heartfelt gratitude to the Board of Directors, the Management, and all the staff at BIESSE S.p.A. for their support in carrying out our designated duties.

Pesaro, 28 March 2025

The Board of Statutory Auditors

Paolo De Mitri

Giovanni Ciurlo

Benedetta Pinna