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QUARTERLY REPORT

AT 31 MARCH 2020

 **BIESSEGROUP**

CONTENTS

THE BIESSE GROUP

Group Structure	page	4
Notes to the Financial Statements	page	5
Corporate Bodies Of The Parent Company	page	6

FINANCIAL HIGHLIGHTS

Financial Highlights	page	10
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DIRECTORS' REPORT ON OPERATIONS

Directors' Report On Operations	page	14
General Economic Overview	page.	15
Business Sector Review	page	16
Main Events Of The Period	page	18
Financial Statements	page.	20
Summary Statement Of Financial Position	page	23
Annex	page	26
Certification Pursuant To Article 154-Bis, Paragraph 2 Of The Consolidated Law On Finance (TUF)	page	27

THE GRO UP

 **BIESSEGROUP**

 **BIESSE**

 **INTERMAC**

 **DIAMUT**

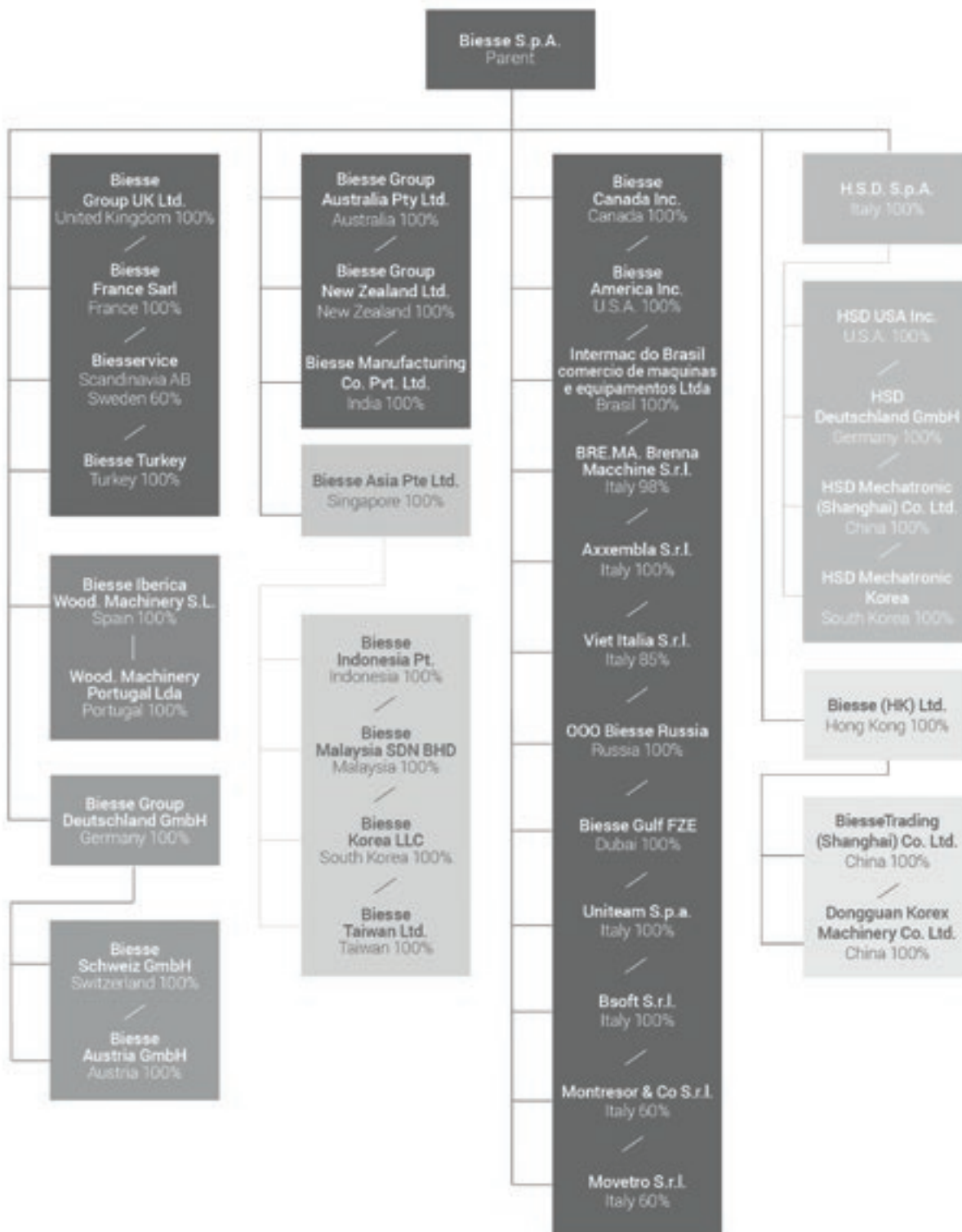
MECHATRONICS

Biesse Group is a global leader in technologies for processing wood, glass, stone, plastic and metal. Founded in Pesaro in 1969 by Giancarlo Selci, the company has been listed on the STAR sector of Borsa Italiana since June 2001 and is currently a constituent of the FTSE IT Small Cap index.

ROVER

GROUP STRUCTURE

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



Notes: the different colours represent the subgroups of the control chain.

NOTES TO THE FINANCIAL STATEMENTS

The Biesse Group's consolidated quarterly report at 31 March 2020, 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 2019 Annual Report, 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 accrual basis;
- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to

the period ended 31 March 2020, adjusted, where necessary, to align them with the Group's accounting policies;

- some of the economic information contained in this report presents interim profitability indicators, including EBITDA. This indicator is considered by management to be an important parameter for measuring and assessing the Group's operational performance, in that it is not affected by the various methodologies adopted to determine taxable income, by the amount and characteristics of the capital employed, or by depreciation and amortisation policies. It should be noted, however, that this indicator is not identified as an accounting measure for IFRS purposes; therefore, the method used to determine taxable income might not be consistent with that indicated by other groups or companies.

Compared with the financial statements for the year ended 31 December 2019, the consolidation scope underwent no changes.

CORPORATE BODIES OF THE PARENT COMPANY

BOARD OF DIRECTORS

Chairman
Chief Executive Officer
Executive Director and General Manager
Executive Director
Executive Director
Lead Independent Director
Independent Director
Independent Director

Giancarlo Selci
Roberto Selci
Stefano Porcellini
Alessandra Parpajola
Silvia Vanini
Elisabetta Righini
Federica Palazzi
Giovanni Chiura

BOARD OF STATUTORY AUDITORS

Chairman
Standing Statutory Auditor
Standing Statutory Auditor
Alternate Statutory Auditor
Alternate Statutory Auditor

Paolo de Mitri
Dario de Rosa
Silvia Cecchini
Silvia Farina
Silvia Muzi

SUPERVISORY BODY

Giuseppe Carnesecchi (Chairman)
Domenico Ciccopiedi
Elena Grassetti

INDEPENDENT AUDITORS

Deloitte S.p.A.



FINAN CIAL

HIGHLIGHTS

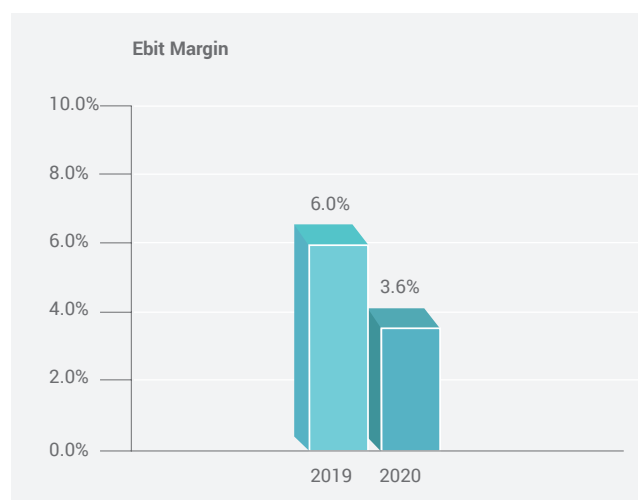
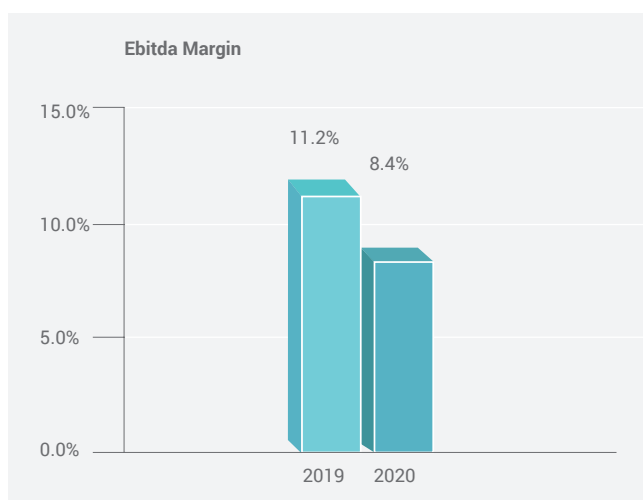




FINANCIAL HIGHLIGHTS

Income Statement

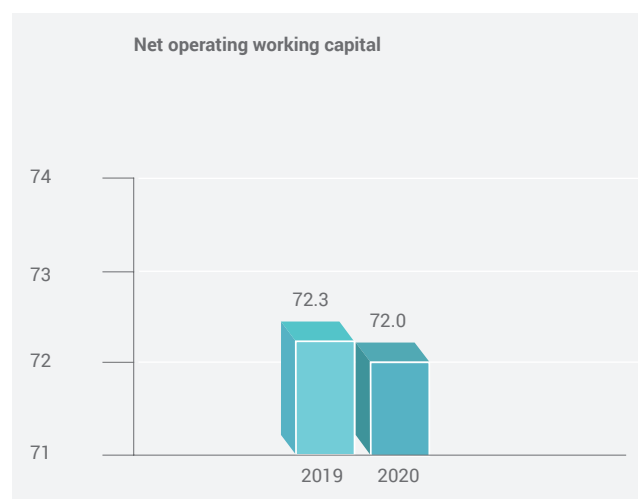
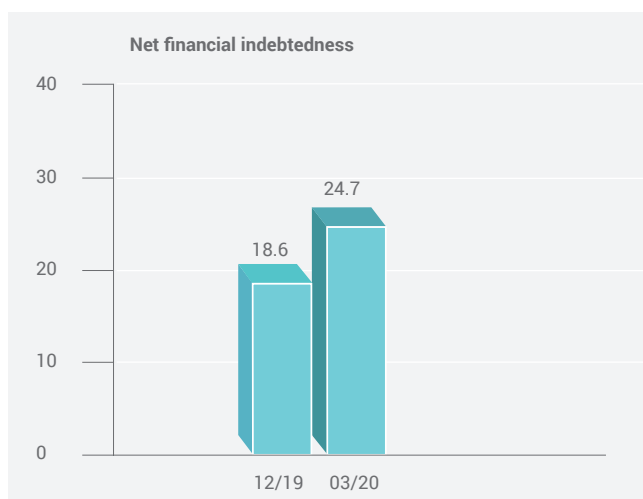
EURO 000'S	31 MARCH 2020	% ON SALES	31 MARCH 2019	% ON SALES	Change %
Revenue from sales and services	147,661	100.0%	169,182	100.0%	(12.7)%
Normalised Added value ⁽¹⁾	62,752	42.5%	75,652	44.7%	(17.1)%
Normalised EBITDA (Normalised gross operating profit) ⁽¹⁾	12,377	8.4%	18,901	11.2%	(34.5)%
Normalised EBIT (Normalised operating profit) ⁽¹⁾	5,364	3.6%	10,674	6.3%	(49.7)%
EBIT (Operating profit) ⁽¹⁾	5,322	3.6%	10,179	6.0%	(47.7)%
Profit for the year	2,117	1.4%	5,590	3.3%	(62.1)%



Statement of Financial Position

EURO 000'S	31 MARCH 2020	31 DECEMBER 2019
Net invested capital (1)	243,937	237,285
Equity	219,273	218,675
Net financial position (1)	24,663	18,609
Net operating working capital (1)	72,016	72,262
Gearing (net financial position/equity)	0.11	0.09
Fixed asset/standing capital ratio	1.00	0.98
Order in take	189,108	196,591

⁽¹⁾ Amounts referring to interim results and to aggregate equity and financial figures. The relevant calculation criteria are provided in the Directors' Report.



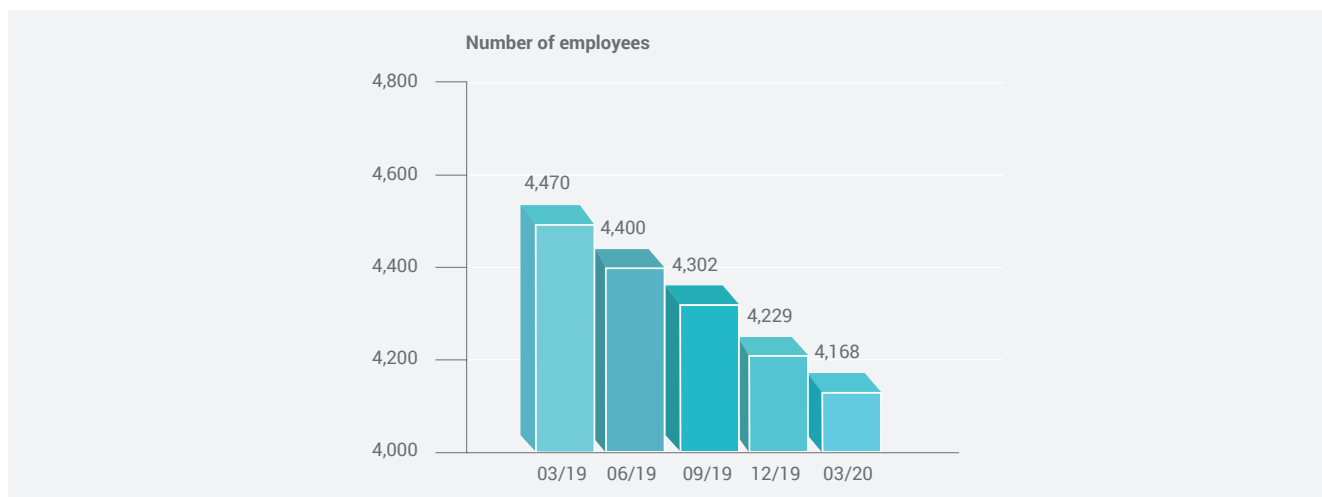
Cash flow

EURO 000'S	31 MARCH 2020	31 DECEMBER 2019
EBITDA (Gross operating profit)	12,377	75,601
Change in net working capital	(1,569)	(24,329)
Change in other operating assets/liabilities	(10,412)	(8,452)
Operating cash flow	396	42,820
Cash flow used in investment activity	(6,098)	(50,337)
FTA IFRS 16	0	(23,524)
Cash flow	(5,703)	(31,041)
Dividends paid	0	(13,149)
Foreign exchange rate differences on Net Financial Position	(351)	188
Change in net financial indebtedness	(6,054)	(44,001)

Personnel

	31 MARCH 2020	31 MARCH 2019
Number of employees at period end	4,168	4,470

The figures include temporary staff.



DIRECTORS' REPORT

REPORT
ON OPERATIONS





DIRECTORS' REPORT ON OPERATIONS

The global crisis following the spread of the Covid-19 epidemic outside of China impacted on the activities of the Biesse Group. The lockdown measures gradually imposed by the Government and adopted by local administrations where the Group's facilities operate, led to a reduction in both manufacturing and commercial activities. In particular, starting from the second-half of March all the Italian factories had to interrupt operations, with a consequent reduction in production and sale volumes. Moreover, in the same period many of the key markets (except for North America, Russia and South America) also suffered a rapid slowdown in the flows of goods and people, with a consequent impact on order intake and, consequently, on sale volumes.

Given this broad situation of difficulty, Biesse Group's revenues for the first quarter of 2020 amounted to € 147,661 thousand, down 12.7% from the previous year.

The decrease concerned all the geographical areas of reference, and in particular Asia-Oceania (down 16.8%), Eastern Europe (down 14%) and Western Europe (down 12.6%), while North America and the Rest of the World fell by 9.8% and 8.7% respectively.

As for the breakdown of revenue by operating segment, a general drop was recorded in all divisions, although with different trends: the Wood Division, thanks to the order backlog at the end of the year, managed to limit the decrease to a negative 7.1%. A similar trend was recorded by the Tooling Division (down by 6.5%). The Glass/Stone Division decreased by 31.3% compared to the same period in 2019 (which benefited from some Systems projects), while the Mechatronics and Components divisions dropped by 18.4% and 25.7% respectively.

The above-mentioned drop in volumes was reflected in the operating result for the period, as indicated by EBITDA,

which, gross of non-recurring charges, amounted to € 12,377 thousand, down by 34.5%. Normalised EBIT decreased in the current year as well (€ 5,364 thousand in 2020 compared to € 10,674 thousand in 2019), with a negative delta of € 5,310 thousand; as a percentage of revenue, it decreased from 6.3% to 3.6%.

The order backlog amounted to approximately € 189 million, slightly decreasing compared to December 2019 (down 3.8%), with the divisions showing different trends: the Wood Division and the Glass/Stone Division fell by 6.9% and 3% respectively, while the Mechatronics Division increased by 24.2% due to the order intake, mainly from China and Taiwan, and Turkey.

Order intake decreased by 24.7% compared to the same period in 2019, with a more marked decrease for the Wood and Glass/Stone divisions (down 28.2% and 30.7% respectively), while the Mechatronics and Tooling divisions were substantially in line with the 2019 figure.

As regards the financial situation, net operating working capital was mostly unchanged compared to December 2019. The decrease in Trade Receivables and Contractual Assets, amounting to € 15,186 thousand, was substantially offset by the decrease in Trade Payables (€ 9,558 thousand) and Contractual Liabilities (€ 4,366 thousand). Inventories, amounting to € 1,017 thousand, increased slightly (in particular for the component relating to raw materials and semi-finished goods).

At 31 March 2020, the Group's Net Financial Position was negative for € 24.7 million, down by € 6 million compared to the figure at December 2019. The change is due to normal absorption linked to operating activities and takes into account the seasonal nature of the business.

GENERAL ECONOMIC OVERVIEW

THE IMPACT OF THE PANDEMIC ON THE GLOBAL ECONOMY

In the first three months of 2020, the Covid-19 pandemic only partially impacted the output and aggregate demand of all economies; in the rest of the year the impact will be heavier and the reduction in international trade will be more marked. The worsening of the growth prospects has led to a clear fall in stock market indices and a sharp rise in volatility and risk aversion. In all the main countries, the monetary and tax authorities have put in place expansive measures to support the incomes of households and businesses, providing credit to the economy and liquidity on the markets.

In just a few weeks the epidemic, which officially broke out in China at the end of January, spread around the globe, with particular intensity in Europe and in the United States. Most of the countries affected implemented stringent containment measures.

The available indicators show a generalised deterioration in economic activity in advanced economies, after a final quarter characterised by differing trends. In the manufacturing sector, the purchasing managers' indices (PMIs) initially fell as early as February in the United States and Japan and in March fell in all countries, and at an exceptionally high rate in the services sector.

The contraction in international trade, which had already started in the final quarter of 2019 (down 0.2% on an annual basis), worsened at the start of 2020, suffering from the sharp fall in tourism flows and the reduction in trade connected to global supply chains affected by the partial slowdown in production in China.

The forecasts of the International Monetary Fund (IMF) suggest a fall in global GDP of 3.0% in the current year (6.4 percentage points below the previous assessments). The fall will be more pronounced in advanced economies, where the measures to contain the epidemic have so far, on average, been broader and more stringent. Risks remain towards the downside.

EUROZONE

After an initially more rapid start in Italy, the epidemic spread throughout all the countries of the Eurozone.

The economic indicators highlight the consequences of the spread and the worsening of the epidemic. Evidence can be found in the PMIs: in February manufacturing companies in

the area noted a marked increase in delivery times, most likely due to interruptions in distribution chains.

Data referring to March indicates that the spread of the epidemic had repercussions on economic activity in a wide number of countries. According to the surveys of the European Commission, the Economic Sentiment Index (ESI), a composite confidence indicator, fell drastically throughout the Eurozone. In France, the confidence indices of households and businesses recorded by the INSEE fell above all as regards the future. In Germany, the ZEW indicator, which records the confidence level of around 350 economy and finance experts, fell to the lowest level since December 2011. The IFO indicator, which measures business confidence in Germany on the basis of a survey conducted on around 7,000 companies in a number of market sectors, fell to the lowest level since July 2009. Again in March, according to the data processed by the European Commission, the EEL, a composite indicator that records companies' expectations on employment, fell sharply both in the average for the Eurozone (-10.9 points) and in the main countries (France -9.0; Germany -7.8; Italy -16.0 points).

In line with the fall in output and aggregate demand and with the fear of permanent consequences for the economy, forecast inflation fell sharply on all fronts. The ECB's Governing Council decisively loosened monetary conditions and stated it was still ready to deploy all its available instruments and to do everything necessary to support the economy.

ITALY

In Italy the spread of the epidemic since the end of February and the measures adopted to combat it had significant repercussions on economic activity in the first quarter. On the basis of the information available, industrial output fell by 15% in March and by around 6% on average in the first quarter; in the first three months of 2020, GDP recorded a fall which can now be estimated at around 5%. Some service sectors contributed significantly to this fall. The continuation of the measures to contain the epidemic will most likely entail a fall in output also in the second quarter, which should be followed by recovery in the second part of the year. Companies' sentiment on foreign orders worsened in March. The spread of the contagion is leading to an interruption in international tourism flows, which account for almost one third of Italy's large current account surplus.

BUSINESS SECTOR REVIEW

UCIMU – SISTEMI PER PRODURRE

There was a significant fall in the index of orders collected by Italian manufacturers of machine tools in the first quarter of 2020, a period in which there was an 11% fall on the prior-year period.

This is what emerges from the latest survey by the Studies & Business Culture Dept. of UCIMU-SISTEMI PER PRODURRE, the association of Italian manufacturers of machine tools, robots and automation. The overall result was affected by the collapse in orders taken by manufactures on the domestic market, which fell by 41.3% compared to January-March 2019. There was a more limited fall in foreign orders, which fell by 4.4% compared to the prior-year period, penalised by the significant fall recorded in March, after two positive months.

According to Massimo Carboniero, the Chairman of UCIMU-SISTEMI PER PRODURRE: "The abrupt fall in the collection of orders in the first quarter really worries the companies in our sector, also because the negative performance is in any case partly offset by business activities carried out by companies in January and February, i.e. before the Coronavirus emergency. At that time, the boost of the Transition 4.0 Plan seemed to be met favourably by the Italian manufacturing industry, pointing to a 2020 at the same level as 2019. "Unfortunately, at the end of February and in just a few days, order collection almost dried up, leaving companies with few new orders, something which had never happened before. And, since this is how things stand, the situation for Italian manufacturers can only worsen, given that our factories have now been closed for several weeks, while many of our competitors – the Germans above all – continue to work and are thus able to meet the demands of the international market".

"On the foreign front, China, which has always headed the list

of countries where our exports end up, initially interrupted all trades, as it was the first hit by the emergency, actually blocking a large portion of our business. And now that it is restarting, just like many of our client countries in which manufacturing activity has been going on, it is sending its procurement requests to those countries which are open, to the detriment of our companies that are running the risk of losing, in a short time, significant market shares gained over the years thanks to ongoing investment in innovation, quality and marketing".

"This scenario, which in itself is already difficult, now might worsen irreversibly, if Italian companies are not immediately given the green light to restart their business. All of us, as entrepreneurs in the machine tool sector, feel a dual responsibility – went on the Chairman of UCIMU-SISTEMI PER PRODURRE – that of guaranteeing health and safety to our workers, every day, and that of guaranteeing work, and thus wellbeing, to them and their families, in the future as well". We have constantly followed the Government's directives, even if surprised and disappointed by the exclusion of our sector - which is part of the supply chain with all the main manufacturing activities, also those which are considered essential - from the Ateco business codes indicated by the Government".

"Now, after more than four weeks from the start of the lockdown, given that many companies are already operating in line with the measures defined by the Government in the Prime Ministerial Decree (DPCM) of 14 March, we ask that we too, manufacturers of machine tools, robots and automation, can restart our business following the same protocols. All our businesses have invested resources to make workplaces safer, increasing the safety standards in our factories that, it's worth reminding, are certainly not labour intensive".



MAIN EVENTS OF THE PERIOD

TRADE FAIRS AND EVENTS AROUND THE WORLD TO MEET CUSTOMERS

Trade fairs and events are at the heart of the marketing and communication strategy of Biesse Group, important opportunities to develop the relationship with the local areas, where the technical and commercial specialists can meet customers and study the needs of the specific market. It is an opportunity to get to know the company at first hand and to discover technological innovations, systems, software and services to automate and digitise factories.

Usually, during the year the Group manages directly from its headquarters, through branches and in collaboration with the main resellers, over 100 trade fairs and events each year in the various sectors of working wood, hi-tech materials, glass, stone and metal.

FROM TRADITIONAL TO DIGITAL EVENTS

In the first few months of 2020, the trade fairs Expobois in Lyon and Indiawood in Bangalore took place, as well as training events at the headquarters in Pesaro and other targeted events at the branches.

Following the spread in Italy and throughout the world of Covid-19, which caused the cancellation or postponement of planned trade fairs, the Group rethought and promptly implemented new strategies to guarantee business continuity and to keep building customer relations, offering new contents and new ways of interacting with the company, with specialists and technologies.

The Group has made available free of charge the video-assistance function, generally the exclusive prerogative of SOPHIA IOT, the platform developed in collaboration with Accenture, which gives customers a vast range of services to simplify and rationalise the management of work. In addition, it has enhanced its online training projects, has launched online demos to enable customers to take part in technological demonstrations directly from home and has launched "Tech Talk – Ideas to restart", a live webinar to analyse issues of various kinds, from specialist themes on a

particular technology to advice and ideas on how to manage the emergency phase and how to take advantage of every possibility offered by the restart, putting the Group's skills at customers' service.

COOPERATING IN THE FIGHT AGAINST COVID-19 BY SUPPORTING THE COMMUNITY

Right from the start of the healthcare emergency, the Group set up an Executive Committee to monitor the global scenario and intensify the measures aimed at guaranteeing the safety of employees, customers and all those who interact with the company. A major program for smart working has been launched, operational measures have been put in place, including online collaboration and facilitating the use of video conferences.

The Group has signed, in agreement with the unions, a safety protocol for the workplace, in view of the gradual restart of the manufacturing units. The protocol was outlined via a video conference in the presence of the Governor of the Marche Region, Luca Ceriscioli, who defined it as a "reference point for the whole business system. A major contribution to the life of the company and the whole community".

The Biesse Group made a 100,000 Euro donation which, together with other contributions from local entrepreneurs coordinated by Confindustria Pesaro Urbino, enabled the hospitals in northern Marche (Ospedali Riuniti Marche Nord) to buy units that measure vital parameters, valuable technology to manage the most critical patients. It has also coordinated a fundraising campaign, inviting local companies to disseminate the initiative, in order to jointly achieve further important goals to support health.

It donated personal protection equipment, i.e. visors which are 100% Made in Biesse: the frame of the visor is 3D-printed at the plant in Via della Meccanica and the transparent protective screen is produced by Axxembla, a unit of the Group which makes protective structures for machines, thanks to the work undertaken on Rover A Plast FT, a Biesse solution for the processing of technological materials.



FINANCIAL STATEMENTS

INCOME STATEMENT AT 31 MARCH 2020

EURO 000'S	31 MARCH 2020	% on sales	31 MARCH 2019	% on sales	CHANGE %
Revenue from sales and services	147,661	100.0%	169,182	100.0%	(12.7)%
Change in inventories, wip, semi-finished products and finished products	(761)	(0.5)%	12,379	7.3%	-
Other Revenues	1,599	1.1%	1,471	0.9%	8.6%
Revenue	148,498	100.6%	183,033	108.2%	(18.9)%
Raw materials, consumables, supplies and goods	(58,690)	(39.7)%	(75,352)	(44.5)%	(22.1)%
Other operating costs	(27,056)	(18.3)%	(32,028)	(18.9)%	(15.5)%
Added value	62,752	42.5%	75,652	44.7%	(17.1)%
Personnel expense	(50,374)	(34.1)%	(56,752)	(33.5)%	(11.2)%
Gross operating profit	12,377	8.4%	18,901	11.2%	(34.5)%
Depreciation and amortisation	(8,378)	(5.7)%	(7,985)	(4.7)%	4.9%
Provisions	1,364	0.9%	(242)	(0.1)%	-
Operating profit before non recurring items	5,364	3.6%	10,674	6.3%	(49.7)%
Impairment losses and non recurring-items	(42)	(0.0)%	(495)	(0.3)%	(91.4)%
Operating profit	5,322	3.6%	10,179	6.0%	(47.7)%
Financial income	254	0.2%	83	0.0%	-
Financial expense	(739)	(0.5)%	(642)	(0.4)%	15.2%
Net exchange rate losses	(1,102)	(0.7)%	(1,243)	(0.7)%	(11.3)%
Pre-tax profit	3,734	2.5%	8,378	5.0%	(55.4)%
Income taxes	(1,616)	(1.1)%	(2,788)	(1.6)%	(42.0)%
Profit for the year	2,117	1.4%	5,590	3.3%	(62.1)%

Net revenue from sales and services at 31 March 2020 amounted to € 147,661 thousand, down 2% on the prior-year period (€ 169,182 thousand).

As for the breakdown of revenue by operating segment, a general drop was recorded in all divisions, although with different trends: the Wood Division, thanks to the order backlog at the end of the year, managed to limit the decrease to a negative 7.1%, from € 118,228 thousand to € 109,864 thousand. A similar trend was recorded by the Tooling Division (down by 6.5%). The Glass/Stone Division decreased by 31.3% compared to the same period in 2019 (the value fell from € 33,183 thousand to € 22,795 thousand), while the Mechatronics and Components divisions dropped by 18.4% and 25.7% respectively.

Analysing the breakdown of revenue by geographical area, the decrease concerned all the geographical areas of reference, and in particular Asia-Oceania (down 16.8%), Eastern Europe (down 14%) and Western Europe (down 12.6%), while North America and the Rest of the World fell by 9.8% and 8.7% respectively.

Inventories remained substantially stable compared to December 2019, as the decrease in finished goods inventories was offset by an increase in semi-finished products and work in progress.

The value of production for the first quarter of 2020 amounted to € 148,498 thousand, down 18.9% compared to March 2019, when it amounted to € 183,033 thousand.

The analysis of consumption and other operating expenses as a proportion of value of production, rather than of revenue, shows a decreased absorption of raw materials (39.5% compared to 41.2% as at 30 March 2019), due to the different product mix.

Other operating expenses decreased by € 4,972 thousand (15.5%) in absolute terms, but as a result of the drop-in volumes, they increased in percentage terms from 17.5% to 18.2%. This trend was largely attributable to the item Service costs, which fell from € 28,813 thousand to € 24,287 thousand, down 15.7%. The main changes concerned sales commissions and transport fees (down € 972 thousand, equal to 19%, as they are linked to the decrease in turnover), travel expenses (cost savings of € 968 thousand, equal to 18.5%, due to travel restrictions ordered by governments) and costs for trade fairs and communication (down € 761 thousand, equal to 35.4%, due to the cancellation or postponement of events scheduled in March, on account of the Covid-19 emergency).

EURO 000'S	31 MARCH 2020	%	31 MARCH 2019	%
Revenue	148,498	100.0%	183,033	100.0%
Raw materials and goods	58,690	39.5%	75,352	41.2%
Other operating costs	27,056	18.2%	32,028	17.5%
Service costs	24,287	16.4%	28,813	15.7%
Use of third party assets	594	0.4%	1,047	0.6%
Sundry operating expense	2,175	1.5%	2,168	1.2%
Added value	62,752	42.3%	75,652	41.3%

Finally, it should be noted that added value at 31 March 2020 was € 62,752 thousand, down by 17.1% compared to the same period in 2019 (€ 75,652 thousand).

At 31 March 2020, personnel expense amounted to € 50,374 thousand, down € 6,378 thousand (11.2%) compared to the same prior-year period (€ 56,752 thousand). The decrease is essentially due to the fixed component of wages and salaries, which fell by € 5,924 thousand (10.9%) compared to the prior-year period.

At the first signs of the Covid-19 emergency, the Group immediately set up a Permanent Executive Committee to monitor the health and regulatory situation, promptly implement all the safety measures necessary and keep all employees well informed on the developing situation.

At the same time, the procedures envisaged by local laws were implemented in order to take advantage of the various social safety nets and State subsidies, with the aim of protecting the company's human capital: this is in order to preserve the investments made in human resources, during recent years, while maintaining the necessary economic equilibrium and facing up to this difficult moment.

At 31 March 2020, EBITDA was € 12,377 thousand (€ 18,901 thousand at 31 March 2019), down by 34.5%.

Depreciation and amortisation grew overall by 4.9%, from € 7,985 thousand in 2019 to € 8,378 thousand: the change is mainly attributable to right-of-use assets, which rose from € 1,740 thousand to € 2,130 thousand, while depreciation of

property, plant and equipment and amortisation of intangible assets remained, on the whole, unchanged.

Provisions had a positive balance of € 1,364 thousand, while at the end of March 2019 they represented an expense of € 242 thousand. The change is mainly attributable to the use of provisions for risks and company restructuring (€ 1,038 thousand) and to the adjustment of the product warranty provision to the trend in turnover (down € 469 thousand).

As regards financial operations, net financial expense amounted to € 485 thousand, down compared to the 2019 figure (€ 559 thousand).

Exchange risk management resulted in a loss of € 1,102 thousand, improving compared to the € 1,243 thousand loss in the prior-year period.

Pre-tax profit thus amounted to € 3,734 thousand.

The estimated balance of income taxes was negative to the tune of € 1,616 thousand. The impact relating to current taxes was a negative € 1,845 thousand (IRES – corporate income tax: € 1,035 thousand, IRAP – regional business tax: € 287 thousand; taxes from foreign jurisdictions: € 546 thousand; other taxes: -€ 23 thousand), while deferred taxes were positive at € 229 thousand.

Therefore, net profit at 31 March 2020 amounted to € 2.117 thousand.

NET FINANCIAL POSITION AT 31 MARCH 2020

EURO 000'S	31 MARCH 2020	31 DECEMBER 2019	30 SEPTEMBER 2019	30 JUNE 2019	31 MARCH 2019
Financial assets:	79,314	88,714	69,519	84,115	88,714
<i>Current financial assets</i>	3,652	2,653	2,128	2,147	2,653
<i>Cash and cash equivalents</i>	75,661	86,061	67,391	81,968	86,061
Short-term financial lease payables	(6,344)	(7,415)	(2,158)	(485)	(7,415)
Short-term bank loans and borrowings and loans from other financial backers	(16,211)	(46,859)	(47,373)	(47,179)	(44,429)
Short-term net financial position	56,760	34,440	19,988	36,451	36,869
Medium/Long-term financial lease payables	(26,858)	(27,043)	(29,879)	(27,167)	(27,043)
Medium/Long-term bank loans and borrowings	(54,564)	(26,006)	(32,728)	(30,700)	(26,006)
Medium/Long-term net financial position	(81,422)	(53,049)	(62,607)	(57,867)	(53,049)
Total net financial position	(24,663)	(18,609)	(42,619)	(33,841)	(16,716)

At 31 March 2020, the Group's Net Financial Position was negative for € 24.7 million, whereas the final balance without the impact of payables relating to right-of-use assets (pursuant to IFRS 16) would have been substantially neutral. Compared to the same prior-year period, it dropped by € 8 million. From the beginning of 2020, the decrease was € 6.1 million, since it was not only affected by the ordinary cyclical/seasonal nature of Biesse's business in the first quarter of the year, but also by the impact of COVID-19.

In order to face the possible consequences from the health-care emergency, Biesse took prompt action to use every form

of financial support envisaged by the law in force and allowed to it by its credit rating.

At the date of approval of this Report, Biesse has unused revocable credit lines of over € 56 million, in addition to committed credit lines (over 12 months) of more than € 98 million, € 20 million of which unused. € 25 million in unsecured loans (over 12 months) have already been obtained.

Since it meets all requirements to benefit from Law Decree no. 23 of 8 April 2020, Biesse has also taken steps with the main credit institutions to access this form of financing covered by the 90% SACE guarantee.

SUMMARY STATEMENT OF FINANCIAL POSITION

EURO 000'S	31 MARCH 2020	31 DECEMBER 2019
Intangible assets	83,159	83,228
Property, plant and equipment	136,303	139,710
Financial assets	2,937	2,640
Non-current assets	222,399	225,578
Inventories	156,515	155,498
Trade receivables and contract assets	101,786	116,973
Trade payables	(123,115)	(132,673)
Contract liabilities	(63,170)	(67,536)
Net operating working capital	72,016	72,262
Post-employment benefits	(12,543)	(12,711)
Provision for risk and charges	(16,427)	(18,053)
Other net payables	(32,255)	(40,249)
Net deferred tax assets	10,746	10,458
Other net liabilities	(50,479)	(60,555)
Net invested capital	243,937	237,285
Share capital	27,393	27,393
Profit for the previous year and other reserves	188,914	177,397
Profit for the year	2,187	13,027
Non-controlling interests	780	858
Equity	219,273	218,675
Bank loans and borrowings and loans and borrowings from other financial backers	103,977	107,323
Other financial assets	(3,652)	(2,653)
Cash and cash equivalents	(75,661)	(86,061)
Net financial position (1)	24,663	18,609
Total sources of funding	243,937	237,285

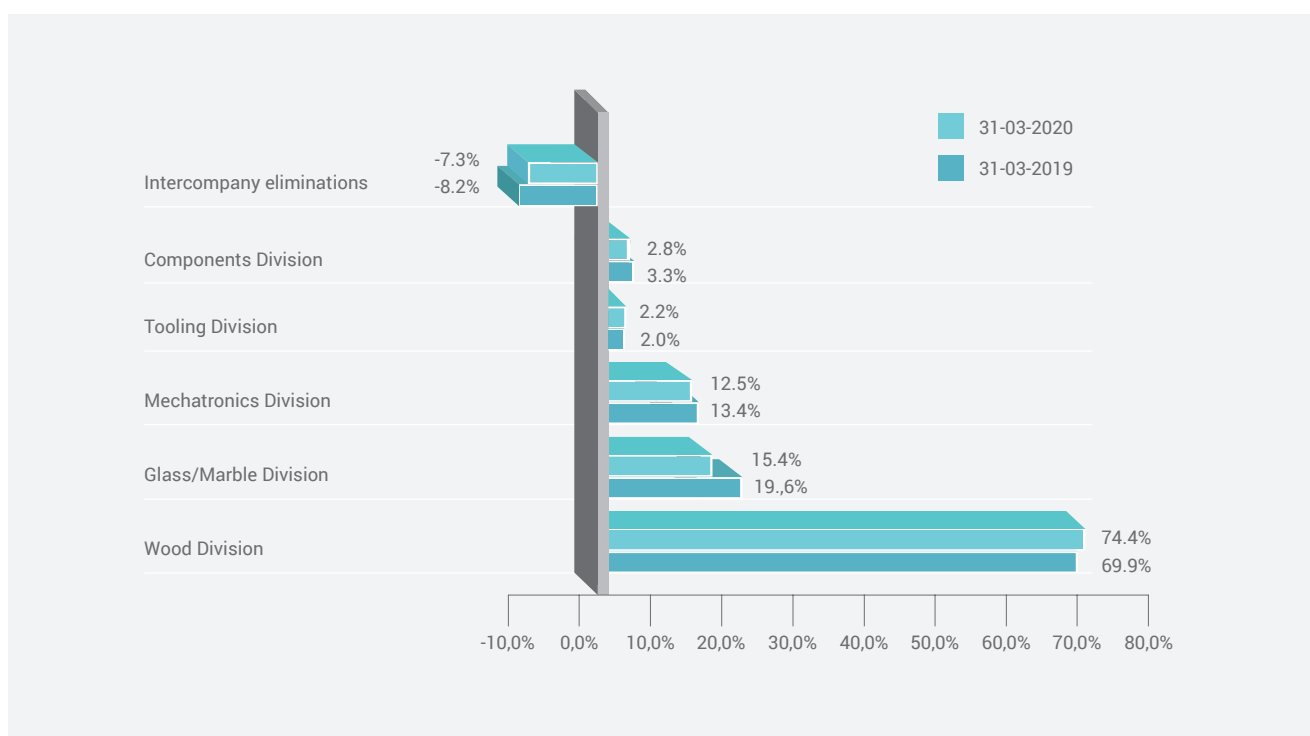
Net invested capital amounted to € 243.9 million, slightly up compared to December 2019 (€ 237.3 million). Equity amounted to € 219.3 million, up compared to € 218.7 million in December 2019.

Compared to December 2019, net intangible assets were substantially unchanged, as new investments in research and development projects and IT (€ 3.4 million) were offset by amortisation for the period. There were no significant changes in property, plant and equipment.

With regard to net operating working capital, the figure was mostly unchanged compared to December 2019. The decrease in Trade Receivables and Contractual Assets, amounting to € 15,186 thousand, was substantially offset by the decrease in Trade Payables (€ 9,558 thousand) and Contractual Liabilities (€ 4,366 thousand). Inventories, amounting to € 1,017 thousand, increased slightly (in particular for the component relating to raw materials and semi-finished goods). The item Other net assets/liabilities decreased due to the payment of amounts due to tax authorities, relating to social security contributions, withholding taxes on income and consumption tax payables.

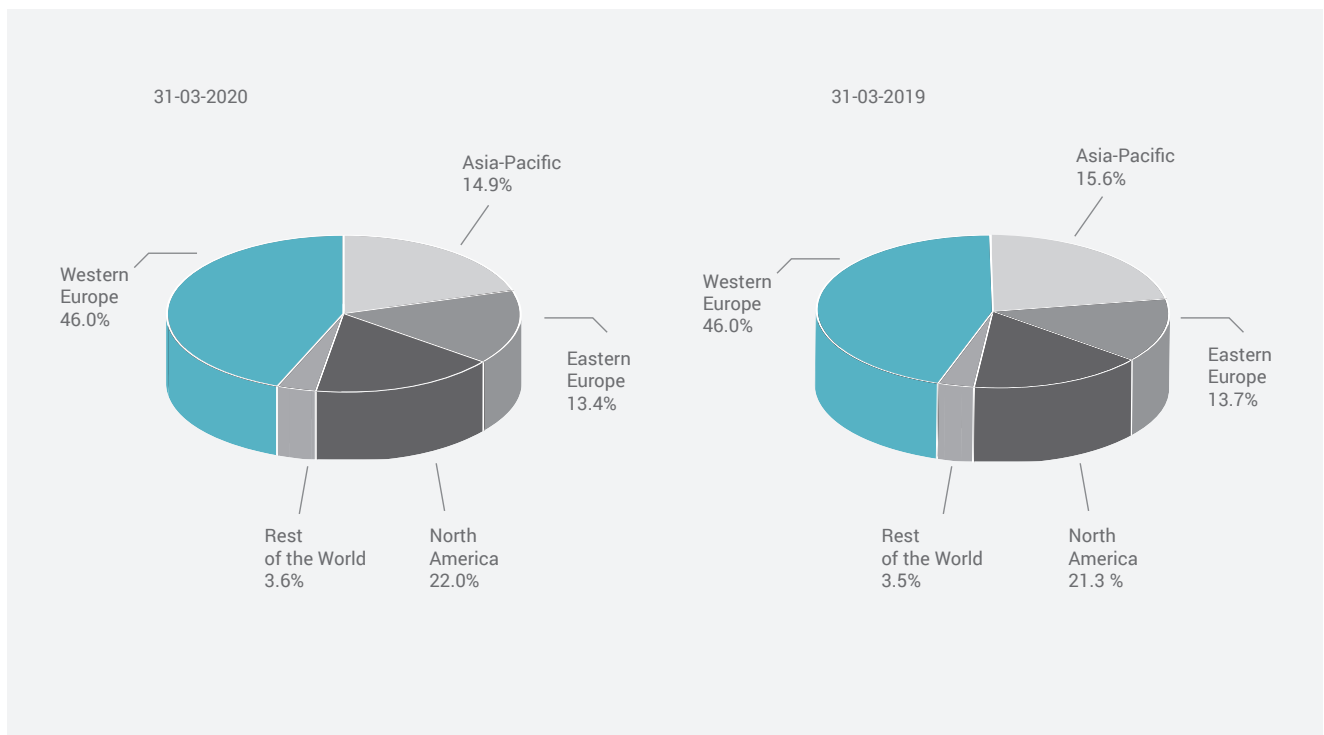
SEGMENT REPORTING - BREAKDOWN OF REVENUE BY DIVISION

EURO 000'S	31 MARCH 2020	%	31 MARCH 2019	%	CHANGE % 2020/2019
Wood Division	109,864	74.4%	118,228	69.9%	(7.1)%
Glass/Marble Division	22,795	15.4%	33,183	19.6%	(31.3)%
Mechatronics Division	18,461	12.5%	22,631	13.4%	(18.4)%
Tooling Division	3,183	2.2%	3,403	2.0%	(6.5)%
Components Division	4,183	2.8%	5,629	3.3%	(25.7)%
Intercompany eliminations	(10,826)	-7.3%	(13,892)	(8.2)%	(22.1)%
Total	147,661	100.0%	169,182	100.0%	(12.7)%



SEGMENT REPORTING - BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

EURO 000'S	31 MARCH 2020	%	31 MARCH 2019	%	CHANGE % 2020/2019
Western Europe	67,959	46.0%	77,752	46.0%	(12.6)%
Asia-Pacific	22,015	14.9%	26,449	15.6%	(16.8)%
Eastern Europe	19,859	13.4%	23,102	13.7%	(14.0)%
North America	32,457	22.0%	36,000	21.3%	(9.8)%
Rest of the World	5,370	3.6%	5,879	3.5%	(8.7)%
Total	147,661	100.0%	169,182	100.0%	(12.7)%



ANNEX

INCOME STATEMENT WITHOUT NON-RECURRING ITEMS

EURO 000'S	31 MARCH 2020	% on sales	31 MARCH 2019	% on sales	CHANGE %
Revenue from sales and services	147,661	100.0%	169,182	100.0%	(12.7)%
Change in inventories, wip, semi-finished products and finished products	(761)	(0.5)%	12,379	7.3%	-
Other revenues	1,599	1.1%	1,471	0.9%	8.6%
Revenue	148,498	100.6%	183,033	108.2%	(18.9)%
Raw materials, consumables, supplies and goods	(58,690)	(39.7)%	(75,352)	(44.5)%	(22.1)%
Other operating costs	(27,056)	(18.3)%	(32,028)	(18.9)%	(15.5)%
Added value	62,752	42.5%	75,652	44.7%	(17.1)%
Personnel expense	(50,374)	(34.1)%	(57,247)	(33.8)%	(12.0)%
Gross operating profit	12,377	8.4%	18,406	10.9%	(32.8)%
Depreciation and amortisation	(8,378)	(5.7)%	(7,985)	(4.7)%	4.9%
Provisions	1,364	0.9%	(242)	(0.1)%	-
Operating profit	5,322	3.6%	10,179	6.0%	(47.7)%
Net financial expense	(485)	(0.3)%	(559)	(0.3)%	(13.1)%
Net exchange rate losses	(1,102)	(0.7)%	(1,243)	(0.7)%	(11.3)%
Pre-tax profit	3,734	2.5%	8,378	5.0%	(55.4)%
Income taxes	(1,616)	(1.1)%	(2,788)	(1.6)%	(42.0)%
Profit for the year	2,117	1.4%	5,590	3.3%	(62.1)%

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.

Manager in charge
of corporate financial reporting

Pierre Giorgio Sallier de La Tour

BIESSEGROUP.COM