Biesse

Quarterly Report as at 31 March 2024

Biesse S.p.A.

QUARTERLY REPORT AS AT 31 MARCH 2024

THE BIESSE GROUP

BIESSE GROUP STRUCTURE

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

Biesse S.p.A.

- **Biesse Group UK Ltd.** – United Kingdom 100%
- **Biesse France Sarl** – France 100%
- **Biesse Turkey** – Makine Ticaret Ve Sanayi A.Ş 100%
- **Biesse Group Israel Ltd.** – Israel 100%
- **Biesse Iberica Wood. Machinery S.L.** – Spain 100%
  - **Biesse Portugal Unipessoal, Lda** – Portugal 100%
- **Biesse Group Deutschland GmbH** – Germany 100%
  - **Biesse Schweiz GmbH** – Switzerland 100%
- **Biesse Group Australia Pty Ltd.** – Australia 100%
- **Biesse Group New Zealand Ltd.** – New Zealand 100%
- **Biesse India Private Limited** – India 100%
- **Biesse Asia Pte Ltd.** – Singapore 100%
  - **Biesse Japan KK.** – Japan 100%
  - **Biesse Indonesia Pt.** – Indonesia 90%*
  - **Biesse Malaysia SDN BHD** – Malaysia 100%
  - **Biesse Korea** – South Korea 100%
  - **Biesse Taiwan Ltd.** – Taiwan 100%
- **Biesse Canada Inc.** – Canada 100%
- **Biesse America Inc.** – U.S.A. 100%
- **Biesse Brasil comèrcio e indùstria de màquinas e equipamentos Ltda** – Brasil 100%
- **OOO Biesse Russia** – Russia 100%
- **Biesse Gulf FZE** – Dubai 100%
- **Forvet S.p.A. Costruzione macchine speciali** – Italy 100%
- **H.S.D. S.p.A.** – Italy 100%
  - **HSD USA Inc.** – U.S.A. 100%
  - **HSD Deutschland GmbH** – Germany 100%
  - **HSD Mechatronic (Shanghai) Co. Ltd.** – China 100%
  - **HSD Mechatronic Korea** – South Korea 100%
- **Biesse (HK) Ltd.** – Hong Kong 100%
  - **BiesseTrading (Shanghai) Co. Ltd.** – China 100%
- **GMM Finance S.r.l.** – Italy 100%
  - **GMM S.p.A.** – Italy 100%
    - **GMM USA Inc.** – U.S.A. 100%
    - **Mectoce S.r.l.** – Italy 100%
    - **GMM International Ltd.** – Hong Kong 100%
      - **GMM Quanzhou Co. Ltd.** – China 100%
    - **GMM Steinbearbeitungsmaschinen GmbH** – Germany 100%
    - **Waterjet Production Academy GmbH** – Germany 100%
    - **Techni Waterjet Pty Ltd.** – Australia 100%
      - **Techni Waterjet Ltd.** – Thailand 100%
      - **Techni Waterjet LLC** – U.S.A. 100%
    - **Bavelloni S.p.a.** – Italy 100%
      - **Bavelloni do Brasil** – Brasil 100%
      - **Bavelloni America Inc.** – U.S.A. 100%
      - **Bavelloni Mèxico Sa de CV** – Mexico 100%
      - **Bavelloni France Sasu** – France 100%

* Il restante 10% è detenuto direttamente da Biesse Spa

BIESSE GROUP PROFILE

The Biesse Group is an international manufacturer of integrated lines and machines for the processing of wood, glass, stone, plastics and composites. Founded in Italy in 1969 and listed on the Euronext STAR segment of the Italian Borsa Italiana stock exchange, the Group supports the business development of its customers in the furniture, supply & construction, automotive and aerospace sectors. Today, about 80% of consolidated revenues are made abroad thanks to a constantly growing global network with 12 production sites and more than 20 showrooms worldwide. Thanks to the expertise of our 4,400 employees, we inspire leading companies in their sectors and the most respected names in Italian and international design to unlock the potential of every material.

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

Therefore, the Biesse Group's economic and financial situation at 31 March 2024 is affected by the line-by-line consolidation of the GMM Group. For consolidation purposes, the accounting acquisition date was assumed to be 1 January 2024; The first-time consolidation balance sheet is therefore represented by the GMM Group's balances as at 31 December 2023, the reference date for the 'Purchase Price Allocation' (PPA) process required by IFRS 3. IFRS 3 requires that at the acquisition date, the difference between the cost of the combination – equal to the provisional price paid for the acquisition – and the fair value of the identifiable net assets acquired, including contingent liabilities, be determined. As at 31 March 2024, the allocation of the cost of the combination illustrated above (PPA) is still to be considered provisional; pursuant to IFRS 3, the accounting for business combinations can be finalised within twelve months from the date of acquisition. Assuming the net assets of the acquired Group as an expression of the net fair value of the assets and liabilities acquired, a positive consolidation difference emerged due to the provisional price of € 69 million. This difference, provisionally determined, is recorded as 'goodwill' in the asset item of the consolidated balance sheet and reclassified under 'Intangible Assets'. In line with the provisions of IFRS 3, the aforementioned difference and, more generally, the publicly disclosed balance sheet and income statement will be subject to restatement once the fair value of the assets and liabilities acquired has been definitively determined.

INTRODUCTION

The Biesse Group’s consolidated quarterly report as at 31 March 2024, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

Accounting standards and recognition criteria are consistent with those of the Financial Statements as at 31 December 2023, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 31/03/2024, adjusted, where necessary, to align them with the Group’s accounting policies.

ALTERNATIVE PERFORMANCE INDICATORS

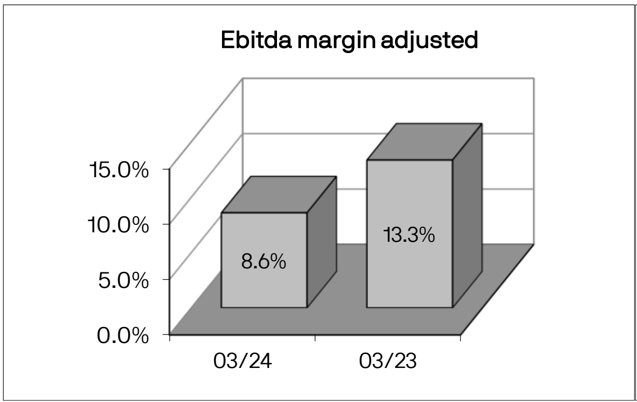
Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to better assess the Biesse Group’s performance. The criterion applied by the Biesse Group to set these indicators might not be the same as that adopted by other groups, and the indicators might not be comparable with those set by the latter. These performance indicators, which were set in compliance with the Guidelines on performance indicators issued by ESMA/2015/1415 and adopted by CONSOB with its communication No. 92543 of 3 December 2015, refer to performance in the accounting period covered by this Annual Report on Operations and the previous year used for comparison.

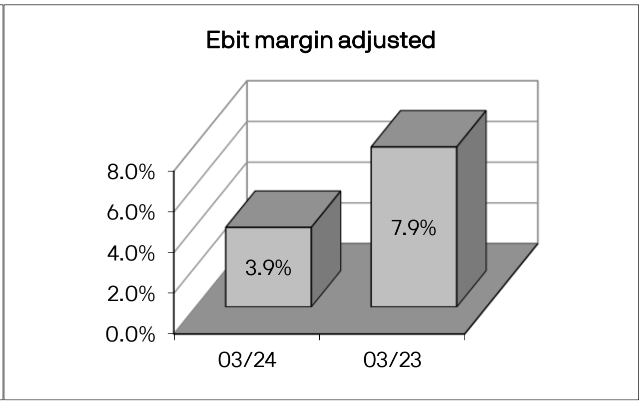
Performance indicators are to be regarded as complementary to and not a substitute for financial data prepared in accordance with IFRS. Hereafter is a description of the main indicators adopted.

- *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.

FINANCIAL HIGHLIGHTS

Euro 000's	31 March 2024	% on sales	31 March 2023	% on sales	Change %
Revenue from sales and services	195.801	100,0%	209.515	100,0%	(6,5)%
EBITDA adjusted(1)	16.801	8,6%	27.969	13,3%	(39,9)%
EBIT adjusted (1)	7.648	3,9%	16.464	7,9%	(53,5)%
EBIT (1)	6.614	3,4%	18.401	8,8%	(64,1)%
Net result	2.847	1,5%	12.330	5,9%	(76,9)%

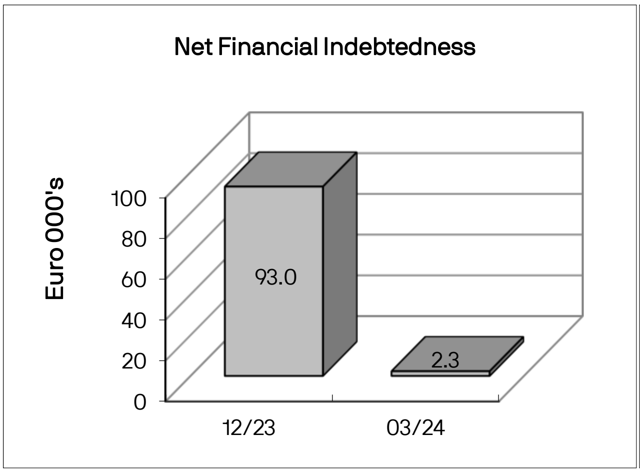


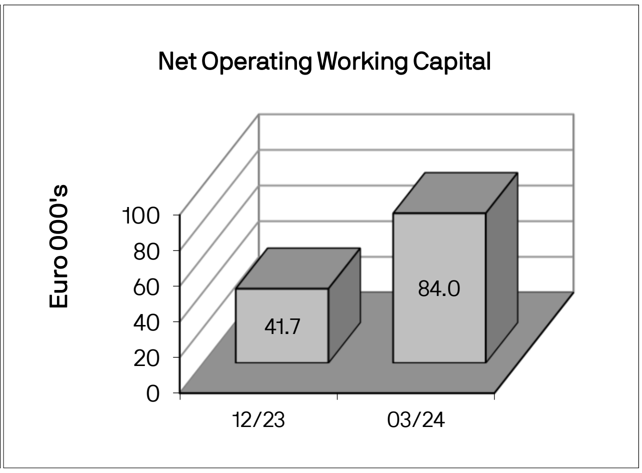


Statement of Financial Position

Euro 000's	31 March 2024	31 December 2023
Net invested capital (1)	264.506	168.495
Equity	266.808	261.448
Net financial position (1)	2.302	92.953
Net operating working capital (1)	84.024	41.682
Order in take	297.448	282.320

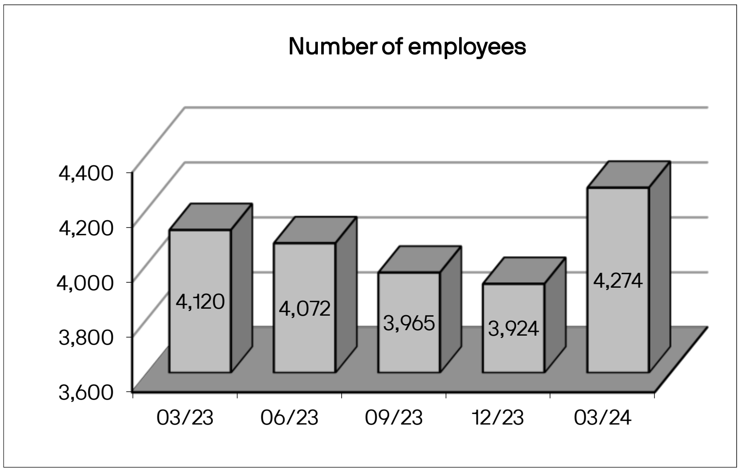
(1) The criteria for determining amounts relating to interim results and aggregate equity and financial data are described in the Directors' Report on Operations and the Notes to the Financial Statements.





Personnel (*)

	31 March 2024	31 December 2023
Number of employees at period end	4,274	3,924



* *includes agency workers.*

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.

Biesse

DIRECTORS' REPORT ON OPERATIONS

GENERAL ECONOMIC OVERVIEW

GLOBAL ECONOMIC TREND

Global economic growth moderated at the turn of the year, as the tightening of monetary policy was transmitted to the economy. Globally, real GDP growth is estimated to have declined to 0.8 per cent in the fourth quarter of 2023 from 1.0 per cent in the third quarter, and overall economic activity is estimated to have increased by 3.5 per cent in 2023, i.e. a trend similar to the previous year and the average growth rate observed over the past decade. The latest available data suggest that global consumption growth is moderating, as the positive factors affecting consumer spending gradually fade away. Relative tensions in labour markets remain, although gradually easing in the major advanced economies, as evidenced by the decline in the ratio of available jobs to unemployment, while nominal wage growth is also gradually declining. In addition, excess savings reserves accumulated during the pandemic were largely used up. In February, the global composite Purchasing Managers' Index (PMI) rose slightly, as a result of expanding activity in both the manufacturing and services sectors; this signal should, however, be considered in the light of a broader set of updated data, which continue to indicate an overall contraction in global activity. The slight slowdown in growth this year reflects the fact that the positive factors that had underpinned consumer spending in the advanced economies in the post-pandemic period continue to fade. The effects of past monetary policy tightening as well as high uncertainty due to geopolitical tensions contributed to these developments. Overall, real GDP growth worldwide is projected to be 3.2 per cent both in the current year and in the period 2025-2026, which is slightly lower than the level observed in the last decade. Compared to the projections of December 2023, world growth for the current year has been revised upwards, mainly due to the carry-over effect of the improved US performance. The disruptions in maritime transport in the Red Sea could act as a brake on the recovery of global trade in goods, although their impact at present is considered limited. Transit volumes through the Red Sea have dropped significantly, as shipping companies are avoiding that stretch of sea, diverting their vessels to the route around the Cape of Good Hope. So far, however, global supply chains on the whole have remained strong: in the current year, delivery times of suppliers lengthened only slightly on a global scale, remaining in line with historical averages and well below the levels observed in 2021 and 2022, when global supply chains were under severe strain. Several mitigating factors are at play; firstly, the unused transport capacity seems large, in a context where worldwide demand for goods is relatively modest and the merchant fleet has seen an increase in size. Secondly, port congestion levels around the world remain largely unchanged, indicating the existence of sufficient capacity to accommodate diverted ships. Finally, large inventories in the manufacturing sector are helping to cushion the impact of longer lead times on production. However, risks to inflation and international trade will persist if the turmoil in the Red Sea intensifies and proves to be long-lasting.

UNITED STATES

Growth in the US remains solid, but is expected to weaken in the current year. High-frequency indicators, such as consumer confidence and retail sales, provide mixed signals on consumer spending in early 2024, after the good results achieved in the fourth quarter of 2023. The increase in consumer credit defaults indicates that household budgets are under increasing pressure, with the relative savings rate at a low level of 4 per cent. The restrictive monetary policy stance of the Federal Reserve System also continues to exert negative effects on economic activity. Labour market conditions, while remaining tight in historical terms, are gradually easing and wage growth has declined slightly, albeit still at a high level. Headline inflation measured by the CPI fell slightly in January to 3.1 per cent, due to energy prices, while 12-month core inflation remained stable at 3.9 per cent. The prices of essential services recovered, mainly due to a new acceleration of the non-housing components. A sector-by-sector breakdown of personal consumption expenditure (PPS) inflation shows the effective transmission of the Federal Reserve's monetary policy during the current tightening cycle, with interest rate-sensitive sectors showing a larger decline than those not affected.

JAPAN

In Japan, real GDP fell unexpectedly in the last quarter of 2023. Economic activity declined again in the fourth quarter by 0.1 per cent, following the downwardly revised 0.8 per cent contraction observed in the third quarter. This reflects the relatively generalised weakness of domestic demand. Growth is likely to turn positive in early 2024, supported by higher values of survey indicators, especially for the service sector, and rising consumer confidence. Overall 12-month inflation in January 2024 stood at 2.2 per cent, higher than market expectations, but lower than the levels observed towards the end of last year. The cooling of headline inflation mainly reflects the development of the food component and the decrease in energy prices. Core inflation measured by the CPI in January also declined, to 2.6 per cent, from 2.8 in December.

UNITED KINGDOM

In the UK, economic activity declined again in the fourth quarter. Real GDP growth in the fourth quarter surprised on the downside, falling from -0.1 per cent to -0.3 per cent compared to the previous quarter. This contraction was driven by a drop in net trade, which in turn was due to a marked decline in exports of services. Negative results also affected private consumption and public spending, the latter as a result of the fallout from recurring strikes in the public sector. The composite PMI index, retail sales and confidence indicators all continued to rise in January 2024, signalling a recovery in UK growth performance: lower financing costs, rising real disposable income and a resilient labour market support domestic demand. In the labour market, tensions are gradually easing, although they remain intense by historical comparison. Vacancies have decreased, but the degree of rigidity in the labour market, measured in terms of vacancies per non-employed worker, remains higher than historical averages. The latest private earnings data suggest that nominal wage growth fell to 6.2 per cent in the three months to December, down from 6.6 per cent in the three months to November, and is expected to slow further. In January, overall and core inflation measured by the CPI remained stable at 4.0 and 5.1 per cent, respectively. Overall inflation is expected to fall in the coming months, approaching the Bank of England's 2% target, albeit only temporarily due to base effects from previous increases in energy bills in the regulated market.

CHINA

In China, recent activity indicators provide mixed signals, with the residential construction market adjusting. While the growth of industrial production over the twelve months increased slightly in December, to 6.5 per cent, the surveys show mixed signals for the first months of this year. The weakness of the residential construction sector is confirmed as a negative determinant of economic activity, affecting private consumption growth in particular. The adjustment in the residential real estate sector continued in 2024: indeed, sales of new homes fell sharply and construction of new homes remained stagnant at very low levels, along with real estate sales. These adverse trends are the backdrop to the severe volatility recently observed in the stock market, while consumer confidence has stabilised at historically low levels. Overall 12-month inflation measured by the CPI fell to -0.8 per cent in January, down from -0.3 in the previous month, mainly reflecting further declines in food prices. Twelve-month core inflation measured by the CPI excluding food and energy goods remained positive at 0.4 per cent. This low core inflation reflects a very subdued demand for consumption.

EUROZONE

Euro area output remained stagnant at the end of 2023, suffering from weak world trade, the decumulation of inventories and the transmission of the ECB's monetary policy tightening. Activity is expected to remain moderate in the short term and gradually recover later in the year, thanks to falling inflation, robust wage developments and strengthening foreign demand. Survey data continue to indicate little or no growth in the short term, but longer-term forward-looking indicators based on business surveys show some signs of recovery. Private consumption is still weak as consumers remain price-sensitive and postpone major purchases; it should, however, improve as real disposable income recovers. Order backlogs and the tightening of monetary policy are weighing on the short-term investment prospects of companies, although an improvement in investor confidence suggests that there may be a chance of a recovery later this year. By contrast, investment in residential construction is likely to remain weak. Although labour demand continues to slow down, employment increased further in Q4 2023, in step with the increase in the labour force. In the medium term, the recovery will also be supported by the gradual fading of the impact of restrictive monetary policy. This outlook is reflected in the macroeconomic projections for the euro area formulated by ECB experts in March 2024, which indicate annual real GDP growth of 0.6 per cent in 2024, rising to 1.5 and 1.6 per cent in 2025 and 2026, respectively. Compared to the December 2023 exercise conducted by Eurosystem experts for the euro area, the GDP growth outlook has been revised downwards for 2024, while it remains broadly unchanged for 2025 and 2026.

ITALY

In the last quarter of 2023, GDP in Italy continued to grow, albeit at a moderate pace. The drop in consumption was countered by a sharp increase in investment. The latter increased especially in the construction sector, which benefited from the acceleration of work in view of the reduction of tax incentives. The slow expansion of output continued in the first months of this year, with a positive contribution from services against the continued weakness of manufacturing. In the fourth quarter of last year, GDP expanded slightly over the previous period (0.2 per cent), driven mainly by growth in construction investment (3.8 per cent). On the other hand, household consumption decreased due to a significant drop in purchases of services, especially accommodation and catering; spending on non-durable goods remained stable, spending on durable goods rose. Value added increased strongly in construction, reflecting the acceleration in the completion of works in view of the gradual reduction of tax incentives; In contrast, activity remained broadly stable in both industry in the narrow sense and services. Based on the annual accounts, GDP grew by 0.9 per cent in 2023 (from 4.0 in 2022, revised from 3.7). The Bank of Italy's forecasting models show that output would increase slightly in the first quarter. Industrial production continued to fall, partly due to the weak economic phase in Italy's main trading partners, particularly Germany, while in services, leading indicators pointed to a recovery in activity. The construction sector would have slowed down as a result of the reshaping of incentives, while remaining in expansion; Production increased again in January and, according to surveys conducted by Istat, the amount of work in progress or still to be performed remains high despite the drop in new orders. On the demand side, sluggish consumption was accompanied by a further slight increase in investment. The Ita-coin indicator turned positive in the average of the first quarter, showing a recovery in GDP dynamics as well. Based on the most recent Bank of Italy projections, output would grow by 0.6 per cent in 2024, 1.0 per cent in 2025 and 1.2 per cent in 2026.

BUSINESS SECTOR REVIEW

UCIMU – SISTEMI PER PRODURRE (SYSTEMS TO PRODUCE)

In the first quarter of 2024, the machine tool order index compiled by the UCIMU-SISTEMI PER PRODURRE Research & Business Culture Centre showed a drop of 18.9% compared to the period January-March 2023. The absolute value of the index was 77.9 (base value of 100 in 2021). The negative result was caused by a reduction in orders from Italian manufacturers in both the domestic and foreign markets. In particular, orders collected across borders were down by 18.5% compared to the same period of the previous year. The absolute value of the index was 91. On the domestic front, orders fell by 19.4 per cent, compared to Q1 2023, to an absolute value of 55.1. Barbara Colombo, President of UCIMU, said: "*2024 thus begins with a negative sign for Italian machine tool manufacturers and, although this is a confirmation of what we expected, we must now overcome the impasse, giving the market a clear signal of relaxation and stability, a fundamental condition for those who must make investments in latest-generation machines. On the international front, after a positive 2023, this first part of the year shows a rather cautious start in order intake across borders. The risk of tensions widening beyond the Israeli-Palestinian area and the prolonged conflict between Russia and Ukraine weigh heavily. But the uncertainties surrounding the energy transition and the direction Europe will take after the June elections are also certainly weighing heavily. That said, with respect to exports, our expectations for the current year are positive: we expect a moderate pace of our business in the United States, and an increase in sales in some European countries and in countries that are beginning to climb the list of destination areas for sectoral Italian products, such as Turkey, Mexico and India. Of a different tenor, on the other hand, is the assessment of the internal market, the demand for which* – Barbara Colombo emphasised – *has been on stand-by for several (too many) months, waiting for the new competitiveness measures to become operational. We manufacturers continue to receive requests from our customers for quotations for even large projects, but these remain pending because there is a lack of certainty about the incentives that will be made available by the government. The current situation appears, incredibly, more nebulous than even a month and a half ago when the decree-law with the Transition 5.0 was presented. On this front, implementation decrees are still lacking; On Transition 4.0, on the other hand, the running change of the rules by which the measure can be accessed risks irreparably blocking domestic demand. The government must put this crucial chapter for the development of the country's manufacturing industry in order as soon as possible so that companies can finalise the necessary investments in production technology. On the other hand, the growing demand for participation at 34.BI-MU, scheduled to take place next October at Fiera Milano Rho, from Italian and international exhibitors, demonstrates the confidence companies have in the market. For the 5.0 measures, time is really beginning to run out. The use of the measure, which aims to reward investments that combine digitisation and energy saving, is in fact limited in time. In compliance with the deadlines imposed by the NRRP, in order to take advantage of the 5.0 benefits, the deadline for delivery of the asset is 31 December 2025. This means that the rules of engagement, i.e. the implementing decrees, to take advantage of these measures must be available very soon otherwise such a heavy time compression between the time of order and the time of delivery will force us to give up a substantial part of the market demands. For 4.0, on the other hand, the government's decision to make it compulsory to communicate in advance the value of the investment to be made and the breakdown, with respect to the annual instalments, of the tax credit from which one benefits, modelled on what is also envisaged by Transition 5.0, has moderately destabilised the market. Although we understand the need of the State's accounting department to have, in advance, a precise picture of the economic resources needed to cover the purchasing operations made under 4.0, it is equally true that changing the rules of the game in the course of the process creates great mistrust among those who are considering making new investments.*

This is why we are hoping for immediate action by the authorities to explain all these aspects, certain that the clarity and speed with which the government will account for the details that are still missing will allow Italian demand for new production technologies to restart with full momentum.

OUTLOOK

As is well known, the prolonged conflict between Russia and Ukraine and the risk of tensions widening beyond the Israeli-Palestinian area continued to have major repercussions on international markets, both in terms of financial market trends and commodity prices.

The reference framework was therefore characterised by uncertainties due to the evolution of the international geopolitical context described above and of monetary policy, with consequent repercussions on supply chains, which nevertheless continued to remain quite solid despite the persistent risks for inflation and international trade linked to the intensification and continuation of the disturbances in the Red Sea.

The global context in which the Biesse Group finds itself thus presents political and economic difficulties that will inevitably affect the Group's performance. In particular, the slowdown in orders highlighted during 2023 and the financial difficulties due to high interest rates, which Biesse Group customers will face, will influence the dynamics of sales trends for the remainder of the year.

At the end of the first quarter of 2024, the Biesse Group's portfolio stood at € 297,448 thousand, up 5.4% compared to December 2023 (€ 282,320 thousand), positively impacted by the acquisition of the GMM Group, despite the generalised slowdown in order intake seen during the first quarter of the year.

Against this backdrop, Biesse Group revenues to 31 March 2024 amounted to € 195,801 thousand, down 6.5% from 31 March 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 turnover by geographic region shows that the decrease only affected Western Europe (20.9%), while Asia-Oceania and Eastern Europe recorded an increase of 11.1% and 8.3% respectively. A further increase (albeit less significant in absolute values) concerned the Rest of the World, while North America remained more or less stable.

Western Europe was once again the Biesse Group's largest market, generating € 92,293 thousand in turnover, representing 47.1% of the total. If, on the other hand, we analyse the distribution of revenues by operating segments (Machine-Systems and Mechatronics), they recorded a decrease compared to the first quarter of 2023 of 4.6% and 24.9% respectively.

The reduction in volumes was in fact reflected in the operating profitability for the period, as indicated by Adjusted Ebitda, which, gross of non-recurring expenses, amounted to € 16,801 thousand, a decrease of 39.9% compared to the same period of the previous year. At the same time, there was a decrease in the operating result before non-recurring events (EBIT Adjusted) (€ 7,648, thousand in the first quarter of 2024 against € 16,464 thousand in the first quarter of 2023) with a negative delta of € 8,816 thousand and a decreasing ratio to revenue, from 7.9% to 3.9%.

It should be noted that the Biesse Group's economic result for the period was negatively impacted by "non-recurring events" amounting to € 1,034 thousand, solely attributable to costs incurred related to the acquisition of the GMM Group shares.

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 € 42,342 thousand compared to December 2023, with a consequent contraction in cash generation. This phenomenon is mainly attributed to the change in the scope of consolidation due to the acquisition of the GMM Group, which significantly impacted the balance of inventories, trade receivables and payables in Q1 2024. The decrease in contractual liabilities (amounting to € 10,988 thousand) is, however, influenced by the slowdown in order intake already manifested in 2023.

The Net Financial Position (hereinafter also "NFP") of the Biesse Group at 31 March 2024 was positive at € 2,302 thousand, a decrease of € 90,651 thousand compared to the figure at 31 December 2023 (positive for € 92,953 thousand). The change is mainly influenced by the finalisation of the acquisition of the GMM Group (which entailed the payment of provisional consideration of approximately € 69 million), while the remainder of this change is attributable to the consolidation of the GMM Group's balances, as well as the dynamics of net operating working capital commented on above, offset by the positive results obtained at the operating level.

Despite the context described above, the Biesse Group will continue for the entire 2024 financial year to implement the integration of the GMM Group, strengthen its presence in international markets, and at the same time maintain a focus on containing costs and monitoring cash flow dynamics.

MAIN EVENTS

On **29 January 2024** (following what was announced in the press release issued on 21 December 2023), after the suspensive conditions provided for in the acquisition agreement, 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. The provisional consideration for the acquisition (so-called Equity Value), equal to approximately € 69 million, was fully adjusted for cash starting from an Enterprise Value of € 86.5 million and a Debt Net Financial Position. The final price, which will be calculated in the coming weeks, includes the usual price adjustment mechanisms (upward or downward), based on the change in GMM Finance S.r.l.'s net financial position as of 31 December 2023.

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

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

INCOME STATEMENT

Euro 000's	31 March 2024	% on sales	31 March 2023	% on sales	CHANGE %
Revenue from sales and services	**195.801**	**100,0%**	**209.515**	**100,0%**	**(6,5)%**
Change in inventories, wip, semi-finished products and finished products	6.914	3,5%	541	0,3%	1179,1%
Other Revenues	2.173	1,1%	2.116	1,0%	2,7%
Value of production	**204.888**	**104,6%**	**212.172**	**101,3%**	**(3,4)%**
Raw materials, consumables, supplies and goods	(82.239)	(42,0)%	(86.565)	(41,3)%	(5,0)%
Other operating costs	(40.241)	(20,6)%	(35.679)	(17,0)%	12,8%
Personnel expense	(65.607)	(33,5)%	(61.959)	(29,6)%	5,9%
Ebitda Adjusted	**16.801**	**8,6%**	**27.969**	**13,3%**	**(39,9)%**
Depreciation and amortisation	(8.063)	(4,1)%	(7.811)	(3,7)%	3,2%
Provisions	(1.089)	(0,6)%	(3.694)	(1,8)%	(70,5)%
Ebit adjusted	**7.648**	**3,9%**	**16.464**	**7,9%**	**(53,5)%**
Non recurring items	(1.034)	(0,5)%	1.937	0,9%	(153,4)%
Ebit	**6.614**	**3,4%**	**18.401**	**8,8%**	**(64,1)%**
Financial income	605	0,3%	284	0,1%	112,8%
Financial expense	(1.212)	(0,6)%	(604)	(0,3)%	100,5%
Exchange rate income and expenses net	(710)	(0,4)%	(579)	(0,3)%	22,7%
Pre-tax result	**5.297**	**2,7%**	**17.502**	**8,4%**	**(69,7)%**
Income taxes	(2.450)	(1,3)%	(5.173)	(2,5)%	(52,6)%
Net result	**2.847**	**1,5%**	**12.330**	**5,9%**	**(76,9)%**

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

Revenues as at 31 March 2024 amounted to € 195,801 thousand down 6.5% compared to the figure for the same period in 2023 (revenues of € 209,515 thousand), in line with the sales trend for the period and positively impacted by the acquisition of the GMM Group.

The **value of production** amounted to € 204,888 thousand, a decrease of 3.4% compared to the figure for the first quarter of 2023 (€ 212,172 thousand).

Consumption as a percentage of sales net of **changes in inventories** decreased slightly by 2.6 p.p. due to the different product mix and lower inventory write-downs.

Other operating expenses increased in absolute value by € 4,548 thousand, increasing their percentage weight over the same period of the previous year (from 17.0% to 20.6%). This phenomenon is solely attributable to the consolidation of the GMM Group, which led to a general increase in all categories within operating expenses.

Personnel expense as at 31 March 2024 amounted to € 65,607 thousand and recorded an increase in value of € 3,647 thousand compared to the figure for the same period of 2023 (€ 61,959) thousand, +5.9% over the same period of 2023, substantially related to the wages, salaries and related social security charges component attributable to the increase in headcount as a result of the GMM Group integration process (4,274 employees as at 31 March 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 and the business volumes generated. In particular, the defensive solidarity contract for the period from November 2023 to October 2024 and the rationalisation of the Group's operating sites will, in the near future, probably lead to the management of redundancies already identified as at 31 December 2023 on the basis of technical and organisational criteria, territorial location and the principle of non-opposition to redundancies favoured by economically incentivised redundancies.

Adjusted EBITDA for the first quarter of 2024 was positive at € 16,801 thousand, while in the same period of 2023 it was positive at € 27,969 thousand, down 39.9%.

Depreciation and amortisation increased overall by 3.2% (from € 7,811 thousand at 31 March 2023 to € 8,063 thousand at 31 March 2024): the component relating to tangible fixed assets (including rights of use) up by € 991 thousand (+19.2%), while that relating to intangible fixed assets fell by € 660 thousand (-21.4%).

Provisions and impairment amounted to € 1,089 thousand and included provisions mainly attributable to € 674 thousand for the write-down of trade receivables, € 175 thousand for adjustments to provisions for future risks and charges, € 306 thousand for the provision for agents' termination indemnity, and finally € 129, thousand for the estimated adjustment of the product warranty provision, net of utilisations made in the first quarter of 2024.

Adjusted EBIT was positive at € 7,648 thousand, down 53.5% from the same period of the previous year (at € 16,464 thousand).

Non-recurring items showed a negative value of €1,034 thousand, solely attributable to the costs incurred for the acquisition of the GMM Group shares.

With reference to **financial operations**, financial expenses of € 607, thousand were recorded, up from the March 2023 figure (net expenses of € 320 thousand), of which € 605 thousand related to interest income and financial income and € 1,212 thousand to interest expense and financial expenses.

Exchange rate risk management resulted in a net loss of € 710 thousand, up compared to the € 579 thousand loss in the prior-year period.

Pre-tax profit was therefore € 5,297 thousand, a decrease compared to 2023 (equal to € 17,502 thousand).

The estimated balance of **income taxes** was negative to the tune of € 2,450 thousand. The impact relating to current taxes was a negative € 3,277 thousand (IRES – corporate income tax: € 494 thousand, IRAP – regional business tax: € 528 thousand; taxes from foreign jurisdictions: € 1,694 thousand; other income taxes and previous-year taxes: negative for € 561 thousand), while deferred taxes were positive at € 827 thousand.

Therefore, **net profit** as at 31 March 2024 amounted to € 2,847 thousand.

STATEMENT OF FINANCIAL POSITION

	31 March 2024	31 December 2023
Euro 000's		
Intangible assets	130.994	83.446
Property, plant and equipment	130.579	117.213
Financial assets	2.939	3.519
Non-current assets	**264.512**	**204.179**
Inventories	217.689	168.393
Trade receivables and contract assets	131.288	116.619
Trade payables	(167.892)	(135.281)
Contract liabilities	(97.061)	(108.049)
Net operating working capital	**84.024**	**41.682**
Post-employment benefits	(13.341)	(10.041)
Provision for risk and charges	(37.147)	(37.512)
Other net payables	(51.764)	(47.175)
Net deferred tax assets	18.223	17.362
Other net liabilities	**(84.029)**	**(77.365)**
Net invested capital	**264.506**	**168.495**
Share capital	27.403	27.403
Result for the previous year and other reserves	236.559	221.562
Net Result	2.847	12.483
Non-controlling interests	-	0
Equity	**266.808**	**261.448**
Bank loans and borrowings and loans and borrowings from other financial backers	115.240	28.279
Other financial assets	(16.696)	(16.758)
Cash and cash equivalents	(100.846)	(104.473)
Net financial position	**(2.302)**	**(92.953)**
Total sources of funding	**264.506**	**168.495**

Net invested capital amounted to € 264,506 thousand, up compared to 31 December 2023 (€ 168,495 thousand).

Compared to 31 December 2023, net assets increased by € 60,333 thousand, an increase mainly resulting from the consolidation of the GMM Group following the aforementioned acquisition and mainly referring to the value of goodwill (provisionally determined).

Net operating working capital increased by € 42,342 thousand compared to 31 December 2023. This increase is mainly attributed to the change in the scope of consolidation due to the acquisition of the GMM Group, which significantly impacted the balance of inventories, trade receivables and payables in Q1 2024. The decrease in contractual liabilities (amounting to € 10,988 thousand) is, however, influenced by the slowdown in order intake already manifested in 2023.

Equity amounted to € 266,808 thousand (€ 261,448 thousand as at 31 December 2023).

Net financial position

Euro 000's	31st March 2024	31st December 2023	30th September 2023	30th June 2023	31st March 2023
Financial assets:	117.542	121.232	116.498	115.812	132.381
Current financial assets	*16.696*	*16.758*	*21.435*	*28.682*	*20.696*
Cash and cash equivalents	*100.846*	*104.473*	*95.063*	*87.130*	*111.685*
Short-term financial lease payables	(9.111)	(7.027)	(6.252)	(6.553)	(7.072)
Short-term bank loans and borrowings and loans from other financial backers	(85.093)	(2.358)	(5.436)	(1.464)	(1.412)
Short-term net financial position	**23.339**	**111.847**	**104.810**	**107.795**	**123.897**
Medium/Long-term financial lease payables	(20.849)	(18.478)	(14.249)	(15.528)	(16.114)
Medium/Long-term bank loans and borrowings	(46)	(264)	(284)	(284)	(320)
Trade payables and other medium/long-term payables	(142)	(152)	(163)	(128)	(140)
Medium/Long-term net financial position	**(21.036)**	**(18.894)**	**(14.696)**	**(15.941)**	**(16.575)**
Total net financial position	**2.302**	**92.953**	**90.115**	**91.855**	**107.322**

In the NFP statement at 31/03/2024, in application of the provisions contained in Communication No. 5/21 of 29 April 2021 issued by Consob which refers to the ESMA Recommendations of 4 March 2021, trade payables due beyond one year have been included.

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

The Biesse Group's Net Financial Position at 31 March 2024 was positive for € 2,302 thousand, down from the figure at 31 December 2023 (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, would have been positive for € 32,262 thousand (positive for € 118,457 thousand at 31 December 2023). Compared to year-end 2023, the indicator decreased by € 90,651 thousand, mainly influenced by the completion of the GMM Group acquisition transaction (which involved the payment of a provisional consideration of approximately € 69 million), while the remainder of this change is attributable to the consolidation of the GMM Group balances, as well as the dynamics of net operating working capital commented on above, 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 € 291 million, of which € 91.0 million revocable with a duration of up to 12 months and € 200.0 million committed with a duration within 12 months; of which € 60.0 million were utilised as at 31 March 2024. All credit lines are unsecured and with no collateral.

SEGMENT REPORTING

Breakdown of revenue by operating segment

	31 March 2024	%	31 March 2023	%	CHANGE % 2024/2023
Euro 000's					
Machines and Systems Division	182,091	93.0%	190,828	91.1%	(4.6)%
Mechatronics Division	20,348	10.4%	27,090	12.9%	(24.9)%
Inter-segment eliminations	(6,638)	(3.4)%	(8,403)	(4.0)%	(21.0)%
Total	**195,801**	**100.0%**	**209,515**	**100.0%**	**(6.5)%**

Biesse

Breakdown of revenue by geographical area

	31 March 2024	%	31 March 2023	%	CHANGE % 2024/2023
Euro 000's					
Western Europe	92,293	47.1%	116,749	55.7%	(20.9)%
Asia-Pacific	26,439	13.5%	23,788	11.4%	11.1%
Eastern Europe	29,621	15.1%	27,343	13.1%	8.3%
North America	36,865	18.8%	36,794	17.6%	0.2%
Rest of the World	10,582	5.4%	4,842	2.3%	118.5%
Total	**195,801**	**100.0%**	**209,515**	**100.0%**	**(6.5)%**

The breakdown of revenues by operating segment was affected by the acquisition of the GMM Group (with the Machine-Systems segment accounting for 93.0% of Biesse Group revenues), while both segments recorded a decrease of 4.6% for Machine-Systems and 24.9% for Mechatronics, respectively.

An analysis of the turnover by geographic region shows that the decrease only affected Western Europe (20.9%), while Asia-Oceania and Eastern Europe recorded an increase of 11.1%, 8.3% respectively. A further increase (albeit less significant in absolute values) concerned the Rest of the World, while North America remained more or less stable.

Pesaro, 14 May 2024

The Chairman of the Board of Directors

Roberto Selci

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

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

Pesaro, 14 May 2024

The Manager of financial reporting

Nicola Sautto