

# Annual Report 2023

Biesse S.p.A.

**ANNUAL REPORT AS AT 31 DECEMBER 2023**

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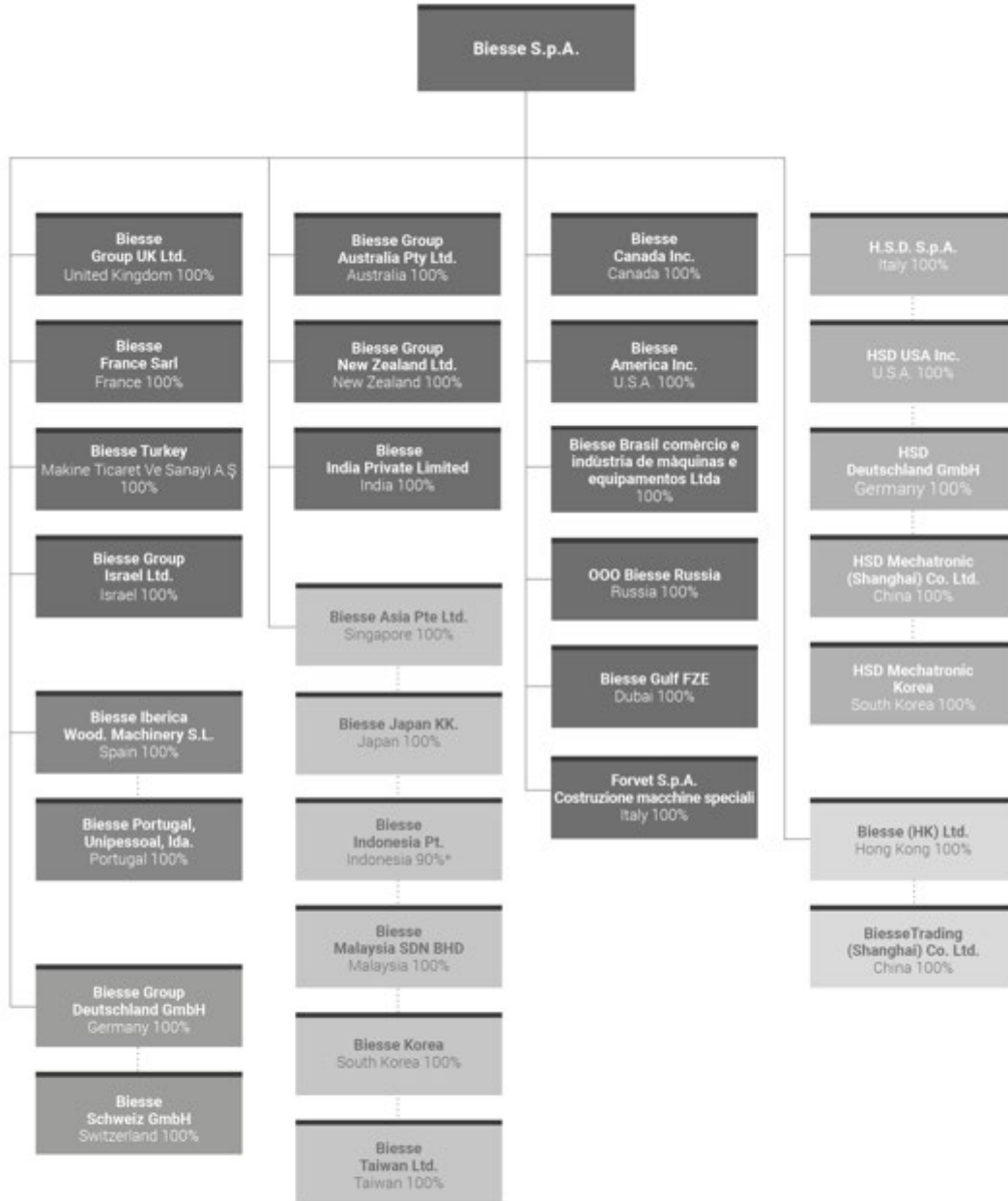
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THE BIESSE GROUP

BIESSE GROUP STRUCTURE

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



\* Il restante 10% è detenuto direttamente da Biesse S.p.A.  
The remaining 10% is owned directly by Biesse S.p.A.

Note: The different colours represent the subgroups of the control chain

## BIESSE GROUP PROFILE

The Biesse Group is a multinational manufacturer of integrated lines and machines for the processing of wood, glass, stone, plastics and composites. Founded in Italy in 1969 and listed on the Euronext Star segment of the Italian Borsa Italiana stock exchange since June 2001, the Biesse Group supports the business development of its customers in the furniture, housing & construction, automotive and aerospace sectors. Today, about 80% of consolidated revenues are made abroad thanks to a constantly growing worldwide network with 5 production sites and more than 20 showrooms worldwide. Thanks to the expertise of around 4,000 employees, leading companies in their sectors and the most respected names in Italian and international design are inspired to unlock the potential of every material.

With respect to the consolidated financial statements for the year ended 31 December 2022, it should be noted that on 4 July 2023, the process of merging the subsidiary Movetro S.r.l. into Forvet S.p.A. Costruzione Macchine Speciali (its associate, as well as a subsidiary of Biesse S.p.A.) was completed, with accounting and tax effect from 1 January 2023, while on 21 July 2023, the process of merging the subsidiary Montresor & Co. S.r.l. into the parent company Biesse S.p.A. was completed, with accounting and tax effect as of 1 January 2023. It should be noted that the aforementioned merger transactions have no accounting effects on the consolidated financial statements.

Finally, on 10 October 2023, the sale of the shares in the subsidiary Biesservice Scandinavia Aktiebolag was completed.

## ALTERNATIVE PERFORMANCE INDICATORS

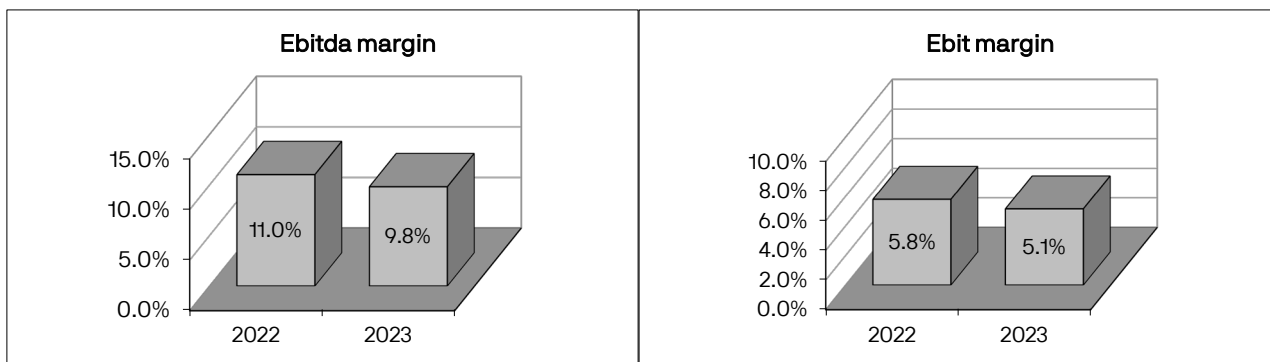
Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to better assess the Biesse Group's performance. The criterion applied by the Biesse Group to set these indicators might not be the same as that adopted by other groups, and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

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

- *Value Added before non-recurring events*: this indicator is defined as the Profit (Loss) for the year before income taxes, finance income and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions for risks and charges, costs and revenues arising from transactions that Management considers as non-recurring relative to the Biesse Group's ordinary operations, as well as personnel expense.
- *Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation)*: this indicator is defined as the Profit (Loss) for the period before income taxes, finance income and expense, exchange rate gains and losses, amortisation of intangible assets, depreciation of property, plant and equipment, impairment losses on fixed assets, allocations to provisions for risks and charges, as well as costs and revenues arising from transactions that Management considers as non-recurring relative to the Biesse Group's ordinary operations.
- *Adjusted EBIT (Adjusted Earnings Before Interest and Taxes)*: this indicator is defined as the Profit (Loss) for the year before income taxes, finance income and expense, exchange rate gains and losses, impairment losses on fixed assets, as well as costs and revenues arising from transactions that Management considers as non-recurring relative to the Biesse Group's ordinary operations.
- *Operating Profit or EBIT (Earnings Before Interest and Taxes)*: this indicator is defined as Profit (Loss) for the year before income taxes, financial income and expenses, and foreign exchange losses and gains.
- *Net Operating Working Capital*: this indicator is calculated as the total of Inventories, Trade receivables and Contract assets, net of Trade payables and Contract liabilities.
- *Net 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

## FINANCIAL HIGHLIGHTS

	31 December 2023	% on sales	31 December 2022	% on sales	Change %
<i>Euro 000's</i>					
Revenue from sales and services	785,002	100.0%	822,425	100.0%	(4.6)%
Normalised Added value (1)	318,356	40.6%	341,983	41.6%	(6.9)%
Ebitda (Gross operating profit) adjusted(1)	77,025	9.8%	90,559	11.0%	(14.9)%
Ebit adjusted (1)	40,348	5.1%	47,574	5.8%	(15.2)%
Ebit (1)	24,169	3.1%	50,749	6.2%	(52.4)%
Profit/Loss for the period	12,483	1.6%	30,296	3.7%	(58.8)%

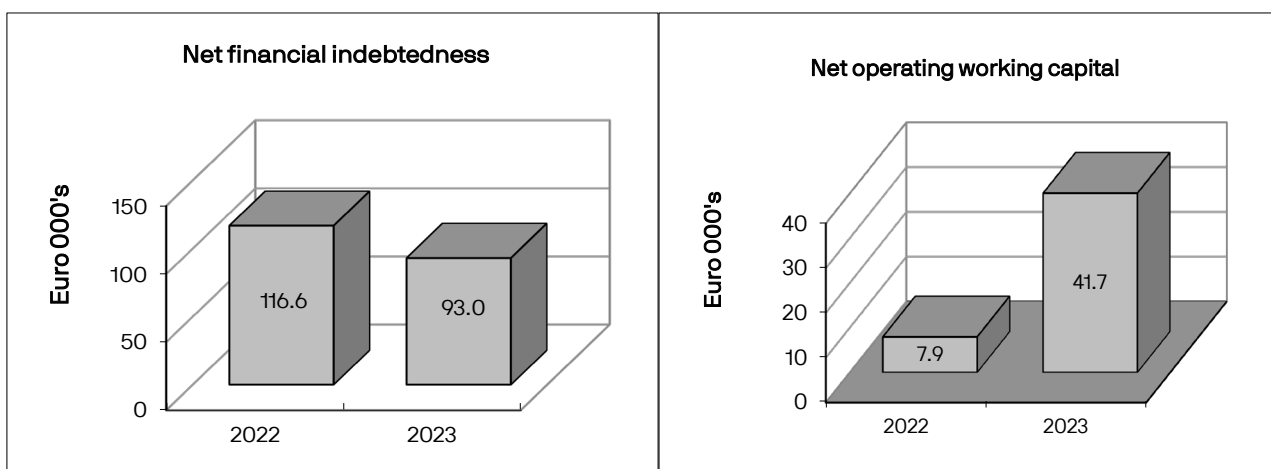




**Statement of Financial Position**

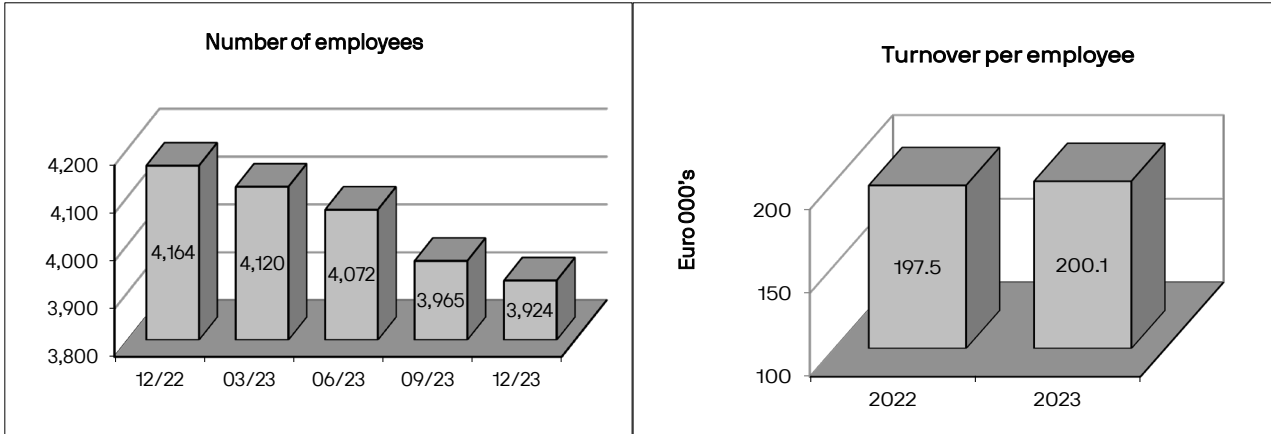
	31 December 2023	31 December 2022
<i>Euro 000's</i>		
Net invested capital (1)	168,495	144,147
Equity	261,448	260,793
Net financial position (1)	92,953	116,646
Net operating working capital (1)	41,682	7,908
Order intake	282,320	384,659

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



**Personnel (\*)**

	31 December 2023	31 December 2022
Number of employees at year end	3,924	4,164



\* includes agency workers.

**COMPOSITION OF CORPORATE BODIES****Board of Directors**

Chairman	Giancarlo Selci
Chief Executive Officer	Roberto Selci
Co-Chief Executive Officer	Massimo Potenza
Non-executive director	Alessandra Baronciani
Lead Independent Director	Rossella Schiavini
Independent Director	Ferruccio Borsani
Independent Director	Federica Ricceri

**Board of Statutory Auditors**

Chairman	Paolo De Mitri
Standing Statutory Auditor	Giovanni Ciurlo
Standing Statutory Auditor	Enrica Perugia
Alternate Statutory Auditor	Silvia Muzi
Alternate Statutory Auditor	Maurizio Gennari

**Control and Risks Committee – Remuneration Committee**

Federica Ricceri  
Rossella Schiavini

**Related-Party Transactions Committee**

Ferruccio Borsani  
Rossella Schiavini

**Independent Auditors**

Deloitte & Touche S.p.A.

**GENERAL ECONOMIC OVERVIEW****GLOBAL ECONOMIC TREND**

In the last quarter of 2023, global economic activity slowed. Core inflation continued to fall in the fourth quarter, but further progress could be slow, as wage growth remains high and remains above long-term averages. Oil prices increased in the period between the monetary policy meeting of the Governing Council in December and that of January, in the presence of some volatility, as attacks on oil tankers in the Red Sea increased geopolitical tensions in the Middle East, while in Europe gas prices fell in the face of still low demand and high levels of gas storage in the EU.

At the end of the year, world economic growth slowed; the global composite Purchasing Managers' Index (PMI) for the product indicates a decline in the real GDP growth rate in the fourth quarter of 2023. Even high-frequency indicators, such as global retail sales, indicate a slowdown in consumer spending around the end of the year. This reflects the decline of the positive factors that have supported consumption in the major advanced economies, as labour market tensions are gradually easing, nominal wage growth is moderating and the excess savings accumulated by families are diminishing. At the same time, the previous tightening of monetary policy continues to feed through to the global economy. Global trade growth is expected to improve further, but disruptions in the shipping sector pose downside risks. The growth trend in the exchange of goods returned to positive territory in October 2023, amid a general improvement in the various countries of the world. World trade was buoyed by the disappearance of post-pandemic factors that adversely affected trade last year, such as, for example, the shrinking of companies' inventories accumulated in 2022. However, this normalisation of exchange rate growth is subject to downside risks, as some shipping companies have suspended services on the Red Sea and Suez Canal routes following attacks on cargo ships. The diversion of ships around the Cape of Good Hope is leading to longer delivery times, while spot container rates have risen, particularly between China and Europe. Although uncertainty remains high, the impact on trade flows is currently much lower than the pandemic-related exchange rate disruptions observed in 2021-2022, due to the relatively lower growth in demand for goods, the greater unused transport capacity and the lower port congestion currently observed.

**UNITED STATES**

In the United States, economic growth was expected to show signs of moderation at the end of last year, after strong growth in the third quarter. High-frequency indicators, such as credit card purchases, point to a slowdown in consumer spending towards the end of the year. At the same time, the rise in consumer credit insolvencies suggests that household balance sheets are coming under increasing pressure. Total 12-month inflation, as measured by the CPI in the United States, rose by 0.3 percentage points to 3.4% in December 2023, as the contribution of energy prices became less negative. Headline inflation fell by 0.1 percentage point to 3.9% as a result of the continued, albeit slow, decline in inflation in the services component. At its December meeting, the US Federal Reserve left interest rates unchanged for the second time in a row and revised down its forecasts for inflation and interest rates in 2024, suggesting that demand may start to weigh on the economy later in the year.

**JAPAN**

In Japan, consumer spending shows signs of a moderate recovery, despite persistent inflationary pressures. Indicators of economic activity point to a gradual strengthening of domestic demand, as consumer confidence improves amid expectations of wage growth. However, while there is uncertainty about the economic impact of the earthquake that struck Japan on New Year's Day, the disruption to supply chains appears to be relatively limited at this stage. In December, headline inflation fell to 2.6% from 2.8% in the previous month; at the same time, underlying inflation rose slightly by 0.1 percentage point to 2.8% in December, signalling that underlying price pressures remain in place. Although the Bank of Japan kept its benchmark interest rate unchanged in December, a tightening of the monetary policy stance is widely expected in 2024.

**UNITED KINGDOM**

In the United Kingdom, economic activity remains modest, while inflation is expected to ease further. GDP growth in the third quarter of 2023 was revised downward to -0.1% compared to the previous quarter. Looking ahead, economic activity is expected to remain modest in the coming quarters, as the previous tightening of monetary policy and higher financing costs for companies are expected to weigh on demand. However, the recent fall in mortgage rates has stimulated demand for new mortgage loans and may provide some boost to consumer spending. In December, overall inflation over the twelve months was slightly higher than expected, increasing by 0.1 percentage points compared to the corresponding period and

reaching 4.0%, after the sharp decline observed in the previous months. Inflation is expected to continue to decline in the coming months, albeit at a slower pace, as pressures from still high wage growth are expected to persist, reflecting the still tight labour market conditions.

#### **CHINA**

In China, economic activity slowed down in the fourth quarter of 2023, due to the persistence of unfavourable conditions in the real estate sector. Real GDP growth over the previous quarter fell to 1.0% in the fourth quarter of 2023, from 1.5% in the previous quarter.

For 2023, overall, GDP growth reached 5.2%, a level broadly in line with the government's growth target of "around 5%" for 2024. The real estate sector continues to hold back the economy; housing prices continue to fall, while activity in the construction sector remains low, weighing on overall investments. Although the growth of final consumption expenditure is positive compared with the same period last year, the consumption of goods and services related to housing continues to decline. Overall inflation rates for the twelve months remained in negative territory in the fourth quarter and prices fell by 0.3% in December, mainly due to the fall in food prices; on the other hand, core inflation for the twelve months remained positive in the same month, at 0.6%. In the short term, inflationary pressures are likely to remain subdued, reflecting the low level of food prices, combined with the weakness of domestic and external demand.

#### **EUROZONE**

Stagnation in the euro area continued in the run-up to 2023. The persistent weakness of the manufacturing and construction cycle is progressively expanding also to the service sector. The disinflation process extends to all the main components of the basket. In October and December, the Governing Council of the European Central Bank left official interest rates unchanged, believing that their current levels, if maintained for a sufficiently long period, will make a substantial contribution to the return of inflation to the 2% objective in the medium term. The Council also intends to gradually reduce the reinvestment of maturing securities under the pandemic emergency public and private securities purchase programme during the second half of 2024, ending it at the end of the year. In the summer months, euro area output fell by 0.1% compared to the previous quarter. The expansion of household consumption was offset by the stagnation of fixed investments and the negative contribution of the change in inventories, which subtracted 3 tenths of a point from growth. Net foreign demand made no contribution to product dynamics, in the face of a decline in imports and exports. On the supply side, added value has decreased in industry in the strict sense and, to a less marked extent, in construction; has grown slightly in services, particularly in information and communication services and, to a lesser extent, in real estate activities. GDP dynamics were essentially zero in all the main countries except Spain, where it continued to increase driven by the expansion of consumption.

#### **ITALY**

In Italy, GDP increased marginally in the third quarter; According to the Bank of Italy, growth remained almost zero even in the last months of 2023, held back by monetary restriction, still-high energy prices and weak foreign demand. After the high volatility observed in the first part of the year, the product expanded slightly in the third quarter. Household consumption increased, also supported by job creation, exceeding the pre-pandemic level by about one percentage point; expenditure on fixed investments, on the other hand, continued to decrease, albeit to a limited extent, affected by the higher cost of financing. The partial increase in investments in construction was offset by the further decline in those in plant and machinery. The reduction in inventories, probably linked to weak demand prospects, has subtracted 1.3 percentage points from GDP dynamics; on the other hand, foreign trade has contributed positively to growth, as a result of the increase in exports and the decline in imports. On the supply side, added value increased in all sectors with the exception of agriculture: the expansion was more pronounced in construction, which partly recovered the sharp decline in the second quarter, and was only marginal in services and industry in the strict sense, where it was still held back by the reduction in activity in the energy sectors. In the fourth quarter, based on Bank of Italy estimates, the product stagnated; manufacturing activity has fallen again, also in connection with the weak economic phase of our main trading partners, in particular Germany, and with the continuing difficulties in industrial productions with greater energy intensity, which are affected by the prices of electricity and gas that are still high in historical comparison. In services, the signs of stabilisation of value added are consolidated, while in the construction sector, the expansion of the business has continued. On the demand side, the substantial hold in consumption would have been offset by a decrease in investments, held back by the tightening of financing conditions. In December, the ITA-Coin indicator remained negative, confirming the underlying weakness of the product. In 2023, Italian GDP increased by 0.7% compared to 2022 and the Bank of Italy's projections predict an increase of 0.6% in 2024.

## BUSINESS SECTOR REVIEW

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

In the fourth quarter of 2023, the machine tool order index compiled by the UCIMU-SISTEMI PER PRODURRE Research & Business Culture Centre showed a decrease of 31.1% compared to the period October-December 2022. The absolute value of the index was 92.1 (base value of 100 in 2015).

The negative result is the result of the reduction in the collection of orders in the domestic market; The foreign market, on the other hand, shows resilience. In particular, orders collected abroad fell by 2.9% compared to the same period last year. The absolute value of the index stands at 100.9. On the domestic front, orders fell by 69.1%, compared to the fourth quarter of 2022, for an absolute value of 79.4. On a year-on-year basis, the index fell by 24.7% compared to the 2022 average (90.5 absolute index). -48.4% the domestic index (74.6 absolute index); -11.3% the foreign index (102.8 absolute index).

Barbara Colombo, Chair of UCIMU-SISTEMI PER PRODURRE, stated: *“the data processed by the Centro Studi & Cultura di Impresa confirm our expectations: 2023 marks an obvious reduction in order intake by Italian manufacturers on the domestic market, as opposed to a general hold in activity on foreign markets. Overall, despite the negative sign, our companies are working intensively thanks to the queue of orders that have yet to be disposed of. As far as the domestic market is concerned, the decline in new orders over the entire year is mainly physiological and reflects a general slowdown in demand after the boom of the recent period. If, on the other hand, we look at the last quarter, the decline is also and above all affected by the waiting effect for the new incentive measures that were expected, and are still expected, for 2024. The discussion opened in the last months of the year by the Government and Parliament regarding the possibility of introducing new 5.0 incentives has certainly prompted companies to suspend purchasing decisions pending clarity. In practice, the opposite of what happened last year when there was a rush to invest in the last quarter of the year to be able to take advantage of the 40% tax credit rate before it was halved with the new year. At the moment we are waiting for the implementing decrees relating to measures 5.0, which should turn into a tax credit for training and for investments in innovation projects aimed at twin transition or digital sustainability. In this way, Italian manufacturing companies could thus have a modular system of tax incentives, combinable and cumulative, more rewarding for those who invest in new machines where digitalisation is also an enabler of sustainability. All this in response to the need of the country's industry to continue with the digital transition which, even in line with the new European directives, must consider compliance with the criteria related to the issue of sustainability and green manufacturing.”*

*“Given the times and all the procedures for making the new measures operational – continues Barbara Colombo – we can imagine that these first months of the year will still be characterised by a certain amount of caution in defining purchases in new machinery, and then unlocking starting from the beginning of the second quarter. In any event, in light of what is happening, it would probably be useful to detach some measures from the temporary nature of the Budget Laws so as to guarantee companies a set of structural fiscal tools that can allow them to plan investments in the long term. This would allow the market to distribute demand more evenly, encouraging, among other things, the activity of manufacturers who could better plan their production.”*

*“On the international front,”* said Barbara Colombo, *“new orders were essentially stable, confirming the long-term trend that shows a more regular trend in orders received by manufacturers across the border than in the domestic market, where the incentives available over the years have led to strong fluctuations in demand. The United States, in particular, has always been an exceptional partner for Italian manufacturers and is currently their number one export destination. The buoyancy of North American demand, which we expect to continue in the coming months, has largely offset the weakness of Asian and European demand. Now it is hoped that Europe, and Germany in particular, will return to work as it did in the past, or even more so, given that the reshoring phenomenon can benefit Italian manufacturers already present in German value chains.” This hope is even stronger today, given the great uncertainty that weighs on the international market, where the numerous geopolitical crises that are still unresolved are making economic activity more and more complicated”.*

With reference to Germany, in the period January-September 2023 (the latest available data) sales of *Made in Italy* in the sector amounted to € 244 million, 10% more than in the same period of the previous year. Despite this, it must be considered that the value of Italian exports destined there is decidedly lower than the period before 2018 and compared to the record set in 2008 when it reached € 465 million.

### ACIMALL – ITALIAN WOODWORKING TECHNOLOGY ASSOCIATION

The 2023 preliminary summary drawn up by the Acimall Research Office shows an increase of 3.5% in production compared to 2022. Despite, therefore, a decidedly less satisfactory trend in orders compared

to the excellent data of previous years, companies had and still have a robust order book that has allowed them to increase their turnover even in the year that is about to end. A result that – when added to plus 5.3% in 2022 compared to the record year 2021 – testifies to the state of health of companies in the sector, which have had the opportunity to invest and consolidate their position in Italy and, as a tradition, in markets around the world. The value of production therefore amounts to € 2,740 million, a figure that does not take into account inflation but is still the historical record for the woodworking machinery sector, in a season that sees all sectors of industrial mechanics, machine tools in the first place, experiencing the same situation.

Exports, which, let's not forget, represent about 70% of the total – grew by 7% (€ 1,935 million in value), while domestic sales are contracting (€ 805 million, less 4% compared to 2022), a situation also confirmed by the robust decrease in imports (€ 270 million in value, less 7% compared to the previous twelve months).

The Italian market is thus confirming that it is experiencing a less positive period, which could not be otherwise, given that user investments have reached very significant levels in recent years, effectively saturating the active technology pool. A downturn that can therefore be described as physiological and expected, and therefore needs to be seen in the right light. In fact, apparent consumption fell by 4.3 percentage points, which amounted to € 1,075 million, demonstrating the always strong demand for wood and furniture technologies in Italy, which is confirmed to be the fourth world market behind China, the United States and Germany, ahead of Vietnam, which is in fifth position. It is interesting to note that even in 2023, the world of technologies for wood and its derivatives continues to have an excellent performance in terms of trade balance, with assets of € 1,665 million, 9.3% more than in 2022; certainly one of the most significant results in the entire galaxy of machine tool production and an important contribution to the national figure.

With reference to 2024, for a few quarters the wood machinery sector has been showing a tendency to return to more 'normal' levels, after the real 'boom' of recent years, a trend that leads to the assumption that 2024 will also follow this path. *“Numbers that are really very difficult to estimate today, in the light of the dramatic international events that we all know and that could also have decisive implications for the entire world economy,”* commented the director of Acimall, Dario Corbetta. *“Our sector is not exempt from the classic alternation of more positive periods with others that are decidedly less satisfactory: the news is that the growth of recent years has been so strong as to generate a real upward peak, a very marked discontinuity that will impose a slow return to normality, therefore the persistence of negative values, however contained in percentage terms, for a longer time. However, there is a feeling that the sector is perhaps overly concerned about what is in effect a physiological contraction. The data for 2023 prove this and today companies are undoubtedly more robust, both financially and from an organisational point of view, compared to other and much more difficult seasons of the past: this will allow them to manage a contraction that we can safely define as 'normal', although made more accentuated by the extraordinary results of the previous three years.”*

There is no doubt that in recent years the Italian market has been “enticed” by measures to support investments of a different nature. And even for next season, there are variables that could significantly affect the results. We refer to the measures envisaged by the “Industry 5.0” plan, included in the NRRP-National Recovery and Resilience Plan, which were given the green light of the European Commission as they were consistent with the “REpower EU” plan, aimed at accelerating the transition of community countries to the use of clean energy and, more generally, to the adoption of all those measures that allow a reduction in consumption. It is in this context that the new concessions decided by the national economic authorities to support those investments that comply with the connectivity and integration standards in the management networks of companies provided for by “Industry 4.0” and can also guarantee less energy intensive results.

*“For the 2024-2025 two-year period, companies will have at their disposal, through the tax credit instrument, funds of € 6.3 billion to be added to the benefits of 'Industry 4.0', a plan created to support all those interventions aimed at improving the energy efficiency of machines and plants,”* says Dario Corbetta. *“The contraction of recent months may therefore have been affected by the decision of many companies to wait until the new measure is fully operational before deciding on new investments. There is no doubt that these are measures that it would be an understatement to describe as 'welcome', however obvious the 'elastic' effects they will inevitably have on demand. More far-reaching policies that do not follow one another from year to year would certainly have a more lasting and structural impact on demand trends.”*

## 2023 TREND

As is known, starting from the month of January 2022, the intensification of tensions between Russia and Ukraine, which led to Russia's declaration of war on Ukraine and the invasion of Ukrainian territory by the

Russian army on 24 February 2022, had important repercussions on international markets, both in terms of financial market trends and on commodity prices, which continued to persist even during the course of 2023.

In addition, recent events in the Middle East have introduced new variables of instability that have been reflected on business dynamics not only at the regional level but also on a global scale. The Biesse Group has closely monitored the evolution of the situation and continued to undertake initiatives aimed at counteracting any impacts.

The reference context was therefore characterised by uncertainties due to the evolution of the international geopolitical context described so far, with consequent repercussions on the evolution of supplies.

At the end of 2023, the Biesse Group's portfolio amounted to € 282,320 thousand, down by 26.6% compared to December 2022 (€ 384,659 thousand).

In this context, Biesse Group's revenue from sales and services in 2023 was € 785,002 thousand, down (-4.6%) on 2022. 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.

An analysis of turnover by geographic area shows that the increase was only in Eastern Europe (10.3%), while Western Europe, Asia-Oceania, North America and the Rest of the World recorded decreases of 4.4%, 10.7%, 12.2% and 1.6% respectively.

Western Europe was once again the Biesse Group's largest market, generating € 412,343 thousand in turnover, representing 52.5% 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 2022 of 3.9% and 13.0% respectively.

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 € 77,025 thousand, down 14.9% compared to the previous year. At the same time, there was a decrease in operating income before non-recurring events (Adjusted EBIT) (€ 40,348 thousand in 2023 against € 47,574 thousand in 2022) with a negative delta of € 7,226 thousand and a reduction in revenue, which went from 5.8% to 5.1%.

It should also be noted that the Biesse Group's economic result for the period was negatively impacted by "non-recurring events" in the amount of € 16,180 thousand, mainly attributable for € 12,960 thousand to the corporate restructuring provision, for € 4,030 thousand to the write-down of assets relating to the Russian branch as a result of the increase in the country risk profile, also linked to the evolution of the local regulatory framework (of which € 1,732 thousand for inventory write-down, € 1,749 thousand for bad debt write-down and € 549 thousand for write-down of other residual assets) € 941 thousand to costs incurred for the acquisition of the shares of GMM Finance S.r.l, partially offset for € 1,937 thousand by the capital gain arising from the sale of the building and relative land in Thiene.

With reference to the corporate restructuring provision registered in the financial year, it represents the best estimate of the current expenses related to the organizational 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 this end, a number of initiatives have been launched, such as the defensive solidarity contract for the period November 2023 - October 2024 and the rationalisation of owned sites, which will probably lead in the near future to the management of redundancies already identified at 31 December 2023, based on technical organisational criteria, territorial location and the principle of non-opposition to redundancies, favoured by economically incentivised redundancies. The economic incentives, which will be disbursed exclusively in exchange for the waiver of the termination of the employment relationship through the signing of settlement agreements, provide for a disbursement by way of a redundancy incentive and partially by way of a novation settlement, for the identified persons.

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 € 33,774 thousand compared to December 2022, with a consequent contraction in cash generation. This phenomenon is mainly due to the decrease in contractual liabilities (equal to € 30,148 thousand) influenced by the slowdown in the entry of orders that occurred during the year and was also negatively affected by the advance to the fourth quarter of 2022 of most investments related to industry 4.0 (Italian users wanted to secure the incentive of the tax credit for industry 4.0 at 40% knowing that in 2023 the rate would have been halved).

Still in terms of net operating working capital performance, the warehouse recorded a significant drop of € 47,195 thousand, consistent with the Biesse Group's inventory optimisation strategy and in line with the



decrease in trade payables of € 46,715 thousand, in the face of a significant contraction in supplies for the period and a consequent reduction in average payment days (DPO).

On the other hand, with regard to trade receivables, there was an increase of € 4,106 thousand, an increase attributable to the increase in DSOs both on the Italy area due to the halving of the 2023 tax credit rate for Industry 4.0. and partly on European areas such as France and the UK in particular.

The Net Financial Position (hereinafter also “NFP”) of the Biesse Group at 31 December 2023 was positive at € 92,953 thousand, a decrease of € 23,693 thousand compared to the figure at 31 December 2022 (positive for € 116,646 thousand). The change is mainly influenced by the distribution of dividends in the first half of 2023 and the aforementioned trend in net operating working capital, despite the positive results obtained at the operating level.

The scenario described so far confirms that over the entire 2023 financial year, the Biesse Group has decisively implemented actions aimed at optimising inventory and containing costs, while trying to monitor the dynamics of net operating working capital, even if strongly influenced by the trend in the entry of orders that occurred during the year.

## **CONSOLIDATED NON-FINANCIAL STATEMENT**

The Consolidated Non-Financial Statement (hereinafter referred to as “NFS”) of Biesse S.p.A. has been prepared in accordance with Italian Legislative Decree No. 254 dated 30 December 2016. The NFS reports on environmental, social and staff-related issues, the respect for human rights, the fight against bribery and corruption, as well as additional issues identified through a materiality analysis process as being material for the Biesse Group.

The NFS is published with a separate and specific document. It refers to the financial year ended 31 December 2023 and includes data from the parent company Biesse S.p.A. and the companies consolidated on a line-by-line basis. In regards to this, reference should be made to the paragraph “scope of consolidation” in the Notes to the Consolidated Financial Statements. The NFS was approved by Biesse S.p.A.’s Board of Directors on this date and is subject to separate certification of compliance by the Independent Auditors.

## **2023 MAIN EVENTS**

### **INTERNATIONAL GEOPOLITICAL CONTEXT**

2023 was characterised by the persistence of the war between Russia and Ukraine, where the continuous geopolitical tensions and the evolution of the war had repercussions on international markets, with repercussions on the trend of the financial markets. To the already complex geopolitical scenario, in the fourth quarter of the year, the Israeli-Palestinian conflict was added, introducing new variables of instability that were reflected on global business dynamics, not only at the regional level but also on a global scale. The Biesse Group has closely monitored the evolution of the situation and continued to undertake initiatives aimed at counteracting any impacts, preserving business continuity.

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.

### **TRADE FAIRS AND EVENTS AROUND THE WORLD**

Fairs and events represent an opportunity for the Biesse Group to present itself to the market and to the various stakeholders, describing the company's values, vision and product offerings.

In fact, the Biesse Group sees participation in fairs and strategic international events as a brand awareness tool aimed at transmitting business value and current and future technological proposals to customers and stakeholders.

### **PARTICIPATION IN THE EURONEXT STAR CONFERENCE 2023**

Biesse participated in the Euronext STAR Conference 2023 organised by Borsa Italiana which was held in Milan at Palazzo Mezzanotte from 21 to 23 March. During this occasion, Biesse’s management met with international investors and financial analysts to share the results recently achieved and the most immediate economic and financial prospects.

### **PARTICIPATION IN THE ESN EUROPEAN CONFERENCE**

Biesse participated virtually in the European Securities Network (ESN) 2023 European Conference, held in London on 30 May at the Merchant Taylors' Hall. During this occasion, Biesse's management met with international investors and financial analysts to share the results recently achieved and the most immediate economic and financial prospects.

#### **PARTICIPATION IN THE 2023 ITALIAN EXCELLENCES MID CORPORATE CONFERENCE**

Biesse participated in the 2023 Italian Excellences Mid Corporate Conference organised by Intesa Sanpaolo, which was held in Paris at the Le Bristol hotel on 10 and 11 October. During this occasion, Biesse's management met with international investors and financial analysts to share the results recently achieved and the most immediate economic and financial prospects.

## 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 2023 are the same as those adopted in the previous year.

### INCOME STATEMENT

	31 December		31 December		CHANGE %
	2023	% on sales	2022	% on sales	
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>785,002</b>	<b>100.0%</b>	<b>822,425</b>	<b>100.0%</b>	<b>(4.6)%</b>
Change in inventories, wip, semi-finished products and finished products	(34,900)	(4.4)%	30,791	3.7%	-
Other revenues	6,457	0.8%	8,421	1.0%	(23.3)%
<b>Value of production</b>	<b>756,558</b>	<b>96.4%</b>	<b>861,638</b>	<b>104.8%</b>	<b>(12.2)%</b>
Raw materials, consumables, supplies and goods	(292,034)	(37.2)%	(363,363)	(44.2)%	(19.6)%
Other operating costs	(146,168)	(18.6)%	(156,292)	(19.0)%	(6.5)%
Personnel expense	(241,331)	(30.7)%	(251,423)	(30.6)%	(4.0)%
<b>Gross operating result before non recurring items</b>	<b>77,025</b>	<b>9.8%</b>	<b>90,559</b>	<b>11.0%</b>	<b>(14.9)%</b>
Depreciation and amortisation	(30,913)	(3.9)%	(32,496)	(4.0)%	(4.9)%
Provisions	(5,763)	(0.7)%	(10,489)	(1.3)%	(45.1)%
<b>Operating results before non recurring items</b>	<b>40,348</b>	<b>5.1%</b>	<b>47,574</b>	<b>5.8%</b>	<b>(15.2)%</b>
Non recurring-items	(16,180)	(2.1)%	3,175	0.4%	-
<b>Operating result</b>	<b>24,169</b>	<b>3.1%</b>	<b>50,748</b>	<b>6.2%</b>	<b>(52.4)%</b>
Net financial income	2,310	0.3%	868	0.1%	-
Net financial expenses	(2,331)	(0.3)%	(2,014)	(0.2)%	15.8%
Net exchange rate losses	(3,668)	(0.5)%	(7,969)	(1.0)%	(54.0)%
<b>Pre-tax result</b>	<b>20,479</b>	<b>2.6%</b>	<b>41,634</b>	<b>5.1%</b>	<b>(50.8)%</b>
Income taxes	(7,996)	(1.0)%	(11,338)	(1.4)%	(29.5)%
<b>Result for the year</b>	<b>12,483</b>	<b>1.6%</b>	<b>30,296</b>	<b>3.7%</b>	<b>(58.8)%</b>

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

**Revenues** for the 2023 financial year amounted to € 785,002 thousand, compared to € 822,425 thousand in 2022, down 4.6% compared to the previous year, in line with the sales trend for the period.

The breakdown of revenues by operating segment remains substantially unchanged (with the Machine-Systems segment accounting for more than 91.0% of Biesse Group revenues), while both segments show a decrease of 3.9% for Machine-Systems and 13.0% for Mechatronics, respectively. Analysing sales by geographical area, the only increase was in Eastern Europe (10.3%), while Western Europe, Asia-Oceania, North America and the Rest of the World recorded a decrease of 4.4%, 10.7%, 12.2% and 1.6% respectively.

### Breakdown of revenue by operating segment

	31 December 2023	%	31 December 2022	%	Change % 2023/2022
<i>Euro 000's</i>					
Machines and Systems Division	719,865	91.7%	748,804	91.0%	(3.9)%
Mechatronics Division	91,483	11.7%	105,165	12.8%	(13.0)%
Inter-segment eliminations	(26,346)	(3.4)%	(31,544)	(3.8)%	(16.5)%
<b>Total</b>	<b>785,002</b>	<b>100.0%</b>	<b>822,425</b>	<b>100.0%</b>	<b>(4.6)%</b>

### Breakdown of revenue by geographical area

	31 December 2023	%	31 December 2022	%	Change % 2023/2022
<i>Euro 000's</i>					
Western Europe	412,343	52.5%	431,136	52.4%	(4.4)%
Asia-Pacific	89,573	11.4%	100,257	12.2%	(10.7)%
Eastern Europe	124,772	15.9%	113,121	13.8%	10.3%
North America	138,061	17.6%	157,334	19.1%	(12.2)%
Rest of the World	20,253	2.6%	20,578	2.5%	(1.6)%
<b>Total</b>	<b>785,002</b>	<b>100.0%</b>	<b>822,425</b>	<b>100.0%</b>	<b>(4.6)%</b>

The **value of production** amounted to € 756,558 thousand, down 12.2% compared to the figure for 2022 (€ 861,638 thousand), in line with the strategic choice of the year aimed at optimising warehouse stocks by the Biesse Group.

The percentage of **consumption** net of the **change in inventories** recorded a slight increase of 1.2 p.p. on sales due to the gradual entry of inflation, which has progressively manifested itself since the end of 2021 and the different composition of the product mix.

**Other operating expenses** decreased in absolute terms (€ 10,124 thousand), reducing their percentage weight compared to the previous period (moving from 19.0% to 18.6%). This phenomenon is mainly attributable to service costs, which rose from € 140,178 thousand to € 129,994 thousand, a decrease of 7.3%. The change is mainly due to lower costs for production services (down by € 5,250 thousand), which include outsourced processing, transport on purchases and technical services, commissions payable and transport on sales (down by € 6,257 thousand), and utility costs (down by € 2,691 thousand). The aforementioned decreases are offset by the increase in personnel travel and transfer costs (up € 2,363 thousand), while costs for consultancy and trade fairs and advertising remain substantially constant compared to the previous year.

**Personnel expense** as at 31 December 2023 amounted to € 241,331 thousand and recorded a decrease in value of € 10,092 thousand compared to the figure for 2022 (€ 251,423 thousand, -4.0% compared to the same period of 2022), substantially due to the wages, salaries and related social security charges component attributable to the decrease in headcount (3,924 as at 31 September 2023 compared to 4,164 as at 31 December 2022).

**Adjusted EBITDA** for the financial year 2023 was positive at € 77,025 thousand, while in 2022 it was positive at € 90,559 thousand, down 14.9%.

**Depreciation and amortisation** decreased by 4.9% overall (from € 32,496 thousand at 31 December 2022 to € 30,913 thousand at 31 December 2023): The component relating to tangible fixed assets (including rights of use) remained substantially unchanged, while that relating to intangible assets fell by € 1,599 thousand (-12.2%).

**Provisions and impairment** amounted to € 5,763 thousand, and mainly included provisions of € 3,775 thousand (attributable to € 1,404 thousand for adjustments to provisions for future risks and charges, € 1,006 thousand for the restructuring provision for foreign branches and € 1,365 thousand for legal disputes) and write-downs for impairment of € 2,003 thousand, relating to intangible assets, including development costs.

**Adjusted EBIT** was positive at € 40,348 thousand, down 15.2% from the previous year (at € 47,574 thousand).

**Non-recurring components** show a negative value of € 16,180 thousand, referring mainly to € 12,960 thousand to the corporate restructuring provision, for € 4,030 thousand to the write-down of the assets related to the Russian branch (of which € 1,732 thousand for stock impairment, € 1,749 thousand for bad debt write-down and € 549 thousand for the write-down of other residual assets) for € 941 thousand to the costs incurred for the acquisition of shares in GMM Finance S.r.l., partially offset by € 1,937 thousand from the capital gain deriving from sale of the building and related land pertaining to Thiene.

With reference to **financial operations**, net expenses of € 21 thousand were recorded, down from the figure for December 2022 (net expenses of € 1,145 thousand).

**Exchange rate risk** management resulted in a net loss of € 3,668 thousand, an improvement compared to the € 7,969 thousand loss in the prior-year period.

**Pre-tax profit** was therefore € 20,479 thousand, a decrease compared to 2022 (equal to € 41,634 thousand).

**Taxes** amounted to a total of € 7,996 thousand; this negative balance is determined as a result of the following factors: IRES taxes and other deferred taxes (negative for € 1,295 thousand) and IRAP (negative for € 1,367 thousand); provisions for income taxes of foreign companies (€ 6,290 thousand) and taxes relating to previous years (positive for € 957 thousand).

The tax-rate therefore stood at 39%, an increase compared to the figure recorded in 2022 (equal to 27.2%), essentially due to the devaluation of the assets of the Biesse Russia branch and to the final fiscal losses of certain foreign subsidiaries, as it was considered prudentially correct not to allocate advance taxes on these cases.

The Biesse Group, therefore, recorded a **profit for the year** of € 12,483 thousand.

**STATEMENT OF FINANCIAL POSITION**

	31 December 2023	31 December 2022
<i>Euro 000's</i>		
Intangible assets	83,446	88,177
Property, plant and equipment	117,213	117,625
Financial assets	3,519	4,688
<b>Non-current assets</b>	<b>204,179</b>	<b>210,489</b>
Inventories	168,393	215,588
Trade receivables and contract assets	116,619	112,513
Trade payables	(135,281)	(181,996)
Contract liabilities	(108,049)	(138,197)
<b>Net operating working capital</b>	<b>41,682</b>	<b>7,908</b>
Post-employment benefits	(10,041)	(10,567)
Provision for risk and charges	(37,512)	(25,015)
Other net payables	(47,175)	(54,629)
Net deferred tax assets	17,362	15,961
<b>Other net liabilities</b>	<b>(77,365)</b>	<b>(74,249)</b>
<b>Net invested capital</b>	<b>168,495</b>	<b>144,147</b>
Share capital	27,403	27,403
Profit for the previous year and other reserves	221,562	202,898
Profit for the year	12,483	30,248
Non-controlling interests	0	245
<b>Equity</b>	<b>261,448</b>	<b>260,793</b>
Bank loans and borrowings and loans and borrowings from other financial backers	28,279	28,937
Other financial assets	(16,758)	(20,544)
Cash and cash equivalents	(104,473)	(125,039)
Net financial position (1)	(92,953)	(116,646)
<b>Total sources of funding</b>	<b>168,495</b>	<b>144,147</b>

Net invested capital amounted to €168,495 thousand, up compared to 31 December 2022 (€144,147 thousand).

Compared to 31 December 2022, net fixed assets decreased by €6,310 thousand due to the fact that depreciation and amortisation are higher than new investments for the period.

Net operating working capital increased by €33,774 thousand compared to 31 December 2022. The change is mainly due to the decrease in contractual liabilities (equal to €30,148 thousand), influenced by the slowdown in the entry of orders that occurred during the year, as well as the fact that in the last quarter of 2022 there was an advance on most of the investments related to industry 4.0 (Italian users wanted to secure the incentive of the tax credit for industry 4.0 at 40% knowing that in 2023 the rate would be halved).

The warehouse recorded a significant drop of €47,195 thousand, in line with the Biesse Group's inventory optimisation strategy and in line with the decrease in trade payables of €46,715 thousand, in the face of a significant contraction in supplies for the period and a consequent reduction in average payment days (DPO).

Trade receivables increased by €4,106 thousand, following the increase in DSOs both on the Italian area due to the halving of the 2023 tax credit rate relating to industry 4.0 and partly on European areas such as France and the UK in particular.

Equity amounted to € 261,448 thousand (€ 260,793 thousand as at 31 December 2022).

### Net financial position

	31st December 2023	30th September 2023	30th June 2023	31st March 2023	31st December 2022
<i>Euro 000's</i>					
Financial assets:	121,232	116,498	115,812	132,381	145,583
<i>Current financial assets</i>	16,758	21,435	28,682	20,696	20,544
<i>Cash and cash equivalents</i>	104,473	95,063	87,130	111,685	125,039
Short-term financial lease payables	(7,027)	(6,252)	(6,553)	(7,072)	(7,504)
Short-term bank loans and borrowings and loans from other	(2,358)	(5,436)	(1,464)	(1,412)	(4,222)
<b>Short-term net financial position</b>	<b>111,847</b>	<b>104,810</b>	<b>107,795</b>	<b>123,897</b>	<b>133,858</b>
Medium/Long-term financial lease payables	(18,478)	(14,249)	(15,528)	(16,114)	(16,496)
Medium/Long-term bank loans and borrowings	(264)	(284)	(284)	(320)	(561)
Trade payables and other medium/long-term payables	(152)	(163)	(128)	(140)	(155)
<b>Medium/Long-term net financial position</b>	<b>(18,894)</b>	<b>(14,696)</b>	<b>(15,941)</b>	<b>(16,575)</b>	<b>(17,212)</b>
<b>Total net financial position</b>	<b>92,953</b>	<b>90,115</b>	<b>91,855</b>	<b>107,322</b>	<b>116,646</b>

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.

The Biesse Group's Net Financial Position as at 31 December 2023 was positive by € 92,953 thousand, down from the previous year (positive by € 116,646 thousand), while the final figure, without considering the effects of payables for rent and leasing, would have been positive by € 118,457 thousand (positive by € 140,646 thousand as at 31 December 2022). Compared to the end of the year 2022, the change is mainly influenced by the distribution of dividends in the first half of 2023 and the aforementioned trend in net operating working capital, despite 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 € 251 million, of which € 91.0 million revocable with a duration of up to 12 months and € 160 million committed with a duration within 12 months. All undrawn credit lines are unsecured and free of any collateral.

## 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.

### Brand identity

Biesse operates in a highly fragmented B2B context and with few major brands, including Biesse. The ability to further affirm the Biesse Brand and the *experience* underlying the purchase and use of the group's products is a key element of Biesse's differentiation strategy. Consequently, a brand identity not perceived as distinctive by the market would not allow the Group's positioning to be elevated, jeopardising the execution of business strategies.

### 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.

#### **Technological developments in the field of industry competitiveness**

Risk associated with not being able to keep up with the technological evolution of the market, particularly with regard to the possibility that the technology currently offered (product and process) is obsolete compared to the competition.

#### **Transition to an integrated logic of business processes**

Risk linked to Biesse's inability to guarantee the correctness and efficiency of operating processes, with the consequent inability to ensure homogeneity of treatment by the different realities of Biesse. Therefore, the Group would jeopardize the possibility of seizing possible synergies and opportunities for operational simplification, compromising the operational effectiveness of business activities.

#### **Post merger integration**

Risk linked to the effective integration of GMM Finance S.r.l. companies and all the companies directly and indirectly controlled by it and attributable to it, in terms of business processes, governance and main assets, with the potential compromise of the post-acquisition reorganisation of the Biesse Group.

#### **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 2023, an in-depth analysis of climate risks was carried out to understand the strategic implications for the group. In detail, different climate scenarios were considered (Representative Concentration Pathway such as RCP8.5, the most catastrophic scenario, RCP7.0, RCP4.5, the most probable scenario and RCP2.6 optimal scenario) and two time horizons (2030 and 2050). Thanks to the use of a specific tool, it was possible to evaluate the exposure to physical risk of the Biesse Group's production sites and the Group's suppliers in the various scenarios considered. The tool made it possible to calculate the possible days of business interruption in the event of floods, severe storms (wind, hail, lightning, tornadoes and hurricanes) and fire risk in order to provide a measurement of the possible financial effects associated with these risks.

With regard to transition risks, various scenario analyses prepared by NGFS (Network for Greening the Financial System) and IEA (International Energy Agency) were used. A study was also conducted on the main climate regulations, thanks to the implementation of a dedicated project in the field of Compliance.

Finally, a benchmarking activity was conducted on a panel of players in the manufacturing sector, to identify the main transition risks and the opportunities associated with them.

Analysing the scenarios related to climate, the Biesse Group evaluated the appropriateness of its strategy in terms of resilience both with respect to physical risks and with respect to transition risks, demonstrating that the financial effect is not significant in the short and medium-long 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 resilience of the Biesse Group is also supported by a business model based on diversification, on technology aggregation poles and on technological development.

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 push expected from the development of renewable sources, the use of energy efficient technologies and the strong growth of digitalisation.

#### **Risks relating to cyber security**

The growing interrelation between technology and business and the increasing use of networks to share and transfer information entail different and multiple risks linked to the vulnerability of the information systems adopted in business. Potential cyber attacks could regard important data and information held by the company, such as patents, hi-tech projects or strategic plans which have not been disseminated to the market, with consequent economic, financial, regulatory or image damages.

#### **Risks associated with the organisation of the Biesse Group's sales force**

The organisation of the sales force plays a fundamental role in the commercial objectives of the Biesse Group, since it has a direct impact on the Group's performance. Therefore, a sales force that is not aligned with the company's strategic guidelines, poor technical skills or a lack of attention to overall results, may not adequately support the Biesse Group's planned growth objectives.

#### **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.

#### **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.

## **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 2024 the Corporate Governance and Ownership Structure Report pursuant to Art. 123-bis of the Consolidated Law on Finance, for financial year 2023.

Said Report is published on the Company's website [www.biesse.com](http://www.biesse.com) in the "Investor Relations" section, "Corporate Governance" subsection, 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 and Risk Management 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

During 2023, the Biesse Group continued its process of organisational transformation and in this context, an important process of Change Management and Engagement of its employees was launched.

In particular a series of initiatives have been launched aimed at orienting all people towards the new identity of the Biesse Group, characterised by Vision, Mission and corporate values, interpreted in line with the strategic and management objectives to be pursued.

### A New Vision

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

### A New Mission

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

### The Values

#### 1. International natives

The belonging without borders that enhances the peculiarities of individuals.

#### 2. Insightful curiosity

A constant desire for discovery, which turns into intuition.

#### 3. Genuine "maestria" (mastery)

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

#### 4. Widespread transparency

The honesty of the people, the integrity of the company.

#### 5. Heartfelt commitment

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

#### 6. Respectful sight

The care for environment, society, people.

These initiatives have been developed at various organisational levels through the "Change Biesse. To.Get.There", "Let's meet up with the CEO" and "Key People Development Plan" projects.

**"Change Biesse. To.Get.There"**. It aims to consolidate the transformation process and fuel the speed of change in order to consolidate a group capable of being highly competitive not only in the short term, but also in the medium and long term. Decline and share brand values in behaviours and cultural principles that must characterise the actions of the Biesse Group. Increase revenues and support the growth of the organization and the people who constitute it through upskilling and design experimentation, all characterised by a digital perspective. The project started first in Italy and then was extended to the markets.

**"Let's meet up with the CEO"**. As part of the company's evolution, a structured programme of meetings between employees of all ages and organisational levels and our Co-CEO was organised as opportunities for direct dialogue and discussion without hierarchical mediation by middle managers. Create an opportunity for mutual knowledge and sharing, in an exchange of ideas and reflections related to objectives, to change, in order to stimulate transparency and proactivity, values that must increasingly become part of our corporate culture.

**"Key People Development Plan"**. It is a plan to involve the organisation's most significant collaborators who, as change makers, must support the main business projects with a more agile and efficient way of working, overcoming some limitations expressed by the previous organisation.

In a highly competitive context, which requires reviewing the organization of work in a perspective of agile and digital transformation, also aimed at containing the relative cost component, the divergent vision of HR management becomes increasingly strategic to achieve two objectives that only apparently seem to contradict each other.

## RESEARCH AND DEVELOPMENT ACTIVITIES

The research and development activities carried out in 2023 amounted to a total amount of € 22.3 million and represent about 2.9% of revenues. Research and development activities 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.

## 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.

	Equity 31/12/2023	Result for 2023	Equity 31/12/2022	Result for 2022
<i>Euro 000's</i>				
<b>Equity and profit for the year of the parent</b>	<b>207,264</b>	<b>18,511</b>	<b>197,640</b>	<b>19,843</b>
Elimination of carrying amount of consolidated equity investments:				
Difference between carrying amount and amount of equity held	71,189		80,659	
Pro-quota results contributed by investees		20,807		27,986
Derecognition of impairment losses/reversal of impairment losses on equity investments		4,371		(2,448)
Dividends		(31,928)		(13,785)
Elimination of the effects of transactions between consolidated companies:				
Intercompany losses included in closing inventories	(16,413)	723	(17,159)	(1,348)
Intercompany losses on non-current assets	(591)		(591)	
<b>Equity and profit of the year attributable to owners of the parent</b>	<b>261,448</b>	<b>12,483</b>	<b>260,548</b>	<b>30,248</b>
Non-controlling interests	-	-	245	48
<b>Total equity</b>	<b>261,448</b>	<b>12,483</b>	<b>260,793</b>	<b>30,296</b>

## 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:

<i>Euro 000's</i>	Revenues		Costs	
	For Year ended 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	1	-	23	24

<i>Euro 000's</i>	Receivables		Payables	
	For Year ended 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	-	-	1,066	1,156

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 companies have been identified as related parties: the Board of Directors, the Board of Statutory Auditors, SEMAR S.r.l., Wirutex S.r.l. (only until 2022) and Fincobi S.r.l. (the first related by family relationship with the owner, the second and third subsidiaries of Bi. Fin. S.r.l., the parent company of the Parent).

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

Euro 000's	Revenues		Costs	
	For Year ended 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	1	-	23	24
<b>Other related companies</b>	<b>24</b>	<b>26</b>	<b>2,153</b>	<b>4,189</b>
Fincobi S.r.l.	-	1	-	-
Se. Mar. S.r.l.	24	9	2,152	2,539
Wirutex S.r.l.	-	16	-	1,647
Other	-	-	1	3
<b>Members of the Board of Directors</b>			3,122	3,246
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	163	166
<b>Executives with strategic functions</b>				
Executives with strategic functions	-	-	1,566	1,781
<b>Total</b>	<b>25</b>	<b>26</b>	<b>7,027</b>	<b>9,406</b>

Euro 000's	Receivables		Payables	
	For Year ended 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	-	-	1,066	1,156
<b>Other related companies</b>				
Fincobi S.r.l.	-	-	-	-
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	7	2	632	882
Wirutex S.r.l.	-	-	-	508
Other	-	-	0	1
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	-	-	106	133
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	69	119
<b>Total</b>	<b>7</b>	<b>2</b>	<b>1,872</b>	<b>2,800</b>

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  
Via Giovanni Santi, 30 Gradara (PU) - Italy  
Via Giovanni Santi, 22 Gradara (PU) - Italy  
Via Einaudi, 4 Fano (PU) - Italy  
Via Zanica, 19K Grassobbio (BG) - Italy  
Via Manzoni, 2340 Alzate Brianza (CO) - Italy  
Via C. Porta, 67 Seregno (MB) - Italy  
Strada Gragnana, 17/O Piacenza (PC) - Italy  
Via Marcello Malpighi, 8 Lugo (RA) - Italy  
Via Chitarrara, 910 Montescudo-Monte Colombo (RN) - Italy  
Strada Piossasco, 46 Volvera (TO) - Italy  
Via Cavour 9/A Codognè (TV) - 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 31/12/2022	No. Of shares sold in 2023	No. Of shares purchased in 2023	No. of shares held directly and indirectly at 31/12/2023	% of share capital
<b>Giancarlo Selci (through Bi.Fin. S.r.l.)</b> Chairman					
<b>Roberto Selci</b> 'Managing Director	13,970,500			13,970,500	50.98%
<b>Massimo Potenza</b> 'Co Managing Director	2,050			2,050	0.01%
<b>Alessandra Baronciani</b> Consigliere non esecutivo	0			0	0.00%
<b>Rossella Schiavini</b> Lead independent Director	0			0	0.00%
<b>Ferruccio Borsani</b> Independent Director	0			0	0.00%
<b>Federica Ricceri</b> Independent Director	0			0	0.00%
<b>Paolo De Mitri</b> Chairman of the Board of Statutory Auditors	0			0	0.00%
<b>Giovanni Ciurlo</b> Member of the Board of Statutory Auditors	0			0	0.00%
<b>Enrica Perusia</b> Member of the Board of Statutory Auditors	0			0	0.00%

## “ATYPICAL AND/OR UNUSUAL” TRANSACTIONS CARRIED OUT DURING THE YEAR

In 2023, there were no such transactions.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

### January 2024

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 considering a Debt Net Financial Position. The final price, which will be calculated in the coming months, provides for the usual price adjustment mechanisms (up or down), based on the change in the net financial position of GMM Finance S.r.l.

### Outlook for 2024

To date, the reference context remains characterised by significant uncertainties due to the evolving international geopolitical environment.

However, the backlog as at 31 December 2023 allows us to approach the new year with a reasonable level of confidence in achieving business objectives. Underlining the difficulties in forecasting in an industry that continues to operate with reduced visibility, the Directors of the Biesse Group – based on the most respected macro-economic forecasts and the Biesse Group’s strategies of product innovation and market penetration, will work resolutely in pursuit of the set objectives.

Based on this scenario, the Biesse Group will continue for the entire 2024 financial year to implement the integration of the GMM Group, the strengthening of its presence in international markets, while maintaining a focus on containing costs and monitoring cash dynamics.

The strategy of the Biesse Group for 2024 can be summarised as follows:

**Strengthening the Implementation of the One Company model** aimed at achieving a further rationalisation and adequate sizing of the structure consistent with the defined business model and the volumes of activities generated through a) a better focus of attention on customers, their needs and development prospects; b) speeding up business decisions by implementing a comprehensive and integrated management model based on common processes and tools; c) the evolution of the leadership model towards more collaboration, empowerment of people, and ability to manage discontinuity and change.

This journey has allowed the company to reorganise itself with an approach that will have an impact on the way we work and how we meet our customers’ needs. It is a project that concerns the rationalization of the corporate structure and an internal and international reorganization, with the ultimate goal of making the Biesse Group increasingly lean, efficient and innovative, simplifying its processes, and able to adapt quickly to constantly changing world contexts.

A cross-cutting process logic has been introduced, which will facilitate the implementation of development projects. This path will also involve the international offices, with the aim of strengthening the company’s international network through more effective structures.

**Visual identity:** the new visual identity was identified, necessary to align the group’s positioning and brands, making explicit the new values and identity traits of the Biesse Group, while maintaining the distinctive features of the various sectors in which it operates.

**Enhancement of the digitalisation process**, which started some years ago and will guarantee digital, automated factories that are interconnected to all customers thanks to software solutions and new advanced services through SOPHIA, the IOT platform developed by the Biesse Group that sets up customers with a range of services to simplify and rationalise the management of work, optimising the performance and productivity of technologies used by customers.

**Product innovation**, thanks to investments in Research & Development, accounting for 3% of annual turnover, the Group enhances its product offer by consolidating the technological solutions that are already in use, in the wood, advanced materials, glass and stone sectors, continuing the study and development of new solutions that will contribute to improving technological standards in the reference sectors.

**Strengthening of the Network** to improve brand awareness in the sectors in which the Biesse Group is a recent arrival and has excellent growth potential, such as advanced materials, structural wood and metal. In addition to the new sectors, the Biesse Group plans to strengthen its geographic reach, in line with the path of growth and internationalisation of the last twenty years.

## 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 2023 are commented on in the various sections of the notes to the financial statements.

### INCOME STATEMENT

	31 December 2023	% of sales	31 December 2022	% of sales	Change %
<i>Euro 000's</i>					
<b>Revenue from sales and services</b>	<b>537,745</b>	<b>100.0%</b>	<b>573,548</b>	<b>100.0%</b>	<b>(6.2)%</b>
Change in inventories, wip, semi-finished products and finished goods	(21,753)	(4.0)%	15,586	2.7%	(239.6)%
Other Revenue	5,402	1.0%	7,530	1.3%	(28.3)%
<b>Value of production</b>	<b>521,394</b>	<b>97.0%</b>	<b>596,664</b>	<b>104.0%</b>	<b>(12.6)%</b>
Raw materials, consumables, supplies and goods	(274,330)	(51.0)%	(331,490)	(57.8)%	(17.2)%
Other operating costs	(82,962)	(15.4)%	(87,170)	(15.2)%	(4.8)%
<b>Normalised added value before non recurring items</b>	<b>164,102</b>	<b>30.5%</b>	<b>178,004</b>	<b>31.0%</b>	<b>(7.8)%</b>
Personnel expense	(133,503)	(24.8)%	(140,607)	(24.5)%	(5.1)%
<b>Normalised gross operating result</b>	<b>30,599</b>	<b>5.7%</b>	<b>37,397</b>	<b>6.5%</b>	<b>(18.2)%</b>
Depreciation and amortisation	(17,770)	(3.3)%	(18,720)	(3.3)%	(5.1)%
Provisions	(3,108)	(0.6)%	(4,663)	(0.8)%	(33.3)%
<b>Normalised operating result before non recurring items</b>	<b>9,721</b>	<b>1.8%</b>	<b>14,014</b>	<b>2.4%</b>	<b>(30.6)%</b>
Non recurring-items	(10,970)	(2.0)%	-	-	(100.0)%
<b>Operating result</b>	<b>(1,249)</b>	<b>(0.2)%</b>	<b>14,014</b>	<b>2.4%</b>	<b>(108.9)%</b>
Net financial expense	(3,780)	(0.7)%	(1,130)	(0.2)%	234.5%
Net exchange rate losses	(613)	(0.1)%	(6,944)	(1.2)%	(91.2)%
Value adjustments to financial assets	(9,074)	(1.7)%	2,882	0.5%	(414.9)%
Dividends	31,928	5.9%	13,785	2.4%	131.6%
<b>Pre-tax result</b>	<b>17,212</b>	<b>3.2%</b>	<b>22,607</b>	<b>3.9%</b>	<b>(23.9)%</b>
Income taxes	1,299	0.2%	(2,764)	(0.5)%	(147.0)%
<b>Result for the year</b>	<b>18,511</b>	<b>3.4%</b>	<b>19,843</b>	<b>3.5%</b>	<b>(6.7)%</b>

In 2023, **revenue from sales and services** amounted to € 537,745 thousand, compared to € 573,548 thousand at 31 December 2022, down by -6.2% 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 € 521,394 thousand, compared to € 596,664 thousand as at 31 December 2022, representing a decrease of about -12.6% 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 2023	%	31 December 2022	%
<i>Euro 000's</i>				
<b>Revenue</b>	<b>521,394</b>	<b>100.0%</b>	<b>596,664</b>	<b>100.0%</b>
Raw materials and goods	274,330	52.6%	331,490	55.6%
Other operating costs	82,962	15.9%	87,170	14.6%
<i>Service costs</i>	<i>75,230</i>	<i>14.4%</i>	<i>78,860</i>	<i>13.2%</i>
<i>Use of third party assets</i>	<i>2,659</i>	<i>0.5%</i>	<i>1,740</i>	<i>0.3%</i>
<i>Sundry operating expense</i>	<i>5,073</i>	<i>1.0%</i>	<i>6,570</i>	<i>1.1%</i>
<b>Added value</b>	<b>164,102</b>	<b>31.5%</b>	<b>178,004</b>	<b>29.8%</b>

The percentage incidence of 'Added value added before non-recurring events' calculated on 'Value of production' increased by 1.7% compared to 2022, mainly attributable to the decrease in the percentage incidence of the item 'Consumption of raw materials and goods' offset in part by the percentage increase in service costs and costs for use of third-party assets. There is an incidence of the item "Consumption of raw materials and goods" of 52.6%, an improvement compared to the previous year of 3.0%. The incidence of other "Operating expenses" amounted to 15.9%, up 1.3% compared to the previous period.

Other operating expenses decreased in absolute terms by € 4,208 thousand, attributable to service costs of € 3,630 thousand and other operating costs of € 1,497, while the costs for use of third-party assets registered an increase of € 919 thousand. The decrease in service costs is due in particular to costs closely related to sales (external processing and transport) and utilities. The costs for use of third-party assets amount to € 2,659 thousand (€ 1,740 thousand in 2022) and refer to all rentals not covered by the IFRS 16 accounting standard. Other operating costs amounted to € 5,073 thousand (€ 6,570 thousand in 2022).

Personnel expense in 2023 was € 133,503 thousand, compared with € 140,607 thousand in 2022, with a € 7,104 thousand decrease in absolute terms. There was a decrease in the number of employees whose

average number went from 1,935 to 1,923 despite the addition of 13 employees following the merger of Montresor S.r.l.

It should be noted that, as a result of the decrease in volumes, the percentage of revenues increased slightly, from 24.5% in 2022 to 24.8% in the current year.

**Normalised gross operating profit (adjusted EBITDA)** amounted to € 30,599 thousand (€ 37,397 thousand in 2022), down by € 6,798 thousand.

Depreciation and amortisation amounted to € 17,770 thousand, a decrease compared to the previous year (€ 18,720 thousand in 2022). The variance refers mainly to the amortisation of intangible assets.

Recurring provisions decreased compared to 2022 (€ 1,108 thousand in 2023 against € 2,922 thousand in 2022). The write-downs for recurring impairment, equal to € 2,000 thousand (€ 1,740 thousand in 2022), refer to projects capitalised in previous years considered to no longer be of future benefit to the Company.

**Normalised operating profit (adjusted EBIT)** was positive for € 9,721 thousand compared to € 14,014 thousand in 2022, down by € 4,293 thousand.

For the 2023 financial year, there are negative “non-recurring components” of € 10,970 thousand (equal to zero in 2022), mainly attributable to € 11,782 thousand to the corporate restructuring provision, for € 941,000 to the costs incurred for the acquisition of shares in GMM Finance S.r.l., partially offset by € 1,937 thousand from the capital gain deriving from the sale of the building and related land belonging to Thiene.

The **operating result (EBIT)** was negative by € 1,249 thousand, down by € 15,263 thousand compared to 2022, positive by € 14,014 thousand.

As regards financial operations, financial expense amounted to € 3,780 thousand, an increase compared to the 2022 figure (€ 1,130 thousand) mainly due to the increase in interest rates.

Exchange rate risk management resulted in a negative balance of € 613 thousand, compared to a negative balance of € 6,944 thousand in the previous year.

Value adjustments to financial assets, the balance of which was negative for € 9,074 thousand (positive for € 2,882 thousand in 2022), are the result of impairment tests conducted on certain investments in shares of Biesse Group companies. In particular, there are write-downs that concerned:

- Biesse Group Russia LLC € 6,000 thousand;
- Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda for € 1,941 thousand;
- Biesse Gulf FZE: € 600 thousand;
- Biesse Hong Kong Ltd (Ex-Centre Gain Ltd) € 431 thousand;
- Biesse Group Israel Ltd for € 102 thousand.

Dividends totalled € 31,928 thousand, detailed as follows:

- HSD S.p.A.: € 20,000 thousand;
- Biesse America Inc.: € 6,787 thousand;
- Biesse Group UK Ltd: € 1,731 thousand;
- Biesse Canada Inc.: € 1,027 thousand;
- Biesse Deutschland GmbH: € 1,000 thousand;
- Biesse Iberica Woodworking Machinery s.l.: € 1,000 thousand;
- Biesservice Scandinavia AB for € 346 thousand;
- Biesse Indonesia PT for € 37 thousand.

**Pre-tax profit** amounted to € 17,212 thousand, down by € 5,395 thousand compared to 2022, whose value amounted to € 22,607 thousand.

The balance of the **tax items** was positive for a total of € 1,299 thousand, compared to the negative figure of € 2,764 thousand in the previous year.

The Company therefore reported a positive **result for the year of** € 18,511 thousand (positive for € 19,843 thousand in 2022).

**STATEMENT OF FINANCIAL POSITION**

	31 December 2023	31 December 2022
<i>Euro 000's</i>		
Intangible assets	30,003	31,369
Property, plant and equipment	63,968	67,210
Financial assets	118,467	121,449
<b>Non-current assets</b>	<b>212,438</b>	<b>220,028</b>
Inventories	92,624	117,125
Trade receivables	125,732	130,358
Trade payables	(155,415)	(215,922)
<b>Net operating working capital</b>	<b>62,941</b>	<b>31,561</b>
Post-employment benefits	(8,055)	(8,049)
Provision for risk and charges	(35,924)	(18,432)
Other net payables/receivables	(29,637)	(34,945)
Net deferred tax assets	11,590	9,547
<b>Other net liabilities</b>	<b>(62,026)</b>	<b>(51,879)</b>
<b>Net invested capital</b>	<b>213,353</b>	<b>199,710</b>
Share capital	27,402	27,402
Result for the previous year and other reserves	161,351	150,395
Result for the year	18,511	19,843
<b>Equity</b>	<b>207,264</b>	<b>197,640</b>
Bank loans and borrowings from banks and other financiers	111,074	109,924
Other financial assets	(50,391)	(26,094)
Cash and cash equivalents	(54,594)	(81,760)
<b>Net financial indebtedness (position)</b>	<b>6,089</b>	<b>2,070</b>
<b>Total sources of funding</b>	<b>213,353</b>	<b>199,710</b>

Net intangible assets decreased by some € 1.4 million compared to 2022. During the year, the increases amounted to € 8.5 million, including those related to the purchase of licenses for the use of the ERP (€ 3.6 million) and capitalisations on R&D projects not yet completed (€ 3.6 million). The decrease is due to the effect of amortisation (€ 8.6 million) and to write-downs on R&D projects and licenses in phase out (€ 2 million). The net effect of the merger of the company Montresor S.r.l. including the FTA records is equal to € 693 thousand.

As regards property, plant and equipment, the net value fell by € 3.2 million. Investments of € 9.8 million were made during the reference period (€ 14.1 million in 2022). These investments concern work to secure the roofs of some buildings for € 753 thousand, the purchase of a handling plant for € 585 thousand, extraordinary maintenance work on a building for € 542 thousand, the increase in the rental values of the buildings due to ISTAT adjustments and contract renewals for € 518 thousand, the supply of company cars for hire for € 2,104 thousand; The remaining amount is related to the normal replacement of work tools, necessary for ordinary production activity.

During the year, there were also transfers for a net value of € 4,289 thousand, referring for € 2,513 thousand to the sale of a building and land pertaining to it, including the plants located in Thiene (VI) carried out on 2 February by deed of the Notary Giuseppe Fietta; the sales amount amounted to € 4,450 thousand, generating a capital gain of € 1,937 thousand.

The changes of tangible assets also includes the effect of the merger and FTA entries deriving from the incorporation of the company Montresor S.r.l., which resulted in an increase in the historical cost of € 1,159 thousand and in the depreciation reserve of € 537 thousand, subject to cancellation during the year and therefore recorded among the disposals.

Financial fixed assets recorded a decrease of € 3 million as a balance due mainly to a lower value of investments of € 1.6 million and to lower tax credits to the treasury of € 1.3 million.

Net operating working capital, compared with 31 December 2022, shows an increase of approximately € 31.4 million; the change is mainly due to the significant decrease in trade payables of € 61 million offset in part by lower final inventory of € 24.5 million.

In the item "Other Net Assets/ (Liabilities)", negative for € 62 million (negative for € 51.9 million in 2022), there is an increase in total debt, mainly due to the item "Provisions for risks and charges" for the provisions made at the end of the year.

## Net financial position

	31 December 2023	31 December 2022
€ '000		
Financial assets	104,985	107,854
Financial assets versus third parties	16,394	20,544
Financial assets versus related parties	33,997	5,550
Cash and cash equivalent	54,594	81,760
Short term financial lease liabilities	(2,936)	(2,596)
Bank and other short term financial liabilities	(1,947)	(3,295)
Other short term financial current liabilities versus related parties	(100,314)	(96,396)
<b>Short-term net financial indebtness (position)</b>	<b>(212)</b>	<b>5,567</b>
Medium/long term financial lease liabilities	(5,725)	(7,458)
Bank and other medium/long term financial liabilities	-	(24)
Trade payables and other medium/long term debts	(152)	(155)
<b>Medium/long-term net financial indebtness (position)</b>	<b>(5,877)</b>	<b>(7,637)</b>
<b>Net financial indebtness (position)</b>	<b>(6,089)</b>	<b>(2,070)</b>

In the NFP statement at 31/12/2023, 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.

The Net Financial Position as at 31 December 2023 was negative by about € 6.1 million, a deterioration compared to the balance of 31 December 2022, negative by about € 2 million, mainly due to the dividends paid during 2023 (€ 9 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 2023. There is therefore nothing to disclose for the purposes of Art. 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code. Pursuant to Art. 2497-bis c. 4 of the Italian Civil Code, we note that the Company Bi.Fin. S.r.l., with registered office in Pesaro viale F.lli Rosselli 46, exercises management and coordination over Biesse S.p.A.

## EVENTS AFTER THE REPORTING DATE

Please refer to the information under *SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023 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 2023, 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 2023 financial year, proposes to assign dividends to Shareholders to be taken from net profit at the rate of € 0.14 for each of the entitled shares, for a total amount of € 3,836,363.02, with an ex-dividend date set for 6 May 2024.

Therefore, you are invited to resolve on the allocation of the profit for the year of € 18,510,615.75 with the following distribution:

- allocation of € 3,836,363.02 to dividends;
- allocation of the remaining profit of € 14,674,252.73 to the Extraordinary Reserve;

Coupons will be paid in one lump sum as of 8 May 2024 (with ex-dividend date as of 6 May 2024 and record date 7 May 2024) through authorised financial intermediaries.

Pesaro, 14/03/2024

The Chairman of the Board of Directors

**Giancarlo Selci**



# Consolidated Financial Statements as at 31 December 2023

Biesse S.p.A.

**CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**
**CONSOLIDATED INCOME STATEMENT**

<i>Euro 000's</i>	Note	31 December	
		2023	2022
Revenue	7	785,002	822,425
Other operating income	8	8,408	11,596
Change in inventories of finished goods and work in progress		(34,900)	30,791
Purchase of raw materials and consumables	9	(293,766)	(363,363)
Personnel expense	10	(241,331)	(251,423)
Depreciation, amortisation and impairment	11	(51,570)	(42,985)
Other operating costs	12	(147,673)	(156,292)
<b>Operating result</b>		<b>24,169</b>	<b>50,749</b>
Financial income	13	2,310	868
Financial expense	13	(2,331)	(2,014)
Exchange rate gains (losses)	13	(3,668)	(7,969)
<b>Pre-tax result</b>		<b>20,479</b>	<b>41,634</b>
Income taxes	27	(7,996)	(11,338)
<b>Result for the year</b>		<b>12,483</b>	<b>30,296</b>
Attributable to owners of the parent		12,483	30,248
Attributable to non-controlling interests		-	48
Earnings per share (Euro)	14	0.46	1.10
Diluted earnings per share (Euro)	14	0.46	1.10

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>Euro 000's</i>	Note	31 December	
		2023	2022
<b>Result of the period</b>		<b>12,483</b>	<b>30,296</b>
Translation differences of foreign operations	24	(2,407)	(1,655)
Income/(loses) on financial assets valued at fair value OCI		223	(363)
Taxes on Income/(loses) on financial assets valued at fair value OCI		(54)	87
<b>Total items that may be reclassified to profit and loss of the year</b>		<b>(2,238)</b>	<b>(1,931)</b>
Measurement of defined-benefit plans		(173)	1,742
Income taxes on items that will not be reclassified to profit and loss		46	(399)
<b>Total items that will not be reclassified to profit or loss</b>		<b>(128)</b>	<b>1,343</b>
<b>Total comprehensive income for the year</b>		<b>10,118</b>	<b>29,708</b>
<b>Attributable to:</b>			
Non-controlling interests		-	29
Owners of the parent		10,118	29,679

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>1</sup>**

<i>Euro 000's</i>		31 december	31 december
	Note	2023	2022
<b>ASSETS</b>			
Property, plant and equipment	15, 16	117,213	115,105
Goodwill	17	46,693	46,800
Other intangible assets	18	36,753	41,377
Deferred tax assets	27	25,168	24,387
Other financial assets and receivables (including derivatives)	19	3,404	4,575
Other equity investments		115	113
<b>Total non current assets</b>		<b>229,346</b>	<b>232,357</b>
Inventories	20	168,393	215,588
Trade receivables	21	116,619	112,513
Other revcevables	22	13,146	15,912
Other financial assets and receivables (including derivatives)	19	17,828	23,203
Cash and cash equivalents	23	104,473	125,039
<b>Total current assets</b>		<b>420,459</b>	<b>492,255</b>
<b>Total assets available for sale</b>	15, 16	<b>-</b>	<b>2,520</b>
<b>TOTAL ASSETS</b>		<b>649,805</b>	<b>727,131</b>

<i>Euro 000's</i>		31 December	31 December
	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves		27,403	27,403
Share capital		221,562	202,898
Profit for the year		12,483	30,248
<b>Equity attributable to the owners of the parent</b>	<b>24</b>	<b>261,448</b>	<b>260,548</b>
Non-controlling interests		0	245
<b>TOTAL EQUITY</b>		<b>261,448</b>	<b>260,793</b>
Financial liabilities	16, 25	18,742	17,057
Post-employment benefits	26	10,041	10,567
Deferred tax liabilities	27	7,805	8,426
Provisions for risks and charges	28	0	0
Other liabilities	31	167	155
<b>Total non current liabilities</b>		<b>36,755</b>	<b>36,205</b>
Financial liabilities	16, 25	9,384	11,725
Provisions for risks and charges	28	37,512	25,015
Trade payables	29	135,281	181,996
Contract liabilities	30	108,049	138,197
Other liabilities	31	59,326	69,487
Income tax payables	27	2,049	3,713
<b>Total current liabilities</b>		<b>351,602</b>	<b>430,133</b>
<b>LIABILITIES</b>		<b>388,357</b>	<b>466,338</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>649,805</b>	<b>727,131</b>

<sup>1</sup> 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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>Euro 000's</i>	Note	<u>31-dic-23</u>	<u>31-dic-22</u>
<b>OPERATING ACTIVITY</b>			
Result for the year		12,483	30,296
Change for:			
Income taxes	27	7,996	11,338
Depreciation and amortisation of current and non-current owned assets	11	22,075	23,727
Depreciation and amortisation of current assets in leasing	11	8,838	8,769
Gains/losses from sales of property, plant and equipment		(1,946)	(446)
Impairment losses on intangible assets	11	2,187	2,764
Accrual to post-employment benefits		21,265	9,901
Income from investment activities		(575)	(344)
Net Financial expense		2,093	3,853
<b>SUBTOTAL OPERATING ACTIVITIES</b>		<b>74,417</b>	<b>89,858</b>
Change in trade receivables and contract assets		(4,594)	11,053
Change in inventories		41,150	(37,895)
Change in trade payables and contract liabilities		(74,380)	3,830
Change in post-employment benefits and in others funds		(5,787)	(9,208)
Other changes in operating assets and liabilities		(3,796)	1,218
<b>Cash flow Cash flow generated / (absorbed) by operating activities</b>		<b>27,010</b>	<b>58,856</b>
Tax paid		(11,065)	(18,590)
Interest paid		193	(620)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>16,138</b>	<b>39,646</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	15	(12,077)	(13,586)
Proceeds from sale of property, plant and equipment		4,702	5,152
Acquisition of intangible assets	18	(8,918)	(5,967)
Proceeds from sale of intangible assets		41	22
Investments in other companies		(2)	25
Cash flow from acquisition of business combinations		(3,000)	(3,310)
Cash flow from sale of business combinations		0	0
Change in other financial assets		3,945	6,191
Interest received		526	418
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(14,784)</b>	<b>(11,055)</b>
<b>FINANCING ACTIVITIES</b>			
Loan refunds	25	(975)	(2,760)
New bank loans	25	0	40
Finance lease payments	16, 25	(9,346)	(9,285)
Acquisition of additional controlling interest	34	0	(1,173)
Other changes		(5)	6
Dividend paid to minority shareholders		(232)	
Dividend paid		(9,076)	(17,056)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(19,634)</b>	<b>(30,230)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(18,280)</b>	<b>(1,639)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1st January</b>	<b>23</b>	<b>125,039</b>	<b>127,099</b>
Effect of exchange rate fluctuations on cash held		(2,286)	(421)
<b>CASH AND CASH EQUIVALENTS AS AT 31th December</b>	<b>23</b>	<b>104,473</b>	<b>125,039</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

'Euro 000's	Note	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT							Equity attributable to the owners of	Non Controlling Interests	TOTAL EQUITY
		Share Capital	Equity reserves	Hedging and translation reserves	Actuarial reserve	Finalcial asset OCI reserve	Others reserves	Result for the year			
<b>Opening balances at 01/01/2022</b>	<b>24</b>	<b>27,393</b>	<b>36,202</b>	<b>(11,162)</b>	<b>(5,597)</b>	<b>75</b>	<b>167,439</b>	<b>34,018</b>	<b>248,368</b>	<b>849</b>	<b>249,217</b>
Other comprehensive income				(1,635)	1,343	(276)			(569)	(19)	(588)
Result for the year								30,248	30,248	48	30,296
<b>Total comprehensive income/expense for the year</b>				<b>(1,635)</b>	<b>1,343</b>	<b>(276)</b>		<b>30,248</b>	<b>29,679</b>	<b>29</b>	<b>29,708</b>
Dividends distribution							(14,958)	(2,142)	(17,099)		(17,099)
Allocation of profit for the previous year							31,876	(31,876)			
Transactions with minority shareholders		10			(10)		(539)		(540)	(633)	(1,173)
Other changes							140		140		140
<b>Closing balances at 31/12/2022</b>	<b>24</b>	<b>27,403</b>	<b>36,202</b>	<b>(12,797)</b>	<b>(4,265)</b>	<b>(202)</b>	<b>183,959</b>	<b>30,248</b>	<b>260,548</b>	<b>245</b>	<b>260,793</b>

'Euro 000's	Note	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT							Equity attributable to the owners of	Non Controlling Interests	TOTAL EQUITY
		Share Capital	Equity reserves	Hedging and translation reserves	Actuarial reserve	Finalcial asset OCI reserve	Others reserves	Result for the year			
<b>Opening balances at 01/01/2023</b>	<b>24</b>	<b>27,403</b>	<b>36,202</b>	<b>(12,797)</b>	<b>(4,265)</b>	<b>(202)</b>	<b>183,959</b>	<b>30,248</b>	<b>260,548</b>	<b>245</b>	<b>260,793</b>
Other comprehensive income				(2,407)	(128)	170			(2,365)		(2,365)
Result for the year								12,483	12,483		12,483
<b>Total comprehensive income/expense for the year</b>				<b>(2,407)</b>	<b>(128)</b>	<b>170</b>		<b>12,483</b>	<b>10,118</b>		<b>10,118</b>
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)
<b>Closing balances at 31/12/2023</b>	<b>24</b>	<b>27,403</b>	<b>36,202</b>	<b>(15,204)</b>	<b>(4,392)</b>	<b>(32)</b>	<b>204,989</b>	<b>12,483</b>	<b>261,448</b>	<b>0</b>	<b>261,448</b>

## 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 2023 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 2023 were submitted to the Board of Directors on 14 March 2024.

#### 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 2023 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
<i>Parent Company</i>						
<b>Biesse S.p.A.</b> Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	27,402,593				
<i>Italian subsidiaries:</i>						
<b>HSD S.p.A.</b> Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
<b>Forvet S.p.A. Special Machinery Construction</b> Strada Piossasco, 46 Volvera (TO) - Italy	EUR	500,000	100%			100%
<b>Biesse America Inc.</b> 4110 Meadow Oak Drive Charlotte, North Carolina - USA	USD	11,500,000	100%			100%
<b>Biesse Canada Inc.</b> 18005 Rue Lapointe - Mirabel (Quebec) - Canada	CAD	180,000	100%			100%
<b>Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda</b> Rua Liege 122 - Vila Vermelha - Sao Paulo - Brazil	BRL	23,156,804	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
<b>Biesse Group UK Ltd.</b> Lamport Drive – Daventry Northamptonshire – Great Britain	GBP	655,019	100%			100%
<b>Biesse France Sarl</b> 4, Chemin de Moninsable – Brignais – France	EUR	1,244,000	100%			100%
<b>Biesse Group Deutschland GmbH</b> Gewerberstrasse, 6 – Elchingen (Ulm) – Germany	EUR	1,432,600	100%			100%
<b>Biesse Schweiz GmbH</b> Luzernerstrasse 26 – 6294 Ermensee – Switzerland	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
<b>Biesse Iberica Woodworking Machinery s.l.</b> C/De La Imaginació, 14 Poligon Ind. La Marina – Gavà Barcelona – Spain	EUR	699,646	100%			100%
<b>Biesse Portugal, Unipessoal, Ida.</b>  Sintra Business Park, 1, São Pedro de Penaferri – Sintra – Portugal	EUR	5,000		100%	Biesse Iberica W. M. s.l.	100%
<b>Biesse Group Australia Pty Ltd.</b> 3 Widemere Road Wetherill Park – Sydney – Australia	AUD	15,046,547	100%			100%
<b>Biesse Group New Zealand Ltd.</b> Unit B, 13 Vogler Drive Manukau – Auckland – New Zealand	NZD	3,415,665	100%			100%
<b>Biesse India Private Limited</b> Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk – Bangalore –India	INR	721,932,182	100%			100%
<b>Biesse Asia Pte. Ltd.</b> Zagro Global Hub 5 Woodlands Terr. – Singapore	EUR	1,548,927	100%			100%
<b>Biesse Indonesia Pt.</b> Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000	10%	90%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Malaysia SDN BHD</b> No. 5, Jalan TPP3 47130 Puchong – Selangor, Malaysia	EUR	1,435,704		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Korea LLC</b> Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse (HK) Ltd.</b> Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	173,952,688	100%			100%
<b>Biesse Trading (Shanghai) Co. Ltd.</b> Room 301, No.228, Jiang Chang No. 3 Road, Zha Bei District, – Shanghai – China	RMB	92,244,240		100%	Biesse (HK) Ltd.	100%
<b>Biesse Turkey Makine Ticaret Ve Sanayi A.S.</b> Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul –Turkey	TRY	45,500,000	100%			100%
<b>Biesse Group Israel Ltd.</b> 8 Ha-Taas St. Ramat-Gan 5251248, Israel	ILS	100,000	100%			100%
<b>OOO Biesse Group Russia</b> Mosrentgen area, settlement Zavoda Mosrentgen, Geroya Rossii Solomatina street, premises 6, site 6, office 3, 108820, Moscow, Russian Federation	RUB	99,209,440	100%			100%
<b>Biesse Gulf FZE</b> Dubai, free Trade Zone	AED	11,242,857	100%			100%



Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
<b>Biesse Taiwan Ltd.</b> 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
<b>Biesse Japan K.K.</b> 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%
<b>HSD Mechatronic (Shanghai) Co. Ltd.</b> D2, 1 <sup>st</sup> floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
<b>Hsd Usa Inc.</b> 3764 SW 30 <sup>th</sup> Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
<b>HSD Mechatronic Korea LLC</b> 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		100%	HSD S.p.A.	100%
<b>HSD Deutschland GmbH</b> Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	100%

With respect to the consolidated financial statements for the year ended 31 December 2022, it should be noted that on 4 July 2023, the process of merging the subsidiary Movetro S.r.l. into Forvet S.p.A. Costruzione Macchine Speciali (its associate, as well as a subsidiary of Biesse S.p.A.) was completed, with effect from 1 January 2023, while on 21 July 2023, the process of merging the subsidiary Montesor & Co. S.r.l. into the parent company Biesse S.p.A. was completed, effective as of 1 January 2023. It should be noted that the aforementioned merger transactions have no impact on the consolidated financial statements.

Finally, on 10 October 2023, the sale of the shares in the subsidiary Biesservice Scandinavia Aktiebolag was completed.

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

The consolidated financial statements as at 31 December 2023 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 2023 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 2023" 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 2023 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 2023 and 31 December 2022 for converting finance and equity entries in foreign currency (source [www.bancaditalia.it](http://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 2023 took place using the Bank of Russia source.*

Currency	31 December 2023		31 December 2022	
	Closing	Final	Closing	Final
Dollaro USA / euro	1.0813	1.1050	1.0530	1.0666
Real Brasiliano / euro	5.4010	5.3618	5.4399	5.6386
Dollaro canadese / euro	1.4595	1.4642	1.3695	1.4440
Lira sterlina / euro	0.8698	0.8691	0.8528	0.8869
Corona svedese / euro	11.4788	11.0960	10.6296	11.1218
Dollaro australiano / euro	1.6288	1.6263	1.5167	1.5693
Dollaro neozelandese / euro	1.7622	1.7504	1.6582	1.6798
Rupia indiana / euro	89.3001	91.9045	82.6864	88.1710
Renmimbi Yuan cinese / euro	7.6425	7.8218	7.0788	7.4133
Franco svizzero / euro	0.9718	0.9260	1.0047	0.9847
Rupia indonesiana / euro	16,479.6200	17,079.7100	15,625.2500	16,519.8200
Dollaro Hong Kong / euro	8.4650	8.6314	8.2451	8.3163
Ringgit malese / euro	4.9320	5.0775	4.6279	4.6984
Won sudcoreano / euro	1,412.8800	1,433.6600	1,358.0700	1,344.0900
Lira Turca / euro	25.7597	32.6531	17.4088	19.9649
Rublo Russo / euro	92.8741	99.1919	76.5854	76.5854
Dirham Emirati Arabi / euro	3.9710	4.0581	3.8673	3.9171
Dollaro Taiwan / euro	33.6983	33.8740	31.3223	32.7603
Yen Giapponese / euro	151.9903	156.3300	138.0274	140.6600
Shekel Israeliano / euro	3.9880	3.9993	3.5345	3.7554

### 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, stone and marble. 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:

<b>Category</b>	<b>Rate</b>
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:

<b>Category</b>	<b>Rate</b>
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 2022 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.

## **T. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Biesse Group classifies non-current assets held for sale as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through their continuing use. These non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes.

The condition for classifying an asset as held for sale is deemed to be met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The actions required to conclude the sale should indicate that significant changes in the sale are unlikely to occur or that the sale will be cancelled. Management must be committed

to the sale, which should be completed within one year from the date of classification.

Depreciation of property, plant and equipment and intangible assets ceases when they are classified as available for sale.

Assets and liabilities classified as held for sale are presented separately under current items in the balance sheet.

The profit and loss components relating to assets held for sale and discontinued operations, when related to significant business lines or geographic areas of activity, are excluded from the results of continuing operations and are presented in the income statement as a single line item as net profit/(loss) from discontinued or discontinued operations net of the related tax effect.

## 5. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS

### a) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2023

The following accounting standards, amendments and interpretations issued by the IASB and endorsed by the European Union have been applied as of 1 January 2023.

- On 18 May 2017, the IASB issued *IFRS 17 – Insurance Contracts*, which will replace *IFRS 4 – Insurance Contracts*. The standard has been applied as of 1 January 2023. The new standard aims to guarantee that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The adoption of this standard and its amendment did not affect the consolidated financial statements of the Biesse Group.
- On 7 May 2021, the IASB issued *“Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*. The document clarifies how companies should account for deferred tax on transactions that could generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The changes have applied since 1 January 2023.

The adoption of this amendment had no impact on the consolidated financial statements of the Biesse Group.

- On 12 February 2021, the IASB issued two amendments: *“Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2”* and *“Definition of Accounting Estimates—Amendments to IAS 8”*. The amendments seek to improve accounting policy disclosures to provide more helpful information to investors and other primary users of the financial statements and help companies distinguish changes in accounting estimates from changes in accounting policies. The changes have applied since 1 January 2023.

The adoption of these amendments had no impact on the consolidated financial statements of the Biesse Group.

- On 23 May 2023, the IASB issued *“Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules”*. The document introduces a temporary exception to the reporting and reporting obligations of deferred tax assets and liabilities related to the Model Rules of Pillar Two (whose rule is in force in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific reporting obligations for entities affected by the related International Tax Reform. Please refer to paragraph 27 Taxes for information.

The document provides for immediate application of the temporary exemption, while the disclosure requirements only apply to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending before 31 December 2023.



b) **ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2023, 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 2023:

- 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 changes will be effective from 1 January 2024; however, 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 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. 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 2023**

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 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application 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 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.
- 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 Biesse 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:

<i>Euro 000's</i>	<b>Al 31 Dicembre</b>			
	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Machines and Systems Division	719,865	91.7%	748,804	91.0%
Mechatronics Division	91,483	11.7%	105,165	12.8%
Inter-segment eliminations	(26,346)	(3.4)%	(31,544)	(3.8)%
<b>Total</b>	<b>785,002</b>	<b>100.0%</b>	<b>822,425</b>	<b>100.0%</b>

In 2023, net revenue from sales and services amounted to € 785,002 thousand, compared to € 822,425 thousand as at 31 December 2022, down by 4.6% compared to the previous year.

The Machinery and Systems segment is the Biesse Group's largest segment, contributing 91.7% of consolidated revenues (91.0% in 2022); sales decreased by 3.9%, from € 748,804 thousand at 31 December 2022 to € 719,865 thousand at 31 December 2023. The segment operating result registered a decrease, from € 34,963 thousand to € 13,281 thousand, mainly due to the reduction in volumes. In terms of revenue, the Mechatronics segment recorded a decrease of 13.0% (from € 105,165 thousand at 31 December 2022 to € 91,483 thousand), keeping its contribution to consolidated revenues almost unchanged. The operating result of this segment increased from € 15,786 thousand to € 10,888 thousand.

### Operating profit (loss)

The table below summarises the operating result by Segment as at 31 December 2023 and 31 December 2022:

<b>€ '000</b>	<b>31 december 2023</b>	<b>Machines and systems</b>	<b>Mechatronics</b>	<b>Eliminations</b>	<b>Group Total</b>
Total revenue		719,865	91,483	(26,346)	785,002
Operating profit of segment		13,281	10,888		24,169
Financial income and expenses					(3,689)
<b>Pre-tax profit</b>					<b>20,480</b>
Income taxes					(7,996)
<b>Profit for the year</b>					<b>12,483</b>

<b>€ '000</b>	<b>31 december 2022</b>	<b>Machines and systems</b>	<b>Mechatronics</b>	<b>Eliminations</b>	<b>Group Total</b>
Total revenue		748,804	105,165	(31,544)	822,425
Operating profit of segment		34,963	15,786		50,749
Financial income and expenses					(9,115)
<b>Pre-tax profit</b>					<b>41,634</b>
Income taxes					(11,338)
<b>Profit for the year</b>					<b>30,296</b>

### Inventories

The following table shows an inventory breakdown by Operating Segment:

<b>€ '000</b>		<b>Machines and systems</b>	<b>Mechatronics</b>	<b>Group Total</b>
	<b>2023</b>	151,660	16,733	168,393
	<b>2022</b>	193,860	21,728	215,588

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			
	2023	%	2022	%
Western Europe	412,343	52.5%	431,136	52.4%
Asia - Pacific	89,573	11.4%	100,257	12.2%
Eastern Europe	124,772	15.9%	113,121	13.8%
North America	138,061	17.6%	157,334	19.1%
Rest of the World	20,253	2.6%	20,578	2.5%
<b>Group Total</b>	<b>785,002</b>	<b>100.0%</b>	<b>822,425</b>	<b>100.0%</b>

The analysis of sales by geographical area compared to 2022 shows an increase only in Eastern Europe (10.3%), while Western Europe, Asia-Oceania, North America and the Rest of the World recorded a decrease of 4.4%, 10.7%, 12.2% and 1.6% respectively.

## 7. REVENUE

Revenue from the sale of goods and services provided by the Biesse Group as at 31 December 2023 are detailed below:

€ '000	31 December	31 December
	2023	2022
Sales of goods	707,344	747,318
Revenues from services	76,524	73,529
Other revenues	1,134	1,578
<b>Revenues</b>	<b>785,002</b>	<b>822,425</b>

In 2023, revenue from sales and services amounted to € 785,002 thousand, compared € 822,425 thousand at 31 December 2022, down by 4.6% over the previous year, which was analysed in note 6 above.

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 2023 is as follows:

€ '000	31 December 2023	31 December 2022
Lease and rental income	130	177
Income-related grants	196	3,834
Gains on sales of assets	2,114	805
Other non-recurring income and prior year income	5,969	6,780
<b>Total other operating income</b>	<b>8,408</b>	<b>11,596</b>

The item “Government grants” refers to contributions for research projects provided by the European Commission and other bodies and contributions for the share of expertise relating to funded training courses.

The item “Capital gains on disposals” is mainly attributable to the capital gain of € 1,937 thousand deriving from the sale of the building and related land pertaining to Thiene (VI) carried out on 2 February by deed of the Notary Giuseppe Fietta for a sale amount of € 4,450 thousand.

“Other income and contingent assets” include the share pertaining to the year of the income deriving from the R&D and investment tax credit (formerly hyper- and super-amortisation) amounting to € 1,483 thousand (€ 2,239 thousand at 31 December 2022), mainly attributable to the Parent Company. The remainder refers to smaller amounts dispersed across the Biesse Group’s subsidiaries.

## 9. CONSUMPTION OF RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

As at 31 December 2023, this item amounted to € 293,766 thousand, down by 19.2% compared to the previous year (€ 363,363 thousand). This decrease is attributable to the reduction in volumes compared to the 2022 financial year, as set out above. The item includes all supply costs related to production, and consists mainly of costs for the purchase of raw materials and spare parts of € 308,992 thousand, net of the recovery of raw material costs of € 17,689 thousand, and the negative change in raw material inventories of € 11,780 thousand and the positive change in spare parts inventories of € 942 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 December 2023	2022
Wages, salaries and social security contributions	229,837	239,833
Accruals to pension plans	8,802	8,589
Other personnel expense	5,392	5,161
Reimbursements and capitalization of personnel costs	(2,698)	(2,159)
<b>Personnel expense</b>	<b>241,331</b>	<b>251,423</b>

Personnel expense increased from € 251,423 thousand as at 31 December 2022 to € 241,331 thousand as at 31 December 2023, down € 10,092 thousand (4.0%) compared to the previous year.

The change is substantially linked to the component of wages, salaries and related social security contributions (-2.7% compared to 2022) and to performance bonuses, other bonuses and related social security contributions (-19.9% compared to 2022).

The number of employees decreased from 4,164 as at 31 December 2022 to 3,924 as at 31 December 2023, i.e. a fall of 240 in headcount.

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	
	2023	2022
Tangible amortization	19,428	19,412
Intangible amortization	11,485	13,084
Impairment of tangible and intangible assets	2,187	2,764
Provision	18,470	7,725
<b>Amortizations, depreciation and provision</b>	<b>51,570</b>	<b>42,985</b>

The item “Amortisation, depreciation, impairment and provisions” increased from € 42,985 thousand as at 31 December 2022 to € 51,570 thousand as at 31 December 2023, up by € 8,585 thousand compared to the previous year.

The item “Write-downs (Impairment losses) of tangible and intangible fixed assets” as of 31 December 2023, refers for € 2,000 thousand to write-offs on development projects capitalised in previous years that are no longer considered strategic and for € 184 thousand on assets located in buildings for rent of future disposal that are not transferable because they are deteriorable or due to lack of economic convenience.

Provisions increased from € 7,725 thousand in 2022 to € 18,470 thousand in 2023. The balance of this item at the end of December 2023 consists mainly of € 13,966 thousand from the corporate restructuring provision (including € 12,960 non-recurring) and € 1,749 from the allowance for impairment relating to the Russian branch (always non-recurring). The rest of the item, on the other hand, relates to provisions for future risks and charges and to the provision for legal disputes.

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 2023 is detailed below:

€ '000	At 31 December	
	2023	2022
Production services	33,266	38,516
Maintenance	6,960	6,016
Sales commissions and transport	21,973	28,230
Consultancy fees	14,994	15,140
Utilities	6,466	9,157
Exhibitions and advertising	8,540	8,554
Insurance	2,077	2,123
Directors, statutory auditors and consultants' remuneration	1,843	2,054
Travel	19,935	17,572
Use of third party assets	5,138	4,465
Vehicle costs	6,168	6,441
Property taxes	1,479	1,473
Other services	18,834	16,549
<b>Other operating costs</b>	<b>147,673</b>	<b>156,292</b>

This item decreased by a total of € 8,619 thousand compared to 2022 (-5.5%), an effect attributable to a generalised decrease in most of the items making up these costs. It should also be noted that the decrease in turnover in 2023 consequently impacted the decrease in variable production costs such as production services and energy, commissions and transport on sales.

Production services increased by € 5,251 thousand (-13.6% compared to last year) mainly due to the decrease in outsourced processing and technical services, in line with the slowdown in production capacity. Commissions and transport on sales decreased by € 6,257 thousand (-22.2%). Consultancy remains almost unchanged compared to the previous year, despite the costs incurred for the acquisition of shares in GMM Finance S.r.l. for € 941,000. Utilities recorded a decrease of € 2,691 thousand (-29.4%), due to the reduction in energy costs that occurred during 2023. The costs for trade fairs and advertising do not change significantly, while the costs for travel and staff travel increased by € 2,363 thousand (+13.5%) as a result of increased travel.

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 (€ 5,138 thousand), as better detailed in note 16 below.

As required by Art. 149-duodecies of the Consob Issuers' Regulations, details of the fees paid to the Independent Auditors, which are included in the item Other operating expense, are provided below:

Type of service	Service Provider	Receiver	2023 Fees
Audit and quarterly reviews	Deloitte & Touche S.p.A.	Biesse S.p.A.	155
	Deloitte & Touche S.p.A.	Subsidiaries	106
	Network Deloitte	Subsidiaries	42
Other certification services	Deloitte & Touche S.p.A.		15
Other services	Network Deloitte		336
<b>Total</b>			<b>654</b>

### 13. FINANCE INCOME AND EXPENSES AND EXCHANGE RATE GAINS AND LOSSES

The item "Finance income" is detailed below:

€ '000	At 31 December	
	2023	2022
Bank interest	1,605	360
Interest from customers	25	39
Interest from others	0	37
Other financial income	679	432
<b>Total financial income</b>	<b>2,310</b>	<b>868</b>

The item Finance expense is detailed below:

€ '000	At 31 December	
	2023	2022
Bank, mortgage and financing interest	361	312
Right of Use interest	726	484
Interest expense to others	17	25
Impairment losses on current financial assets	52	2
Other financial expense	1,175	1,190
<b>Financial expense</b>	<b>2,331</b>	<b>2,014</b>

Financial income increased by € 1,441 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 € 276 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.

On the other hand, financial expenses increased by € 317 thousand compared to 2022, where the item “Other financial expenses” includes discounting financial expenses and passive financial discounts. Overall, net financial income and expenses thus decreased by € 1,124 thousand compared to the previous year.

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 2023, the Biesse Group had recorded net exchange rate losses of € 3,668 thousand, of which € 2,171 thousand came from realised exchange losses and € 1,497 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	
	2023	2022
Profit for the year	12,483	30,248
Weighted average number of shares used to calculate basic and diluted earnings per share	27,403	27,403
<b>Base and diluted profit for the year (in Euro)</b>	<b>0.46</b>	<b>1.10</b>

€ '000	At 31 December	
	2023	2022
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	-	-
<b>Weighted average number of outstanding shares – for the calculation of diluted earnings</b>	<b>27,403</b>	<b>27,403</b>

As there were no dilutive effects, the calculation used for Basic EPS is also applicable to Diluted EPS.

Basic EPS as at 31 December 2023 totalled € 0.46 and was calculated by dividing the profit attributable to the owners of the parent, amounting to € 12,483 thousand, by the weighted average number of ordinary shares outstanding during the period.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**15. PROPERTY, PLANT AND EQUIPMENT**

€ '000	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 construction	Total
<b>Value at 31/12/2021</b>	<b>120,960</b>	<b>81,105</b>	<b>30,397</b>	<b>43,285</b>	<b>3,162</b>	<b>278,909</b>
Increasers	10,341	1,574	2,201	6,120	4,220	24,456
Disposals	(5,132)	(1,511)	(451)	(3,937)	(96)	(11,128)
Change in the consolidation area	(3,129)	(570)		(124)		(3,823)
Depreciations	2,201	3,396	(766)	469	(5,385)	(86)
Exchange diff, reclassification and other changes						
<b>Value at 31/12/2022</b>	<b>125,241</b>	<b>83,994</b>	<b>31,381</b>	<b>45,813</b>	<b>1,900</b>	<b>288,329</b>
Increasers	11,798	3,566	1,789	7,807	1,085	26,045
Disposals	(9,712)	(1,965)	(257)	(5,203)	(57)	(17,194)
Disposals	0	(0)	(0)	0	-	(0)
Reclassifications by assets held for sale	(42)	(112)	(1)	(30)	-	(185)
Exchange diff, reclassification and other changes	(1,182)	1,317	(573)	(412)	(1,495)	(2,345)
<b>Value at 31/12/2023</b>	<b>126,102</b>	<b>86,800</b>	<b>32,339</b>	<b>47,975</b>	<b>1,433</b>	<b>294,649</b>
<b>Depreciation fund</b>						
<b>Value at 31/12/2021</b>	<b>45,660</b>	<b>54,955</b>	<b>26,986</b>	<b>34,106</b>	<b>-</b>	<b>161,707</b>
Amortisation of the period	7,866	4,567	1,845	5,135	-	19,412
Closing of funds for disposals	(1,493)	(720)	(418)	(3,360)	-	(5,991)
Change in the consolidation area			1			1
Depreciations	(695)	(499)		(109)		(1,303)
Exchange diff, reclassification and other changes	(290)	(396)	9	79	-	(598)
<b>Value at 31/12/2022</b>	<b>51,048</b>	<b>57,907</b>	<b>28,422</b>	<b>35,851</b>	<b>-</b>	<b>173,228</b>
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)
Depreciations	-	-	0	0	-	0
Reclassifications by assets held for sale	-	-	-	-	-	-
Exchange diff, reclassification and other changes	(468)	(140)	(59)	(258)	-	(924)
<b>Value at 31/12/2023</b>	<b>51,629</b>	<b>60,612</b>	<b>29,417</b>	<b>35,778</b>	<b>-</b>	<b>177,436</b>
<b>Net book value</b>						
<b>Value at 31/12/2022</b>	<b>74,193</b>	<b>26,087</b>	<b>2,959</b>	<b>9,962</b>	<b>1,900</b>	<b>115,101</b>
<b>Value at 31/12/2023</b>	<b>74,474</b>	<b>26,187</b>	<b>2,923</b>	<b>12,197</b>	<b>1,433</b>	<b>117,214</b>

Compared to 31 December 2022, these fixed assets remain virtually unchanged.

New investments amounted to € 26,045 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.

No write-downs for impairment losses were made during the year.

For further information on Right-of-use assets, please refer to note 16 below.

Land and buildings owned by the Biesse Group are not subject to mortgages.

**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	
	2023	2022
<b>Non current asset</b>		
Right of Use Land and Property	18,434	17,708
Right of Use Vehicles (included in other assets)	5,749	3,936
Right of Use Equipment (included under Plant and machinery)	2,494	3,620
<b>Total</b>	<b>26,677</b>	<b>25,264</b>
<b>Non current liabilities</b>		
Non current lease liabilities	18,478	16,496
<b>Current Liabilities</b>		
Current lease liabilities	7,027	7,504
<b>Total</b>	<b>25,505</b>	<b>24,000</b>

As of 31 December 2023, rights of use increased by a total of € 1,413 thousand, while related liabilities increased by € 1,505 thousand.

Increases for the year amounted to € 11,372 thousand, net of net decreases for early repayments of € 2,659 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	
	2023	2022
<b>Depreciation of Right of Use :</b>		
<b>Right of Use - Property</b>	5,232	5,051
<b>Right of Use - Vehicles</b>	3,068	3,078
<b>Right of Use - Equipment</b>	537	640
<b>Total</b>	<b>8,837</b>	<b>8,769</b>

€ 000's	At 31 December	
	2023	2022
<b>Other items in Profit &amp; Loss</b>		
Interest expense	726	484
Expense for short term leasing	4,819	3,557
Expense for low value leasing	319	888
<b>Total</b>	<b>5,864</b>	<b>4,929</b>

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 2023, the outflows for payments connected to leases totalled € 15,210 thousand, of which € 9,346 thousand for the repayment of lease payables and the residual amount of € 5,864 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.

The following table shows the allocation of goodwill to the Biesse Group's two CGUs:

<i>(Consolidated figures in thousands of Euro)</i>	31 December 2023	31 December 2022
Machines and Systems	41,094	41,201
Mechatronics	5,599	5,599
<b>Total</b>	<b>46,693</b>	<b>46,800</b>

The changes during 2023 are exclusively due to the effect of exchange rate movements on the goodwill of the Australian and American branches.

As required by the reference 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.

#### ***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:

<b><i>Parameters</i></b>	<b>31 December 2023</b>	<b>2022</b>
WACC	11.3%	10.6%
Growth rate of the final value	1.7%	1.5%

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 of 10-year Italian Government bonds (based on a 6-month measurement period);
- the systematic risk coefficient ( $\beta$ ) considered was that of the Biesse Group (compared to that of comparable businesses in the machinery sector – Euro Area);
- as for the market risk premium (MRP), it was assumed to be 5.5%;
- as for the additional risk premium, it was assumed to be 2.1%;
- finally, the rate of the gross cost of debt was assumed to be 4.1%, determined on the basis of the average cost of the Biesse Group's debt that takes into account a Biesse spread applied to the Risk-free Rate.

#### ***Assumptions underlying cash flow estimates***

The estimated operating cash flows for future years (five years 2024-2028) have been made by reference to: i) in relation to the years 2024-2026 to the data deducted from the Group Business Plan for the three-year period 2024-2026 approved by the Board of Directors on 28 February 2024; ii) in relation to the years 2027-2028, projecting the growth highlighted by the composite index, developed by the Biesse Group based on a basket of macroeconomic and sectoral indicators based on external sources observable on the market.

It should also be noted that the ERM analysis, as well as the 2024-2027 Sustainability Plan approved by the Board of Directors on 28 February 2024, did not reveal any significant or material climate change-related risks that would have a direct impact on the company's performance in the short to medium term, as there are no significant impacts in financial terms that need to be taken into account or that affect the estimated operating cash flows in future years.

The goodwill impairment tests were approved by the Board of Directors on 28 February 2024.

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:

<b>Main assumptions of the Business Plan</b>	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
CAGR forecast revenue	0.05%	0.6%
Average incidence of the cost of sales on plan revenue	39.0%	40.0%
Average incidence of personnel expense on plan revenue	34.1%	32.7%
Average incidence of fixed operating costs on revenue of the plan	18.6%	18.7%

### ***Impairment test results***

<i>Consolidated figures in thousands of € (MACHINES AND SYS1 CGU)</i>		<b>31 December 2023</b>
Carrying amount of Net Invested Capital		133,323
Recoverable value		142,936
Impairment		-

<i>Consolidated figures in thousands of € (MECHATRONICS CGU)</i>		<b>31 December 2023</b>
Carrying amount of Net Invested Capital		35,239
Recoverable value		96,691
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 2023.

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 carried out for 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;
- halving the CAGR of sales revenues (the recoverable value of the CGU Machines and Systems compared to the 50% reduction in the CAGR would be reasonably related to a contraction in part of the significant investments contained in the Business Plan).

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 2023, of the individual CGU, would be determined in the following alternative scenarios:

<i>(Consolidated figures in thousands of Euro)</i>	<b>Machines and Systems</b>	<b>Mechatronics</b>
Wacc	11.9%	24.3%
Growth rate	0.8%	NC*
EBIT by terminal value	€ 23,695	€ 1,834

\* 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
<b>Value at 31/12/2021</b>	<b>82,366</b>	<b>74,892</b>	<b>7,191</b>	<b>164,449</b>
Increasers	0	1,247	4,719	5,966
Disposals	0	(9,160)	0	(2,918)
Depreciations			(635)	0
Reclassifications	1,022	(199)	(1,723)	(0)
Exchange diff and other changes	0	128	0	(1,740)
<b>Value at 31/12/2022</b>	<b>83,388</b>	<b>67,039</b>	<b>9,552</b>	<b>159,979</b>
Increasers	0	2,777	6,137	8,914
Disposals and Closing of funds for 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)
<b>Value at 31/12/2023</b>	<b>84,686</b>	<b>73,636</b>	<b>8,088</b>	<b>166,410</b>
<b>Depreciation fund</b>				
<b>Value at 31/12/2021</b>	<b>69,948</b>	<b>43,205</b>	<b>0</b>	<b>113,153</b>
Amortisation of the period	4,506	8,578	0	13,084
Closing of funds for disposals	0	(9,137)	0	(9,137)
Write-downs and reversals	0	2,127		2,127
Reclassifications	0	(755)		(755)
Exchange diff, reclassification and other changes	0	131	0	131
<b>Value at 31/12/2022</b>	<b>74,454</b>	<b>44,147</b>	<b>0</b>	<b>118,602</b>
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		3	0	3
Reclassifications		(3)		(3)
Exchange diff and other changes		(95)	0	(95)
<b>Value at 31/12/2023</b>	<b>77,833</b>	<b>51,823</b>	<b>0</b>	<b>129,657</b>
<b>Net book value</b>	<b>8,933</b>	<b>22,891</b>	<b>9,552</b>	<b>41,377</b>
<b>Value at 31/12/2022</b>	<b>6,853</b>	<b>21,813</b>	<b>8,088</b>	<b>36,753</b>
<b>Value at 31/12/2023</b>				

As at 31 December 2023, the consolidated financial statements include assets that represent new product development costs of € 6.9 million, patents, trademarks and other intangible assets of € 21.8 million, and assets under construction and advances of € 8.1 million, consisting mainly of costs for the current development of products.

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.

As already mentioned, the verification of the cash flows expected from the sale of products, which incorporate the development projects subject to capitalisation, revealed the need to make write-downs for a total of € 2,003 thousand as at 31 December 2023, for development projects capitalised in previous years considered no longer of future utility for the Group.

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	
	2023	2022
Other financial assets - non-current	3,404	4,575
Other financial assets - current	17,828	23,203

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 € 829 thousand.

Current financial assets are mainly related to the fair value of derivative instruments of € 1,070 thousand (€ 2,659 thousand as of 31 December 2022), to investments in immediately liquidable managed securities deposits for € 14,859 thousand and for € 1,500 thousand to a life insurance policy taken out by the Parent 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.

## 20. INVENTORIES

€ '000	At 31 December	
	2023	2022
Raw materials, consumables and suppliers	59,043	69,545
Work in progress and semi-finished goods	25,141	30,705
Finished goods	63,892	95,879
Spare parts	20,316	19,458
<b>Inventories</b>	<b>168,393</b>	<b>215,588</b>

Inventories, equal to € 168,393 thousand, are exposed net of obsolete funds equal to € 4,634 thousand for raw materials (-€ 1,708 thousand compared to 2022), € 5,400 thousand for spare parts (practically constant compared to 2022), € 13,460 thousand (+ € 3,276 thousand compared to 2022) for finished products and € 196 thousand for products in process and semi-finished products. It should also be noted that the warehouse of the Russian branch was written-down for an amount equal to € 1,732 thousand.

As a percentage of the historical cost of the relevant inventories, the allowance for inventory write-downs of raw materials accounts for 7.8% while the allowance for finished goods accounts for 21.4%.

The Biesse Group's warehouses decreased compared to the previous year by € 47,195 thousand, in line with the Biesse Group's inventory optimisation strategy. Specifically, although the decrease affected all categories of inventories, the most significant was in finished goods and merchandise inventories for € 31,987 thousand.

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 2023 and 31 December 2022 are detailed below:

€ '000	At 31 December	
	2023	2022
Trade receivables due from third parties	122,353	118,581
Trade receivables due from related parties	478	(70)
Allowance for impairment	(6,212)	(5,998)
<b>Trade receivables</b>	<b>116,619</b>	<b>112,513</b>

Management believes that the carrying amount of trade receivables is a reasonable approximation of their fair value.

Trade receivables amounting to € 116,619 thousand reflect an increase of € 4,106 thousand as compared to the previous year (€ 112,513 thousand in 2022).

The increase in commercial credits to third parties is mainly due to the increase in DSOs both on the Italian area due to the halving of the 2023 tax credit rate relating to industry 4.0 and partly on European areas such as France and the UK in particular. There are no particular critical issues with regard to stranded situations or deterioration of credit quality.

Changes in the allowances for impairment are shown below:

€ '000	At 31 December	
	2023	2022
Opening balance	5,998	8,726
Change in the consolidation area		
Accrual for the year	2,015	938
Derecognition of excess provisions	(664)	(1,051)
Utilised	(891)	(2,639)
Exchange rate difference	(246)	24
<b>Closing balance</b>	<b>6,212</b>	<b>5,998</b>

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. It should also be noted that the trade receivables of the Russian branch were written-down for an amount equal to € 1,749 thousand.

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 2023 is as follows:

€ '000	At 31 December	
	2023	2022
Consumption tax receivables and other tax receivables	5,358	8,710
Income tax assets	2,919	3,102
Other receivables from third parties	4,859	4,100
<b>Other receivables</b>	<b>13,146</b>	<b>15,912</b>

Consumption tax receivables and other tax receivables of € 5,358 thousand decreased by € 3,352 thousand compared to the previous year. This item includes VAT receivables and other receivables from tax authorities, such as the 2023 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 decreased by approximately € 183 thousand compared to the previous year.

The Parent Company Biesse S.p.A. participates in the national tax consolidation of the Biesse Group together with its subsidiaries HSD S.p.A. and Forvet Costruzione Macchine Speciali 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 € 759 thousand compared to 2022 and includes discounts on accruing costs for subsequent years and sundry receivables.

Receivables from the parent company Bi.fin S.r.l. were repaid in full during the year. With regard to receivables from related parties, please refer to note 35 below.

### 23. CASH AND CASH EQUIVALENTS

€ '000	At 31 December	
	2023	2022
Bank deposit	102,938	123,556
Cash and cash equivalents	1,535	1,483
<b>Cash and cash equivalents</b>	<b>104,473</b>	<b>125,039</b>

Cash and cash equivalents include bank deposits of € 102,938 thousand and cash or cash equivalents on hand of € 1,535 thousand, with an overall decrease over the previous year of € 20,566 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 2023 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 € 15,204 thousand as at 31 December 2023, down compared to the prior year (€ 12,797 thousand in 2022). 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 € 10 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	
	2023	2022
Legal reserve	5,479	5,479
Extraordinary reserve	120,849	110,049
Reserve for treasury shares	-	-
Retained earnings and other reserves	78,661	68,431
<b>Other reserves</b>	<b>204,989</b>	<b>183,959</b>

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 € 120,849 thousand as at 31 December 2023, increased by € 10,800 thousand compared to the previous year due to the allocation of the result of the previous year.

Retained earnings and other reserves totalling € 78,661 thousand (€ 68,431 thousand in 2022) increased by € 10,230 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 € 4,392 thousand, is shown net of the tax effect of € 1,639 thousand.

#### Non-controlling interests

As of 31 December 2023, there are no more third-party participations (€ 245 thousand as of 31 December 2022).

## 25. FINANCIAL LIABILITIES

The following table shows a breakdown of current and non-current financial liabilities as at 31 December 2023 and 31 December 2022.

€ '000	At 31 December	
	2023	2022
<b>Non-current liabilities</b>		
Lease liabilities	18,478	16,496
Other non current financial debt	264	561
	<b>18,742</b>	<b>17,057</b>
<b>Current liabilities</b>		
Lease liabilities	7,027	7,504
Payables to bank and financial institutions	1,092	1,776
Other loans	0	0
Financial liabilities from derivatives	1,266	2,445
	<b>9,384</b>	<b>11,725</b>
<b>Financial liabilities</b>	<b>28,127</b>	<b>28,782</b>

### Lease liabilities

The breakdown of lease payables by expiry is set out below:

€ '000	At 31 December	
	2023	2022
<b>Leasing Liabilities:</b>		
-due within a year	7,869	8,145
-due over one year, but within five year	17,904	13,956
-due over five year	2,029	3,705
Total	27,803	25,807
After deduction of changes for future financial charges	(2,298)	(1,807)
<b>Present Value of lease liabilities</b>	<b>25,505</b>	<b>24,000</b>
whose:		
Current	7,027	7,504
Non current	18,478	16,496

Payables relating to right-of-use assets include liabilities due to related parties of € 106 thousand (of which € 35 thousand in the short term) and due to parents for € 1,064 thousand (of which € 156 thousand 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 2023, the Biesse Group had credit lines in excess of € 251 million, of which € 91.0 million revocable with a duration of up to 12 months and € 160 million committed with a duration of up to 12 months. All undrawn credit lines are unsecured and free of any collateral.

As of the date of approval of this report, the Biesse Group has higher credit lines

As at 31 December 2023, 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

### 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 2023, amounting to € 1,266 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 2023 and 31 December 2022. 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	
	2023	2022
Cash	1,535	1,483
Cash and cash equivalents	102,938	123,556
<b>Cash and cash equivalents</b>	<b>104,473</b>	<b>125,039</b>
<b>Financial Assets (including derivative financial instruments)</b>	<b>16,758</b>	<b>20,544</b>
Short-term lease liabilities	(7,027)	(7,504)
Current bank liabilities	(865)	(1,488)
Short-term loans and current portion of non-current indebtedness	(227)	(288)
Other current financial liabilities	(1,266)	(2,445)
<b>(Current financial indebtedness)</b>	<b>(9,384)</b>	<b>(11,725)</b>
<b>(Net current financial indebtedness) / availability</b>	<b>111,847</b>	<b>133,858</b>
Medium/long term lease liabilities	(18,478)	(16,496)
Medium and long term bank debts	(264)	(561)
Trade receivables and other medium/long term debts	(152)	(155)
<b>No current financial indebtedness</b>	<b>(18,894)</b>	<b>(17,212)</b>
<b>Net financial position</b>	<b>92,953</b>	<b>116,646</b>

The Biesse Group's Net Financial Position as at 31 December 2023 was positive at € 92,953 thousand, down from the figure for the previous year (positive at € 116,646 thousand). Compared to year-end 2022, the indicator decreased by € 23,693 thousand, mainly influenced by the distribution of dividends during the first half of 2023 and the dynamics of net operating working capital.

The incidence of medium/long term debt registered an increase in percentage terms compared to total indebtedness, from 59.5% in 2022 to 66.8% in 2023.

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.

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

The Net Financial Position of the Biesse Group at 31 December 2023 was positive at € 92,953 thousand, down on the figure for the previous year (positive at € 116,646 thousand), while the final figure, without considering the effects of payables for rent and leasing deriving from the application of IFRS 16, would have been positive at € 117,852 thousand (positive at € 139,387 thousand at 31 December 2022). Compared to the end of the year 2022, the change is mainly influenced by the distribution of dividends that took place during the first half of 2023 and by the dynamics of net operating working capital.

### 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.

€ '000	No cash movements					31/12/2023
	31/12/2022	Cash flow	New leasing	Changes in consolidation area	Other movements	
Loans and derivatives	4,782	(975)			(1,186)	2,622
Leasing	24,000	(9,346)	11,388		(537)	25,505
<b>Total</b>	<b>28,782</b>	<b>(10,322)</b>	<b>11,388</b>		<b>(1,723)</b>	<b>28,127</b>

## 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 € 8,543 thousand (€ 8,589 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	
	2023	2022
Defined benefit plans	10,903	11,428
Activities serving the plan	(862)	(861)
<b>Total</b>	<b>10,041</b>	<b>10,567</b>

Changes in defined-benefit plans are as follows:

€ '000	At 31 December	
	2023	2022
<b>Opening balance at 1 January</b>	<b>11,428</b>	<b>13,946</b>
Change in the consolidation area	-	-
Current services	259	386
Financial (expenses)/ revenues	382	213
Benefits paid out	(1,299)	(1,330)
Actuarial gain/(losses)	201	(1,742)
Exchange differences and other movements	(68)	(45)
<b>Closing balance at 31 December</b>	<b>10,903</b>	<b>11,428</b>

Changes in defined-benefit plan assets are as follows:

€ '000	At 31 December	
	2023	2022
<b>Opening balance at 1 January</b>	<b>861</b>	<b>628</b>
Increases	18	269
Financial revenue	64	44
Benefit paid out	(34)	(38)
Exchange differences and other movements	(47)	(41)
<b>Closing balance at 31 December</b>	<b>862</b>	<b>861</b>

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	31 December
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	2023	2022
Annual rate of inflation	2%	2.10%
Annual discount rate	from 3.22% in 2024 to 3.19% in 2037	from 3.25% in 2023 to 3.13% in 2036

Demographic assumptions	31 December	
	2023	2022
Death	ISTAT 2009	
Disability	INPS tables broken down by age and sex	
Retirement	100% upon reaching the AGO requirements	
Probability of early retirement	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 7.4% (7.55% 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 negative change in the equity reserve of € 173 thousand, gross of the effects of the taxes calculated on the same.

#### Average number of employees

The average headcount in 2023 was 4,034 (4,272 in 2022).

## 27. INCOME TAXES

### Income taxes recognised in profit or loss

€ '000	At 31 December	
	2023	2022
IRES and other deferred taxes	1,295	4,374
Income tax related to foreign subsidiaries	6,316	5,355
Other taxes	(25)	(26)
<b>IRES and other taxes for the year</b>	<b>7,586</b>	<b>9,702</b>
IRAP and other current taxes	1,368	1,503
Income taxes relating to previous years	(957)	133
<b>Income taxes</b>	<b>7,996</b>	<b>11,338</b>

The Group has applied the temporary exception to the accounting of advance and deferred taxes related to the application of the provisions of Pillar Two provided for by IAS 12 (referred to in paragraph 5). Adoption of new accounting standards, amendments and interpretations (IFRS). 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. End. S.r.l. will be responsible for calculating the effective judicial tax rate according to the rules of Pillar Two. The “UPE” will generally be 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 on the basis of the provisions of the Italian Decree on Pillar Two) of less than 15%.

Based on the preliminary analyses carried out on data for the 2023 financial year, all the jurisdictions in which the Biesse Group companies are located seem to satisfy at least one of the Transitional Safe Harbours. The legislation is complex and Management is evaluating its impact on the Group: from the information available to date and from the forecast of future financial results, the Biesse Group does not

expect significant impacts in application of the standard for the first year of entry into force (i.e. the year ending on 31 December 2024).

IRES and other deferred taxes, negative to the tune of € 1,295 thousand overall (€ 4,374 thousand in 2022), mainly referred to the IRES tax expense for the period (determined by the national tax consolidation scheme), the recognition of deferred taxes and the use of deferred taxes set aside in previous years.

The balance of tax items was negative to the tune of € 7,996 thousand. The negative balance is determined as a result of the following factors: IRES taxes and other deferred taxes (negative for € 1,295 thousand) and IRAP (negative for € 1,368 thousand); provisions for income taxes of foreign companies (negative for € 6,291 thousand) and taxes relating to previous years (negative for € 957 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			
	2023		2022	
<b>Pre-tax profit</b>	<b>20,479</b>		<b>41,634</b>	
National income tax 24%	(4,915)	24.0%	(9,992)	24.0%
Tax effect of non-deductible expense/exempt profit in determining income	355	(1.73)%	910	(2.19)%
Detection and utilisation of losses not previously recognised	91	(0.45)%	855	(2.05)%
Tax effect on losses unrecognised	(2,566)	12.53%	(1,568)	3.77%
Deferred Tax Asset effect unrecognised on previous year	(422)	2.06%	840	(2.02)%
Effect of the different tax rates relating to subsidiaries operating under other jurisdictions	(74)	0.36%	(644)	1.55%
Non-taxable capital gains and other minor effects	(56)	0.27%	(102)	0.25%
<b>Income taxes for the year and effective tax rate</b>	<b>(7,585)</b>	<b>37.04%</b>	<b>(9,702)</b>	<b>23.3%</b>
IRAP and other current taxes	(1,368)	(6.68)%	(1,503)	3.61%
Income taxes relating to previous rate	957	4.67%	(133)	0.32%
<b>Income taxes for the year and effective tax rate</b>	<b>(7,995)</b>	<b>39.0%</b>	<b>(11,338)</b>	<b>27.2%</b>

The tax-rate therefore stood at 39%, an increase compared to the figure recorded in 2022 (equal to 27.2%), essentially due to the devaluation of the assets of the Biesse Russia subsidiary and the final losses of certain foreign subsidiaries.

### Deferred tax assets/liabilities

Here below are the main items of deferred tax assets and liabilities.

€ '000	At 31 December	
	2023	2022
Accrual to provisions for risks and charges	13,926	10,538
Intercompany profits included in the amount of closing inventories	5,494	5,722
Recoverable tax losses	1,138	1486
Other	4,609	6,641
<b>Deferred tax assets</b>	<b>25,168</b>	<b>24,387</b>
Amortisation	6,374	8,299
Other	1,431	127
<b>Deferred tax liabilities</b>	<b>7,805</b>	<b>8,426</b>
<b>Net deferred tax assets</b>	<b>17,362</b>	<b>15,961</b>

As at 31 December 2023, the Biesse Group recorded deferred tax assets and liabilities with a net positive balance of € 17,362 thousand (€ 15,961 thousand in 2022). 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 2023 were approximately € 4.5 million.

### Income tax payables

Income tax payables amounted to € 2,049 thousand (€ 3,713 thousand as at 31 December 2022) 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 31/12/2022	7,386	2,499	3,697	11,433	25,016
Provisions	581	116	15,220	3,856	19,773
Reduction of excess funds	(309)	-	(1,254)	(1,087)	(2,650)
Utilised	(641)	(86)	(2,486)	(1,243)	(4,455)
Change of consolidation area	-	-	-	-	-
Exchange diff, reclassification and other changes	7	10	(21)	(168)	(171)
Value at 31/12/2023	7,025	2,539	15,157	12,791	37,512
				Current	37,512
				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 this end, a number of initiatives have been launched, such as the defensive solidarity contract for the period November 2023 - October 2024 and the rationalisation of sites, which will probably lead in the near future to the management of redundancies already identified at 31 December 2023, based on technical organisational criteria, territorial location and the principle of non-opposition to redundancies, favoured by economically incentivised redundancies.

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 2023 and 31 December 2022 are detailed below:

€ '000	At 31 December	
	2023	2022
Trade payables to suppliers	134,696	180,604
Trade payables to related parties	588	1,392
Trade payables to parent company	(3)	1
<b>Trade payables</b>	<b>135,281</b>	<b>181,996</b>

Trade payables amounted to € 135,281 thousand (€ 181,996 thousand in the last financial year), a decrease of € 46,716 thousand in the face of a significant contraction in supplies for the period, with a consequent reduction in average payment days (DPO). 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 € 108,049 thousand as at 31 December 2023 (€ 138,197 thousand as at 31 December 2022) and are made up as follows:

€ '000	At 31 December	
	2023	2022
Advances from customers before the sale of the goods	93,494	122,616
Net advances from customers for services	14,555	15,581
<b>Contract liabilities</b>	<b>108,049</b>	<b>138,197</b>

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 is influenced by the slowdown in order intake that occurred during the year and was also negatively affected by the advance to the fourth quarter of 2022 of most investments related to industry 4.0.

### 31. OTHER CURRENT AND NON-CURRENT PAYABLES

As of 31 December 2023, there are no other non-current payables.

A breakdown of other current payables as at 31 December 2023 is as follows:

€ '000	At 31 December	
	2023	2022
Tax liabilities	9,358	11,307
Social security liabilities	12,772	13,723
Other payables to employees	29,939	34,299
Other payables to third parties	7,257	10,276
Other liabilities to related parties	-	(118)
<b>Other liabilities</b>	<b>59,326</b>	<b>69,487</b>

Other payables of € 59,326 thousand increased by € 10,161 thousand compared to the previous year, mainly due to the decrease in other payables to employees.

Other payables to third parties of € 7,257 thousand, down compared to the previous year (€ 10,276 thousand in 2022), consist mainly of passive income for revenues accruing to the following year.

### 32. FINANCIAL ASSETS/LIABILITIES FOR DERIVATIVE INSTRUMENTS

€ '000	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Currency derivatives	1,070	1,266	2,659	2,445
<b>Total</b>	<b>1,070</b>	<b>1,266</b>	<b>2,659</b>	<b>2,445</b>

The value of open contracts at year-end (with a negative net balance of € 196 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.

#### 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 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	<b>Financial asset 31/12/2023</b>	<b>Financial liabilities 31/12/2023</b>
	2,990	462
Australian Dollar	1,384	773
Canadian Dollar	9,758	12,224
Pound Sterling	2,911	9,472
US Dollar	19,246	16,875
Chinese Renmimbi Yuan	5,808	25
Other currencies	14,056	29,394
<b>Total</b>	<b>56,155</b>	<b>69,224</b>

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	If exchange rate
	> 15%	< 15%
Australian Dollar	(330)	446
Canadian Dollar	(80)	108
Pound Sterling	322	(435)
Indian Rupee	856	(1,158)
US Dollar	(309)	419
Chinese Renmimbi Yuan	(754)	1,021
<b>Total</b>	<b>(296)</b>	<b>400</b>

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 2023

€ '000	At december 2023					Total
	Current	Overdue by 1 to 30 days	Overdue by 30 to 180 days	Overdue by 180 to 365 days	Overdue more than 365 days	
% Estimated loss	1.3%	0.7%	6.0%	27.8%	69.5%	<b>5.1%</b>
Receivables	77,919	21,366	14,752	3,814	4,503	<b>122,353</b>
Estimates credit losses	992	154	879	1,060	3,129	<b>6,212</b>

31 December 2022

€ '000	At december 2022					Total
	Current	Overdue by 1 to 30 days	Overdue by 30 to 180 days	Overdue by 180 to 365 days	Overdue more than 365 days	
% Estimated loss	0.6%	0.6%	4.4%	27.3%	94.8%	<b>5.1%</b>
Receivables	78,321	20,810	11,888	3,358	4,204	<b>118,581</b>
Estimates credit losses	474	107	518	915	3,984	<b>5,998</b>

### 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 2023

€ '000	At december 2023					Total
	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	
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
<b>Total</b>	<b>77,077</b>	<b>90,041</b>	<b>17,340</b>	<b>910</b>	<b>39</b>	<b>185,407</b>

31 December 2022

€ '000	At december 2022					Total
	Less than 30 days	30-180 days	180 days-1year	1-5 years	After 5 years	
Trade and other payables	107,845	115,579	13,917	2,299	216	239,856
Bank loans and borrowings	1,415	158	59	553	7	2,190
<b>Totale</b>	<b>109,260</b>	<b>115,737</b>	<b>13,976</b>	<b>2,852</b>	<b>223</b>	<b>242,047</b>

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 2023, 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	
	2023	2022
€ '000		
<b>FINANCIAL ASSETS</b>		
<b>Designated at fair value through profit or loss:</b>		
<i>Derivative financial assets</i>	1,070	2,659
<b>Designated at fair value through OCI:</b>		
<i>- other current financial assets</i>	16,758	20,544
<b>Measured at amortised cost :</b>		
<i>Trade receivables</i>	116,619	112,513
<i>Other assets</i>	3,530	4,688
<i>- other financial assets and non current receivables</i>	3,519	4,688
<i>- other current assets</i>	11	0
<i>Cash and cash equivalents</i>	104,473	125,039
<b>FINANCIAL LIABILITIES</b>		
<b>Designated at fair value through profit or loss:</b>		
<i>Derivative financial liabilities</i>	1,266	2,445
<b>Measured at amortised cost :</b>		
<i>Trade payables</i>	135,100	181,702
<i>Bank loans, borrowings and lease liabilities</i>	1,355	2,337
<i>Financial leasing liabilities</i>	25,505	24,000
<i>Other liabilities</i>	43,648	52,941
<i>Other current liabilities</i>	43,481	52,786
<i>Other not current liabilities</i>	167	155

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;

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 2022). 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. RELATED-PARTY TRANSACTIONS

Biesse S.p.A. is owned by BI.Fin. S.r.l.

Set out below are the Biesse Group financial and income balances arising from related-party transactions for the years 2023 and 2022. 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 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	1	-	23	24
<b>Other related companies</b>	24	26	2,153	4,189
Fincobi S.r.l.	-	1		
Se. Mar. S.r.l.	24	9	2,152	2,539
Wirutex S.r.l.	-	16	0	1,647
Altri			1	3
<b>Members of the Board of Directors</b>	-	-	3,122	3,246
<i>Selci Giancarlo</i>			133	123
<i>Selci Roberto</i>			1,135	1,130
<i>Potenza Massimo</i>			1,698	1,836
<i>Baronciani Alessandra</i>			25	25
<i>Ricceri Federica</i>			45	45
<i>Borsani Ferruccio</i>			31	31
<i>Schiavini Rossella</i>			55	55
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	163	166
<b>Executives with strategic responsibilities</b>			1,566	1,781
<b>Total</b>	25	26	7,027	9,406

Euro 000's	Receivables		Payables	
	For Year ended 31/12/2023	For Year ended 31/12/2022	For Year ended 31/12/2023	For Year ended 31/12/2022
<b>Parent</b>				
Bi. Fin. S.r.l.	-	-	1,066	1,156
<b>Other related companies</b>				
Fincobi S.r.l.	-	-	-	-
Se. Mar. S.r.l.	7	2	632	882
Wirutex S.r.l.	-	-	-	508
Others	-	-	0	1
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	-	-	106	133
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	69	119
<b>Total</b>	7	2	1,872	2,800

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 (€ 1,064 thousand to the parent company Bi.Fin. S.r.l. and € 106 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](http://www.biesse.com).

The company Biesse S.p.A. is subject to management and coordination by the parent company Bi.Fin. S.r.l. As required by the Italian Civil Code, the main data from the latest consolidated financial statements of

Bi.Fin. S.r.l. filed with the Chamber of Commerce. highlighting that:

- reference should be made to the latest approved financial statements, namely the financial statements as at 31 December 2022;
- given that summary information is required, it was considered appropriate to limit this disclosure to indicating the total amounts for the most material items.

€ '000	At 31 December	
	2022	2021
<i>Value of Production</i>	825,457	745,158
<i>Production costs</i>	(776,346)	(695,200)
<i>Financial income and expenses</i>	(901)	(2,207)
<i>Income taxes</i>	(11,328)	(6,374)
<b><i>Profit (loss) for the period</i></b>	<b>28,101</b>	<b>34,436</b>

€ '000	At 31 December	
	2022	2021
<i>Non current assets</i>	234,665	244,523
<i>Working capital</i>	521,899	501,679
<i>Asset held for sale</i>	6,598	
<b><i>Total assets</i></b>	<b>763,161</b>	<b>746,202</b>
<i>Equity</i>		
<i>Share capital</i>	10,733	10,569
<i>Reserves</i>	141,056	121,286
<i>Profit for the year</i>	13,373	17,368
<i>Current Liabilities</i>	37,306	43,151
<i>Non Current Liabilities</i>	429,695	431,926
<i>Liabilities associated with assets held for sale</i>	3,834	
<b><i>Total liabilities</i></b>	<b>763,161</b>	<b>746,202</b>

### 35. 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 2023 € '000	CAUSAL
1	FONDIMPRESA/FONDIRIGENTI	76	Contributo formazione finanziata
2	Commissione Europea	16	Contributo progetto di ricerca
3	Regione Marche	42	Bando energia impresa - Fondo Europeo sviluppo regionale
4	Agenzia delle Entrate	253	Credito d'imposta energia art 3 DL 144/2022
5	Agenzia delle Entrate	201	Credito d'imposta energia art 1c.3 DL 197/2022
6	Agenzia delle Entrate	161	Credito imposta R&S anno 2020 L.2019/160 maggiorato ai sensi ex art.244 "Decreto Rilancio"DL 34/2020
7	GSE SPA Gestore dei Servizi Energetici	31	Contributo GSE scambio sul posto

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### 36. EVENTS AFTER THE REPORTING DATE

Please refer to the note in the Directors' Report on Operations.

Pesaro, 14 March 2024

The Chairman of the Board of Directors  
**Giancarlo Selci**



**37. ANNEXES**
**INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006<sup>1</sup>**

<i>Euro 000's</i>	Note	31 December			31 December		
		2023	Attributable to related parties	% of incidence	2022	Attributable to related parties	% of incidence
Revenue	7	785,002		0.0%	822,425		
Other operating income	8	8,408	-	0.0%	11,596	26	0.2%
Change in inventories of finished goods and work in progress		(34,900)		0.0%	30,791		0.0%
Purchase of raw materials and consumables	9	(293,766)		0.0%	(363,363)		0.0%
Personnel expense	10	(241,331)		0.0%	(251,423)		0.0%
Depreciation, amortisation and impairment	11	(51,570)		0.0%	(42,985)		0.0%
Other operating costs	12	(147,673)	7,027	-4.8%	(156,292)	9,406	-6.0%
<b>Operating profit</b>		<b>24,169</b>	<b>7,027</b>	<b>29.1%</b>	<b>50,749</b>	<b>9,432</b>	<b>18.6%</b>
Financial income	13	17,809		0.0%	21,155		0.0%
Financial expense	13	(21,499)		0.0%	(30,269)		0.0%
<b>Pre-tax profit</b>		<b>20,479</b>	<b>7,027</b>	<b>34.3%</b>	<b>41,634</b>	<b>9,432</b>	<b>22.7%</b>
Income taxes	27	(7,996)		0.0%	(11,338)		0.0%
<b>Profit for the year</b>		<b>12,483</b>	<b>7,027</b>	<b>56.3%</b>	<b>30,296</b>	<b>9,432</b>	<b>31.1%</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006<sup>1</sup>**

<i>Euro 000's</i>		31 December	Attributable to	% of incidence	31 December	Attributable to	% of incidence
ASSETS	Note	2023	related parties		2022	related parties	
Equipment and other items of property, plant and equipment							
Property, plant and equipment	15, 16	117,213	-	0%	115,105	-	0%
Goodwill	17	46,693	-	0%	46,800	-	0%
Other intangible assets	18	36,753	-	0%	41,377	-	0%
Deferred tax assets	27	25,168	-	0%	24,387	-	0%
Other financial assets and receivables (including dt	19	3,404	-	0%	4,575	-	0%
Other receivables	19	115	-	0%	113	-	0%
<b>Total non current assets</b>		<b>229,346</b>	-	0%	<b>232,357</b>	-	0%
Inventories	20	168,393	-	0%	215,588	-	0%
Trade receivables and contract assets	21	116,619	-	0%	112,513	-	0%
Other receivables	22	13,146	7	0.1%	15,912	2	0.0%
Other financial assets and receivables (including dt	19	17,828	-	0%	23,203	-	0%
Cash and cash equivalents	23	104,473	-	0%	125,039	-	0%
<b>Total current assets</b>		<b>420,459</b>	<b>7</b>	<b>0.0%</b>	<b>492,255</b>	<b>2</b>	<b>0.0%</b>
<b>Total assets available for sale</b>			-	0.0%	<b>2,520</b>	-	0.0%
<b>TOTAL ASSETS</b>		<b>649,805</b>	<b>7</b>	<b>0.0%</b>	<b>727,131</b>	<b>2</b>	<b>0.0%</b>

<i>Euro 000's</i>		31 December	Attributable to	% of incidence	31 December	Attributable to	% of incidence
EQUITY AND LIABILITIES	Note	2023	related parties		2022	related parties	
Share capital		27,403	-	0%	27,403	-	0%
Reserves		221,562	-	0%	202,898	-	0%
Profit for the year		12,483	-	0%	30,248	-	0%
<b>Equity attributable to the owners of the parent</b>		<b>261,448</b>	-	0%	<b>260,548</b>	-	0%
Non-controlling interests		0	-	0%	245	-	0%
<b>TOTAL EQUITY</b>	<b>24</b>	<b>261,448</b>	-	0%	<b>260,793</b>	-	0%
Financial liabilities	16, 25	18,742	-	0%	17,212	-	0%
Post-employment benefits	26	10,041	-	0%	10,567	-	0%
Deferred tax liabilities	27	7,805	-	0%	8,426	-	0%
Provisions for risks and charges	28	0	-	0%	-	-	0%
Other liabilities	31	167	-	0%	(0)	-	0%
<b>Total non current liabilities</b>		<b>36,755</b>	-	0%	<b>36,205</b>	-	0%
Financial liabilities	16, 25	9,384	-	0%	11,725	-	0%
Provisions for risks and charges	28	37,512	-	0%	25,015	-	0%
Trade payables	29	135,281	1,872	1.38%	181,996	2,800	1.54%
Contract assets	30	108,049	-	0%	138,197	-	0%
Other liabilities	31	59,326	-	0%	69,487	-	0%
Liabilities for income tax	27	2,049	-	0%	3,713	-	0%
<b>Total Current liabilities</b>		<b>351,602</b>	<b>1,872</b>	<b>0.53%</b>	<b>430,133</b>	<b>2,800</b>	<b>0.65%</b>
<b>LIABILITIES</b>		<b>388,357</b>	<b>1,872</b>	<b>0.48%</b>	<b>466,338</b>	<b>2,800</b>	<b>0.60%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>649,805</b>	<b>1,872</b>	<b>0.29%</b>	<b>727,131</b>	<b>2,800</b>	<b>0.39%</b>

**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**

1. The undersigned Giancarlo Selci and Pierre Giorgio Sallier de La Tour 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 2023.

2. The administrative and accounting procedures for preparing the consolidated financial statements as at 31 December 2023 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 2023:

- 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 2024

**The Chairman of the Board  
in charge**

Giancarlo Selci

**The Manager  
of financial reporting**

Pierre Giorgio Sallier de La Tour

# Separate Financial Statements as at 31 December 2023

Biesse S.p.A.

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**
**SEPARATE INCOME STATEMENT AS AT 31 DECEMBER 2023**

	Notes	31 December 2023	31 December 2022
Revenue	6	537,744,847	573,548,120
Other operating income	6	7,353,487	7,530,421
Change in inventories of finished goods and work in progress		(21,753,182)	15,585,725
Purchase of raw materials and consumables	8	(274,330,403)	(331,490,114)
Personnel expense	9	(133,502,520)	(140,606,679)
Other operating costs	10	(83,917,469)	(87,170,563)
Depreciation and amortisation		(17,770,173)	(18,720,078)
Accruals to provisions	11	(12,890,250)	(2,921,720)
Impairment	12	(2,184,153)	(1,740,757)
<b>Operating result</b>		<b>(1,249,816)</b>	<b>14,014,355</b>
Share of loss of associates	13	(9,073,530)	2,882,038
Financial income	14	15,114,017	17,930,839
Dividends	15	31,928,174	13,785,404
Financial expense	14	(19,507,399)	(26,005,492)
<b>Result before taxes</b>		<b>17,211,446</b>	<b>22,607,144</b>
Income taxes	16	1,299,170	(2,764,265)
<b>Result for the year</b>		<b>18,510,616</b>	<b>19,842,879</b>

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2023**

		31 December 2023	31 December 2022
<b>Result for the year</b>		<b>18,510,616</b>	<b>19,842,879</b>
Actuarial gains/(losses) on defined benefit plans	33	(102,620)	933,713
Valuation of financial assets	26	169,516	(276,212)
Translation differences on foreign operations	31	(2,772)	(2,085)
<b>Items that will not be reclassified to profit or loss</b>		<b>64,124</b>	<b>655,416</b>
<b>Total comprehensive income for the year</b>		<b>18,574,740</b>	<b>20,498,295</b>

**SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

	Notes	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and machineries	17	56,305,214	58,011,114
Equipment and other tangible assets	17	7,662,470	6,679,660
Goodwill	18	10,608,898	9,974,870
Other intangible assets	19	19,393,647	21,394,434
Deferred tax assets	34	13,847,541	11,466,518
Investments in subsidiaries and associates	20	117,246,783	118,893,796
Other financial assets and non-current receivables	21	1,220,808	2,554,780
		<b>226,285,361</b>	<b>228,975,172</b>
<b>Current assets</b>			
Inventories	22	92,623,727	117,125,456
Trade receivables and contract assets	23	65,294,453	61,494,994
Trade receivables and contract assets - related parties	24	60,437,747	68,862,992
Other assets	25	5,722,357	7,521,221
Other assets - related parties	44	520,539	1,323,445
Assets for derivative financial instruments	46	1,066,357	2,624,795
Financial assets	26	16,393,542	20,543,623
Financial assets - related parties	27	33,997,527	5,550,000
Cash and cash equivalents	28	54,594,360	81,760,613
<b>Total current assets</b>		<b>330,650,609</b>	<b>366,807,139</b>
<b>Assets available for sale</b>			
Property, plant and equipment	17	-	2,505,195
Equipment and other tangible fixed assets	17	-	14,507
<b>Total Assets available for sale</b>		<b>-</b>	<b>2,519,702</b>
<b>TOTAL ASSETS</b>		<b>556,935,970</b>	<b>598,302,013</b>

**SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

	Notes	31 December 2023	31 December 2022
<b>EQUITY AND LIABILITIES</b>			
Share capital	29	27,402,593	27,402,593
Capital reserves	30	36,202,011	36,202,011
Other reserves and retained earnings	31	125,148,406	114,192,782
Result for the year		18,510,616	19,842,879
<b>EQUITY</b>		<b>207,263,626</b>	<b>197,640,265</b>
<b>Non-current liabilities</b>			
Post-employment benefits	33	8,055,192	8,049,549
Deferred tax liabilities	34	2,257,591	1,919,650
Bank loans and borrowings	35	-	23,958
Lease liabilities under IFRS 16	36	5,724,947	7,458,021
Other non-current liabilities to third parties	43	152,070	154,932
<b>Total non-current liabilities</b>		<b>16,189,800</b>	<b>17,606,110</b>
<b>Current liabilities</b>			
Trade payables	39	101,855,798	134,298,167
Trade payables - related parties	40	17,664,019	23,780,084
Contract liabilities	41	35,735,371	57,674,197
Contract liabilities - related parties	42	159,555	170,000
Other liabilities	43	36,611,904	45,312,860
Other liabilities - related parties	44	250,747	213,837
Tax liabilities	45	94,249	887,720
Lease liabilities under IFRS 16	36	2,936,204	2,595,847
Bank loans and borrowings	35	670,652	853,075
Other financial liabilities - related parties	27	100,314,457	96,396,194
Provisions for risks and charges	38	35,923,537	18,431,737
Liabilities for derivative financial instruments	46	1,266,051	2,441,920
<b>Total current liabilities</b>		<b>333,482,544</b>	<b>383,055,638</b>
<b>LIABILITIES</b>		<b>349,672,344</b>	<b>400,661,748</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>556,935,970</b>	<b>598,302,013</b>

**SEPARATE STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2023**

		<b>31 December</b>	<b>31 December</b>
	Notes	<b>2023</b>	<b>2022</b>
<b>OPERATING ACTIVITY</b>			
+/- Result for the year		18,510,616	19,842,879
+ Amortisations:		17,770,173	18,720,078
Increase/decrease of accruals to:			
+ post employment benefit fund	33	304,763	143,912
+ provision to funds		12,890,250	2,921,719
+/- provision for the write-down of inventory	22	1,836,010	418,126
+/- Gains/losses from sales of assets		(2,058,058)	(480,147)
+/- Gains/losses from sales on disposal of participations		(946)	-
+/- Gains/losses from sales of other securities		(276,110)	-
+ Impairment losses		2,184,154	1,740,757
- Financial income		(33,125,921)	(14,285,444)
+/- Unrealized exchange gains/(losses)	14	1,233,767	2,220,538
+ Income taxes		(1,299,170)	2,764,265
+ Financial expenses		4,972,843	1,523,670
+/- Revaluation/write-off of investments		9,074,475	(2,882,038)
<b>SUBTOTAL OPERATING ACTIVITIES</b>		<b>32,016,846</b>	<b>32,648,315</b>
- Payment for post employment benefits	33	(710,310)	(853,631)
- Utilisation of provision for risks and charges	38	(632,849)	(6,618,866)
+/- Change in trade receivables	23	(3,978,292)	8,517,409
+/- Change in trade receivables - related parties	24	6,328,925	(5,131,364)
+/- Change in other receivables		668,832	(3,117,543)
+/- Change in other receivables - related parties		202,004	5,026
+/- Change in inventories	22	25,250,560	(22,363,799)
+/- Change in trade payables	39	(33,715,690)	(699,035)
+/- Change in trade payables - related parties	40	(5,482,729)	(3,179,891)
+/- Change in contract liabilities	41	(22,249,788)	1,482,371
+/- Change in contract liabilities - related parties	42	(10,445)	8,122
+/- Change in other payables	43	(6,071,242)	340,215
+/- Change in other payables - related parties		1,678	(2)
+/- Change in assets/liabilities for derivative financial instruments	46	182,876	(949,418)
- Tax paid		3,300,560	(1,383,612)
- Interest paid		(4,513,463)	(1,096,064)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(9,412,527)</b>	<b>(2,391,767)</b>
<b>INVESTING ACTIVITIES</b>			
- Investment in property, plant and equipment	17	(6,871,730)	(9,295,429)
+ Sale of property, plant and equipment	17	4,576,867	4,344,436
- Investment in intangible assets	19	(8,555,325)	(5,021,764)
+ Sale of intangible assets	19	1,168	11,666
- Investment/disposal of shareholdings in subsidiaries and associates	20	(3,961,343)	(2,368,053)
- Investment/disposal of shareholdings in other companies		(2,000)	232,663
+ Dividends received	15	2,409,941	16,363,177
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(12,402,422)</b>	<b>4,266,696</b>
<b>FINANCING ACTIVITIES</b>			
+/- New long term loans	49	-	39,930
+/- Long term loans reimbursement	49	(39,930)	-
- Finance lease payments	49	(3,063,043)	(3,082,896)
+/- Increase/decrease of borrowings	49	(176,386)	378,762
+/- Increase/decrease of other non-current financial assets		(407,473)	(1,144,679)
+ Interests received		1,110,080	248,480
- New loans to related parties	49	(2,236,836)	-
+ Income from loans to related parties	49	200,000	140,137
+ New loans to related parties	49	11,205,306	6,667,521
- Reimbursement of loans from related parties	49	(8,115,527)	(5,353,910)
+/- Increase/decrease of other current financial assets		4,648,873	6,620,230
- Dividends paid	32	(9,075,605)	(17,056,497)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(5,950,541)</b>	<b>(12,542,922)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(27,765,490)</b>	<b>(10,667,993)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01/01/2023</b>		<b>81,760,613</b>	<b>92,812,492</b>
+/- Effect of exchange rate fluctuations on cash held		(39)	(2,254)
+/- Valuation of cash and cash equivalents in PN		-	(429,503)
+ Cash and cash equivalents from merger		599,276	47,871
<b>CASH AND CASH EQUIVALENTS AS AT 31/12/2023</b>		<b>54,594,360</b>	<b>81,760,613</b>
Cash and cash equivalents	28	<b>54,594,360</b>	<b>81,760,613</b>



SEPARATE STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2023

	Notes	Share capital 28	Capital reserves 29	Other reserves and retained earnings 30	Result for the year	EQUITY
<b>January 1, 2022</b>		<b>27,393,042</b>	<b>36,202,011</b>	<b>127,615,976</b>	<b>2,141,702</b>	<b>193,352,731</b>
Other comprehensive income				655,416		655,416
Result for the year					19,842,879	19,842,879
<b>Total gains/(losses) recognised in other comprehensive income</b>				<b>655,416</b>	<b>19,842,879</b>	<b>20,498,295</b>
Allocation of the profit of the year				(14,957,516)	(2,141,702)	(17,099,218)
Merge of subsidiaries		9,551		878,906		888,457
<b>December 31, 2022</b>		<b>27,402,593</b>	<b>36,202,011</b>	<b>114,192,782</b>	<b>19,842,879</b>	<b>197,640,265</b>
<b>January 1, 2023</b>		<b>27,402,593</b>	<b>36,202,011</b>	<b>114,192,782</b>	<b>19,842,879</b>	<b>197,640,265</b>
Other comprehensive income				64,124		64,124
Result for the year					18,510,616	18,510,616
<b>Total gains/(losses) recognised in other comprehensive income</b>				<b>64,124</b>	<b>18,510,616</b>	<b>18,574,740</b>
Dividends				10,800,023	(19,842,879)	(9,042,856)
Merge of subsidiaries				91,477		91,477
Other movements						0
<b>December 31, 2023</b>		<b>27,402,593</b>	<b>36,202,011</b>	<b>125,148,406</b>	<b>18,510,616</b>	<b>207,263,626</b>

## 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 2024.

In addition, the Company prepares the consolidated financial statements.

By deed of Notary Luisa Rossi dated 21 July 2023, the subsidiary company Montresor S.r.l. has been incorporated into Biesse S.p.A.. The accounting and tax effects of this transaction are back dated to 1 January 2023. The most significant deviations from the values in the financial statements for the year 2022 are commented on in the various sections of these notes to the financial statements.

By deed of Notary Luisa Rossi dated 4 July 2023,, the subsidiary Movetro S.r.l. was incorporated into the subsidiary Forvet Costruzione Macchine Speciali S.p.A., the accounting and tax effects of this transaction are backdated to January 1, 2023.

### 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 2023 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 accordance 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 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 2023, 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 2023 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 2023”.

##### 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) 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, stone and marble. 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	3%
Plant and machinery	10%
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	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 finalise 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 be 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.

#### **S. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Group classifies non-current assets held for sale as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through their continuing use. These non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Selling costs are the additional costs directly attributable to the sale, excluding financial

charges and taxes.

The condition for classifying an asset as held for sale is deemed to be met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The actions required to conclude the sale should indicate that significant changes in the sale are unlikely to occur or that the sale will be cancelled. Management must be committed

to the sale, which should be completed within one year from the date of classification.

Depreciation of property, plant and equipment and intangible assets ceases when they are classified as available for sale.

Assets and liabilities classified as held for sale are presented separately under current items in the balance sheet.

The profit and loss components relating to assets held for sale and discontinued operations, when related to significant business lines or geographic areas of activity, are excluded from the results of continuing operations and are presented in the income statement as a single line item as net profit/(loss) from discontinued or discontinued operations net of the related tax effect.

## 5. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS

### a) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED AS OF 1 JANUARY 2023

The following accounting standards, amendments and IFRS interpretations have been adopted for the first time as from 1 January 2023:

- On 7 May 2021, the IASB issued “**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**”. The document clarifies how companies should account for deferred tax on transactions that could generate assets and liabilities of equal amounts as at the date of first registration, such as leases and decommissioning obligations. The changes have applied since 1 January 2023. The adoption of this amendment had no impact on the consolidated financial statements of the Company.
- On 12 February 2021, the IASB issued two amendments: “**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**” and “**Definition of Accounting Estimates—Amendments to IAS 8**”. Amendments to IAS 1 require an entity to provide relevant information on the accounting principles applied by the Company. The changes are aimed at improving the disclosure on the accounting principles applied by the Company in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policy. The changes have applied since 1 January 2023. The adoption of these amendments had no significant impact on the consolidated financial statements of the Company.
- On 23 May 2023, the IASB issued “**Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules**”. The document introduces a temporary exception to the reporting and reporting obligations of deferred tax assets and liabilities related to the Model Rules of Pillar Two (whose rule is in force in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific reporting obligations for entities affected by the related International Tax Reform. The document provides for immediate application of the temporary exemption, while the disclosure requirements will only apply to annual financial statements beginning on or after 1 January 2023, but not to interim financial statements ending before 31 December 2023. With regard to the information, please refer to note 27 Taxes of the annual financial report of the Biesse Group's consolidated financial statements.

### b) ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2023, 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 Company as of 31 December 2023:

- 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**". The document is 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 changes will be effective from 1 January 2024; however, 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 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. 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 2023**

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 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2024, with early application 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 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.
- 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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Revenues from goods	503,490	542,027
Revenues from services	33,269	30,131
Other revenues	986	1,390
<b>Revenues</b>	<b>537,745</b>	<b>573,548</b>
Lease and rental income	14	17
Income-related grants	169	245
Gains on sales of assets	2,078	490
Other income and prior year income	5,092	6,778
<b>Total other operating income</b>	<b>7,353</b>	<b>7,530</b>

“Total revenues” for the 2023 financial year amounted to € 537,745 thousand, compared to € 573,548 thousand recorded in the previous year, with an overall decrease of -6.2%. In order to provide an indication of the impact of the merger of Montresor S.r.l., if it had taken place with effect on 1 January 2022, thus allowing the two years to have the same scope, the revenues of the previous year would have amounted to € 577,754 thousand.

The decrease concerns lower sales, especially with regard to the Italian and North American markets.

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 € 5,092 thousand, attributable for € 1,670 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 € 1,285 thousand to the corresponding share of the exercise of the income deriving from tax credits, and the remainder of € 2,137 thousand to contingent assets and other income of small and fragmented amounts.

The item “Capital gains from disposal” contains for € 1,937 thousand the income deriving from the sale of a building with plants and land pertaining to Thiene (VI) made on 2 February for a sale amount of € 4,450 thousand.

The item “Income-related grants” contains for € 111 thousand grants for training courses for employees, for € 42 thousand a grant from the Marche region for energy efficiency and for the remainder a grant for a research project provided by the European Commission.

The 'Total other operating revenues' for the 2022 financial year, including the effect of the merger, would rise from € 7,530 thousand to € 7,500 thousand, down as a result of the liquidations.

Here below is a breakdown of the item “Revenue from sales and services” to related parties:



	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
<b>Subsidiaries</b>		
Biesse America Inc.	45,019	68,254
Biesse Asia Pte Ltd	4,967	2,571
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	1,334	1,027
Biesse Canada Inc.	11,254	16,921
Biesse Deutschland GmbH	19,326	20,627
Biesse France Sarl	35,894	35,553
Biesse Group Australia Pte Ltd	15,902	16,330
Biesse Group New Zealand PTY Ltd	3,316	3,126
Biesse Group Russia LLC	1,822	1,211
Biesse Group UK Ltd	24,675	20,338
Biesse Gulf FZE	3,255	3,776
Biesse Iberica Woodworking Machinery S.L	19,637	18,677
Biesse Indonesia Pt	439	244
Biesse Japan KK	2,562	1,785
Biesse Korea LLC	592	785
Biesse Malaysia SDN BHD	3,271	2,916
Biesse Manufacturing CO PVT Ltd	1,049	858
Biesse Schweiz GmbH	6,093	4,307
Biesse Taiwan Ltd.	45	16
Biesse Trading (Shanghai) CO.LTD	2,675	3,319
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	5,435	10,784
Biesservice Scandinavia AB	-	1,419
Forvet Costruzione Macchine Speciali S.p.A.	1,017	1
HSD S.p.A.	1,403	2,138
Montesor & Co. Srl	-	146
Movetro Srl	-	53
WMP-Woodworking Machinery Portugal Unipessoal LDA	1,302	1,063
<b>Related parties</b>		
Wirutex S.r.l.	-	12
<b>Total</b>	<b>212,284</b>	<b>238,257</b>

Here below is a breakdown of the item “Other operating income” to related parties:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
<b>Subsidiaries</b>		
Biesse America Inc.	-	5
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	1	-
Biesse Group UK Ltd	-	2
Biesse Malaysia SDN BHD	7	29
Biesse Manufacturing CO PVT Ltd	-	366
Biesse Trading (Shanghai) CO.LTD	1	-
Forvet Costruzione Macchine Speciali S.p.A.	74	46
HSD S.p.A.	1,599	1,471
Montesor & Co. Srl	-	49
Movetro Srl	-	42
<b>Related parties</b>		
Bi.Fin. S.r.l.	1	-
Fincobi S.r.l.	-	1
<b>Total</b>	<b>1,683</b>	<b>2,011</b>

## 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 € 331,490 thousand in 2022 to € 274,330 thousand in 2023, with a decrease of -17.2% compared to the previous year, attributable to the decrease in volumes as set out above. At 52.4%, this item as a percentage of the value of production improved (by 3.2%) compared to the previous year.

In order to provide an indication of the impact of the merger, if it had taken place with effect on 1 January 2022, the consumption costs would have been a total of € 333,435 thousand.

Here below are the amounts due to related parties and referring to the item "Consumption of raw materials and consumables":

	31 December 2023	31 December 2022
€ '000		
<b>Subsidiaries</b>		
Biesse America Inc.	(6)	589
Biesse Asia Pte Ltd	(7)	(10)
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	(4)	(3)
Biesse Canada Inc.	(39)	(51)
Biesse Deutschland GmbH	(58)	400
Biesse France Sarl	(83)	(91)
Biesse Group Australia Pte Ltd	17	-
Biesse Group New Zealand PTY Ltd	(10)	115
Biesse Group Russia LLC	-	2
Biesse Group UK Ltd	(87)	(36)
Biesse Gulf FZE	(12)	73
Biesse Iberica Woodworking Machinery S.L	(66)	(45)
Biesse Indonesia Pt	3	-
Biesse Japan KK	(1)	(1)
Biesse Korea LLC	-	(1)
Biesse Malaysia SDN BHD	(2)	56
Biesse Manufacturing CO PVT Ltd	23,529	29,004
Biesse Schweiz GmbH	(2)	3
Biesse Taiwan Ltd.	(1)	(1)
Biesse Trading (Shanghai) CO.LTD	(4)	149
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	13	(13)
Biesservice Scandinavia AB	-	117
Forvet Costruzione Macchine Speciali S.p.A.	8,250	5,351
HSD S.p.A.	25,627	30,904
Montesor & Co. Srl	-	2,547
Movetro Srl	-	2,444
Woodworking Machinery Portugal, Unipessoal Lda	-	(3)
<b>Related parties</b>		
Renzoni S.r.l.	1	2
Semar S.r.l.	1,083	1,370
Wirutex S.r.l.	-	1,624
<b>Total</b>	<b>58,141</b>	<b>74,495</b>

## 9. PERSONNEL EXPENSE

	31 December 2023	31 December 2022
€ '000		
Wages, salaries, bonuses and social security contributions	130,186	136,478
Accruals to pension plans	6,628	6,702
Capitalization and recovery of personnel expense	(3,311)	(2,573)
<b>Personnel expense</b>	<b>133,503</b>	<b>140,607</b>

Personnel expense in 2023 was € 133,503 thousand, compared with € 140,607 thousand as at 31 December 2022, with an decrease of € 7,104 thousand. The value of 2022 including the balance of the merged company would be equal to € 142,188 thousand.

Recharges of personnel expense amounting to € 690 thousand (€ 713 thousand in 2022) refer to recharges of personnel seconded to Group companies, while capitalisations of personnel costs for the year amounting to € 2,621 thousand (€ 1,860 thousand in 2022) mainly refer to costs for new product development activities.

### Average number of employees

The average number of staff members in 2023 was 1,924 (1,935 in 2022), broken down as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Workers	803	814
Employees	1,060	1,064
Directors	61	57
<b>Total</b>	<b>1,924</b>	<b>1,935</b>

For the sake of comparative information, it should be noted that the number of employees in 2022 including the figures for the companies merged during the year and rose from 1,935 to 1,962, bringing the average decrease from 11 to 38.

### 10. OTHER OPERATING EXPENSE

The item “Other operating expenses” is detailed as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Production services	17,259	21,323
Maintenance	4,384	3,912
Sales commissions and transport	11,470	10,318
Consultancy fees	11,139	11,291
Utilities	4,121	6,661
Exhibitions and advertising	4,577	3,501
Insurance	1,144	1,171
Directors, statutory auditors and consultants' remuneration	1,617	1,604
Travel	6,905	5,710
Other operating expenses	13,556	13,369
Use of third party assets	2,658	1,740
Other charges	5,087	6,571
<b>Total</b>	<b>83,917</b>	<b>87,171</b>

2023 was characterised by a decrease in turnover with a consequent decrease in operating expenses. The costs related to production, such as the item “Production Services”, containing the costs of processing and transport on purchases, have therefore registered a decrease.

A significant decrease was also recorded under “Utilities”, which returned to the values of the year 2021 after the strong increase in the cost of energy recorded in the previous year.

Counteracting the trend is the item “Commissions and transport on sales”, which registered an increase compared to the previous year; while the cost of commissions has remained almost unchanged, that of transport has increased, mainly due to a lower recovery of transport costs.

There is also a higher cost of the item 'Trade fairs and advertising' and the item 'Travel', the latter having increased as a result of the increase in travel costs.

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. The increase is mainly due to the item concerning software.

The cost of other operating expenses for 2022 considering the merged companies increased from € 87,171 thousand to € 88,431 thousand.

As required by Art. 149-*duodecies* of the CONSOB Issuers' Regulations, a list of the services provided by the Independent Auditors is shown below:

<b>Service Type</b>	<b>Entity providing the service</b>	<b>Remuneration € '000</b>
Annual and quarterly audit	Deloitte & Touche SpA	155
Other certification services	Deloitte & Touche SpA	11
Other services	Network Deloitte	336
<b>Total</b>		<b>502</b>

With reference to transactions with related parties, here below is a breakdown of the costs of the item “Other operating expense”:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
<b>Subsidiaries</b>		
Biesse America Inc.	(772)	650
Biesse Asia Pte Ltd	32	424
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	687	304
Biesse Canada Inc.	(572)	(179)
Biesse Deutschland GmbH	(627)	(182)
Biesse France Sarl	(453)	(381)
Biesse Group Australia Pte Ltd	(331)	(783)
Biesse Group New Zealand PTY Ltd	(88)	(165)
Biesse Group Russia LLC	5	(26)
Biesse Group UK Ltd	(787)	(804)
Biesse Gulf FZE	121	(89)
Biesse Iberica Woodworking Machinery S.L	114	(209)
Biesse Indonesia Pt	(8)	(9)
Biesse Malaysia SDN BHD	61	80
Biesse Manufacturing CO PVT Ltd	106	1,098
Biesse Schweiz GmbH	(124)	(113)
Biesse Taiwan Ltd.	(3)	-
Biesse Trading (Shanghai) CO.LTD	116	286
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	964	503
Biesservice Scandinavia AB	-	(101)
Forvet Costruzione Macchine Speciali S.p.A.	345	(361)
HSD Deutschland GmbH	(2)	(3)
HSD S.p.A.	462	545
Montresor & Co. Srl	-	(15)
Movetro Srl	-	1
WMP-Woodworking Machinery Portugal Unipessoal LDA	(11)	(51)
<b>Parent Company</b>		
Bi.Fin. S.r.l.	1	1
<b>Related parties</b>		
Renzoni S.r.l.	-	1
Wirutex S.r.l.	-	24
Selci Giancarlo	100	100
Selci Roberto	1,000	1,000
Potenza Massimo	100	100
Baronciani Alessandra	25	25
Schiavini Rossella	55	55
Borsani Ferruccio	31	31
Ricceri Federica	39	39
De Mitri Paolo	69	71
Perusia Enrica	46	47
Ciurlo Giovanni	48	48
<b>Total</b>	<b>749</b>	<b>1,962</b>

The negative amounts concern cost recharges to Group companies.

## 11. PROVISIONS

Provisions increased from € 2,922 thousand in 2022 to € 12,890 thousand in 2023. The balance of this item at the end of December 2023 consists mainly of € 11,782 thousand from the corporate restructuring provision, for more details on which please refer to note 38 Funds for risks and expenses.

## 12. IMPAIRMENT LOSSES

In the financial year, € 2,184 thousand were recorded for impairment (€ 1,741 thousand in 2022), including € 2,000 thousand on development projects capitalised in previous years that were no longer used and € 184 thousand on assets resident in buildings for rent that are not transferable because they are deteriorable or due to lack of convenience.

For further details, reference should be made to the Directors' Report on Operations and to notes 17 and 19.

## 13. PROFITS/LOSSES OF RELATED COMPANIES

Impairment losses and reversals of impairment losses are detailed below:

€ '000	<b>31 December 2023</b>	<b>31 December 2022</b>
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	(1,941)	(950)
Biesse Group Australia Pty Ltd.	-	5,000
Biesse Group Israel Ltd	(103)	-
Biesse Group New Zealand Ltd.	-	700
Biesse Group Russia LLC	(6,000)	(888)
Biesse Gulf FZE	(600)	(219)
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	(431)	2,906
Biesservice Scandinavia AB	1	-
Montresor & Co. Srl	-	(1,567)
Movetro Srl	-	(2,100)
<b>Share of profit/loss of subsidiaries and associates</b>	<b>(9,074)</b>	<b>2,882</b>

For more details regarding the write-offs indicated, please refer to what is reported in the note 20. Commenting on the item equity investments.

## 14. FINANCE INCOME AND EXPENSE

The item "Finance income" is detailed below:

€ '000	<b>31 December 2023</b>	<b>31 December 2022</b>
Revenues from financial assets	414	166
Bank interest	748	75
Interest from customers	25	39
Other financial income	287	243
Exchange rate gains	13,640	17,408
<b>Total financial income</b>	<b>15,114</b>	<b>17,931</b>

The increase in the item "Income from financial receivables" is mainly due to higher interest accrued on securities deposits as a result of a longer period of stock in the portfolio.

The increase in the item "Interest on bank deposits" is due to the higher interest accrued on bank deposits as a result of higher inventories.

The item “Other financial income” contains, for € 276 thousand, the capital gain deriving from the sale of bonds.

The 2022 balance of financial income including the balance of the merged company is equal to € 17,902 thousand, down as a result of the liquidations.

The amounts due to related parties referring to the item “Finance income” are shown below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
<b>Subsidiaries</b>		
Biesse Gulf FZE	98	22
Biesse Malaysia SDN BHD	8	-
Biesse Trading (Shanghai) CO.LTD	7	-
Forvet Costruzione Macchine Speciali S.p.A.	4	-
Montresor & Co. Srl	-	29
<b>Total</b>	<b>117</b>	<b>51</b>

Finance expense is detailed below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Interest on right of use assets	161	131
Interest on discounting of bills	10	21
Other interest	4,328	956
Customer discounts	295	324
Other financial expense	460	220
Exchange rate losses	14,253	24,353
<b>Total financial expense</b>	<b>19,507</b>	<b>26,005</b>

“Interest expense on leases” included € 125 thousand (€ 115 thousand in 2022) for financial charges on payables relating to right-of-use assets in application of IFRS 16.

The item “Other Interest Expense” mainly includes interest expenses to Group companies for intercompany loans or cash pooling balances; the increase is due to the increase in the interest rate on these loans.

The item “Other financial expenses” contains the interest cost arising from the actuarial valuation of the staff severance fund in the amount of € 281, thousand and discounting charges in the amount of € 154 thousand.

The 2022 balance of financial charges including the balances of the merged company amounted to € 26,020 thousand.

Here below are the amounts due to related parties in relation to the item “Finance expense”:



	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
<b>Subsidiaries</b>		
Biesse America Inc.	954	347
Biesse Asia Pte Ltd	56	7
Biesse Canada Inc.	-	23
Biesse Deutschland GmbH	210	-
Biesse France Sarl	555	96
Biesse Group UK Ltd	790	254
Biesse Iberica Woodworking Machinery S.L	228	36
Biesse Schweiz GmbH	34	-
Forvet Costruzione Macchine Speciali S.p.A.	91	13
HSD S.p.A.	1,436	187
<b>Parent company</b>		
Bifin S.r.l.	22	24
<b>Related parties</b>		
Selci Giancarlo	1	-
Selci Roberto	1	1
<b>Total</b>	<b>4,378</b>	<b>988</b>

The balance of positive and negative exchange rate differences showed a negative amount of € 613 thousand (negative € 6,944 thousand in 2022).

Unrealised foreign exchange gains and losses gave a negative balance of € 1,234 thousand (negative balance of € 2,220 thousand in 2022) 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 (positive balance of € 200 thousand in 2023 against a positive balance of € 183 thousand in 2022).

As for realised exchange rate differences, they were positive at € 621 thousand (negative at € 4,724 thousand in 2022).

## 15. DIVIDENDS

Dividends amounting to € 31,928 thousand refer to the dividends distributed in 2023 by the following companies:

- HSD S.p.A.: € 20,000 thousand. This dividend was authorised on 21 December 2023;
- Biesse America Inc.: € 6,787 thousand (USD 7,500 thousand). This dividend was authorised on 29 December 2023;
- Biesse Group UK Ltd.: € 1,731 thousand (GBP 1,500 thousand). This dividend was authorised on 22 December 2023;
- Biesse Canada Inc.: € 1,027 thousand (CAD 1,500 thousand). This dividend was authorised on 11 December 2023;
- Biesse Deutschland GmbH: € 1,000 thousand. This dividend was authorised on 21 December 2023.
- Biesse Iberica Woodworking Machinery s.l.: € 1,000 thousand. This dividend was authorised on 11 December 2023;
- Biesservice Scandinavia AB: € 346 thousand (SEK 3,998 thousand). This dividend was authorised on 25 May 2023;
- Biesse Indonesia PT: € 37 thousand (IDR 602,230 thousand). This dividend was authorised on 14 April 2023.

The dividends of Biesse Canada Inc., Biesse Iberica Woodworking Machinery s.l., Biesservice Scandinavia AB and Biesse Indonesia PT listed above were collected during the year. In terms of total cash flows, the dividends received by the Company in 2023 amounted to € 2,410 thousand (€ 16,363 thousand in 2022).

## 16. TAXES

Below is the breakdown of the 'Taxes' item:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Current taxes IRES	129	(453)
Deferred taxes IRES	(1,650)	1,837
<b>Taxes IRES</b>	<b>(1,521)</b>	<b>1,384</b>
Current taxes IRAP	712	647
Deferred taxes IRAP	100	317
<b>Taxes IRAP</b>	<b>812</b>	<b>964</b>
Income taxes relating to previous years	(590)	416
<b>Total taxes of the year</b>	<b>(1,299)</b>	<b>2,764</b>

Biesse S.p.A. closed the 2023 financial year with a total positive tax value of € 1,299 thousand (negative for € 2,764 thousand in 2022).

The balance of "IRES Taxes" was positive by € 1,521 thousand (negative for € 1,384 thousand in 2022).

"Current IRES taxes" were negative in the amount of € 129 thousand (negative in the amount of € 453 thousand in 2022) as a result of negative taxable income (negative in 2022), and consisted of € 145 thousand from the calculation of 24% tax on taxable income for the year, and € 33 thousand from the negative effect of the reclassification of the tax component recognised directly in equity referring to the actuarial adjustment of the termination indemnity; lastly, a positive effect of € 49 thousand was recorded for deductions related to the use of tax credits.

In 2023, "Current IRAP taxes" in the amount of € 712 thousand (€ 647 thousand in 2022) were set aside, the increase is due to the increase in taxable income.

Deferred IRES and IRAP taxes, positive in the amount of € 1,550 thousand (negative in the amount of € 2,154 thousand in 2022), refer to the movement of temporary reversals, for details of which please refer to note 34.

"Income taxes relating to previous years" were positive in the amount of € 590 thousand (negative in the amount of € 416 thousand in 2022) as a result of the final calculations in the tax return.

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:

	<b>Year ended at 31/12/2023</b>		<b>Year ended at 31/12/2022</b>	
€ '000				
Profit (Loss) before tax	17,211		22,607	
Taxes	4,131	24.00%	5,426	24.00%
Tax effect of permanent differences	(5,623)	(32.67)%	(4,113)	(18.19)%
Other movements	(29)	(0.17)%	71	0.31%
<b>Income taxes and effective tax rate</b>	<b>(1,521)</b>	<b>(8.84)%</b>	<b>1,384</b>	<b>6.12%</b>

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.

**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	
<b>Historical cost</b>				
Value at 01/01/2022	125,526	42,041	1,413	168,980
Increases	6,869	3,245	4,010	14,124
Disposals	(3,949)	(402)	(86)	(4,437)
Reclassification	3,275	(562)	(3,724)	(1,011)
Merger effect	(3,699)	(124)	-	(3,823)
<b>Value at 31/12/2022</b>	<b>2,916</b>	<b>881</b>	<b>-</b>	<b>3,797</b>
Increases	130,938	45,079	1,613	177,630
Disposals	4,862	4,831	70	9,763
Reclassification	(2,567)	(3,957)	(4)	(6,528)
Reclassifications of assets held for sale	133	375	(508)	0
Merger effect	920	239	-	1,159
<b>Value at 31/12/2023</b>	<b>134,286</b>	<b>46,567</b>	<b>1,171</b>	<b>182,024</b>
<b>Depreciation Funds</b>				
Value at 01/01/2022	68,665	36,797	-	105,462
Amortisation of the period	5,609	3,064	-	8,673
Disposals	(134)	(373)	-	(507)
Other Variations	(1,011)	-	-	(1,011)
Merger effect	(1,194)	(109)	-	(1,303)
<b>Value at 31/12/2022</b>	<b>992</b>	<b>633</b>	<b>-</b>	<b>1,625</b>
Amortisation of the period	72,927	40,012	-	112,939
Disposals	6,514	2,642	-	9,156
Reclassification	(1,980)	(2,779)	-	(4,759)
Reclassifications of assets held for sale	154	30	-	184
Merger effect	366	171	-	537
<b>Value at 31/12/2023</b>	<b>77,981</b>	<b>40,076</b>	<b>-</b>	<b>118,057</b>
<b>Net book Value</b>				
Value at 31/12/2022	58,011	5,067	1,613	64,691
<b>Value at 31/12/2023</b>	<b>56,305</b>	<b>6,491</b>	<b>1,171</b>	<b>63,967</b>

Below are the changes in “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	
<b>Historical cost</b>				
Value at 01/01/2022	-	-	-	-
Reclassifications of assets held for sale	3,699	124	-	3,823
Value at 31/12/2022	3,699	124	-	3,823
Disposals	(3,699)	(124)	-	(3,823)
<b>Value at 31/12/2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation Funds</b>				
Value at 01/01/2022	1,194	109	-	1,303
Reclassifications of assets held for sale	1,194	109	-	1,303
Value at 31/12/2022	(1,194)	(109)	-	(1,303)
Disposals	-	-	-	-
<b>Value at 31/12/2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book Value</b>				
Value at 31/12/2022	2,505	15	-	2,520
<b>Value at 31/12/2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above table of changes takes into account, in the previous year for a total of € 2,520 thousand, the assets reclassified to “Assets available for sale” relating to a building (with appurtenant land), including plant and furnishings, for which a preliminary sale agreement was signed on 20 September 2022. The sale closed on 2 February 2023.

In the reporting period, capital expenditure of € 9,763 thousand was made (€ 14,124 thousand in 2022), of which € 6,872 thousand related to investments in owned assets and € 2,891 thousand related to new rights-of-use contracts (IFRS 16). These investments concern work to secure the roofs of some buildings for € 753 thousand, the purchase of a handling plant for € 585 thousand, extraordinary maintenance work on a building for € 542 thousand, the increase in the rental values of the buildings due to ISTAT adjustments and contract renewals for € 518 thousand, the supply of company cars for hire for € 2,104 thousand; The remaining amount is related to the normal replacement of work tools, necessary for ordinary production activity.

The item “Merger effect” contains the entries arising from the merger of the merged company and the first time adoption entries according to IAS principles in continuity with the values expressed in the consolidated financial statements; this generated an increase in the historical cost for € 1,159 thousand and in the depreciation provision for € 537 thousand for a net value of € 622 thousand. The prevailing value refers to the building for rent with a net value of € 539 thousand, subject to cancellation during the financial year and therefore recorded among the disposals.

The item “Disposals” with a net value of € 1,769 thousand includes € 1,158 thousand for the reduction in value of three rented buildings (IFRS 16) as a result of the sending of early withdrawals with respect to the contractual expiry date, in addition to the withdrawal for € 530 thousand of the former Montresor rented building.

As at 31 December 2023, 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 2023, right-of-use assets increased by € 2,891 thousand (€ 4,830 thousand in 2022) and a net decrease due to early closures of lease contracts for € 1,765 thousand (€ 64 thousand in 2022).

The breakdown of depreciation of leased assets is summarised below:

- Depreciation of Buildings: € 1,611 thousand (€ 1,229 thousand in 2022)
- Depreciation of Machinery: € 493 thousand (€ 493 thousand in 2022)
- Depreciation of Motor vehicles: € 1,039 thousand (€ 1,042 thousand in 2022)
- Depreciation of Means of internal transport: € 12 thousand (€ 12 thousand in 2022)

The items relating to leases other than depreciation are summarised below:

- Interest expense: € 161 thousand (€ 131 thousand in 2022), recognised under “Finance expense”;
- Costs (fees) relating to short-term leases: € 1,490 thousand (€ 1,490 thousand in 2022), recognised under “Other operating expense” in “Use of third-party assets”;
- Costs (fees) relating to low-value leases: € 229 thousand (€ 229 thousand in 2022), recognised under “Other operating expense” in “Use of third-party assets”.

In 2023, outflows for payments related to leases amounted to € 4,933 thousand (€ 3,552 thousand in 2022), of which € 3,083 thousand (€ 2,477 thousand in 2022) 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: € 3,083 thousand (€ 2,477 thousand in 2022);
- Lease interest paid during the year: € 131 thousand (€ 105 thousand in 2022);
- Payments relating to short-term leases: € 2,465 thousand (€ 804 thousand in 2022);
- Payments relating to low-value leases: € 193 thousand (€ 166 thousand in 2022).

## 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 2022 financial year.

The entire goodwill of Biesse S.p.A. relates to the Machinery and Systems CGU.

The value for 2023 is € 10,609 thousand (€ 9,975 thousand as at 31 December 2022); The increase of € 634 thousand derives from the balance recorded in the civil financial statements of the subsidiary Montesor S.r.l., merged by incorporation in the 2023 financial 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.

### ***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	
	2023	2022
WACC	11.3%	10.6%
Growth rate of the final value	1.7%	1.5%

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 of 10-year Italian Government bonds (based on a 6-month measurement period);

- the systematic risk coefficient ( $\beta$ ) considered was that of the Biesse Group (compared to that of comparable businesses in the machinery sector – Euro Area);
- as for the market risk premium (MRP), it was assumed to be 5.5%;
- as for the additional risk premium, it was assumed to be 2.1%;
- finally, the rate of the gross cost of debt was assumed to be 4.1%, determined on the basis of the average cost of the Biesse Group's debt that takes into account a Biesse spread applied to the Risk-free Rate.

#### ***Assumptions underlying cash flow estimates***

The estimated operating cash flows for future years (five years 2024-2028) have been made by reference to: i) in relation to the years 2024-2026 to the data deducted from the Group Business Plan for the three-year period 2024-2026 approved by the Board of Directors on 28 February 2024; ii) in relation to the years 2027-2028, projecting the growth highlighted by the composite index, developed by the Biesse Group based on a basket of macroeconomic and sectoral indicators based on external sources observable on the market.

It should also be noted that the ERM analysis, as well as the 2024-2027 Sustainability Plan approved on 28 February 2024, did not reveal any significant or material climate change-related risks that would have a direct impact on the company's performance in the short to medium term, as there are no significant impacts in financial terms that need to be taken into account or that affect the estimated operating cash flows in future years.

The goodwill impairment tests were approved by the Board of Directors on 28 February 2024.

The expected future cash flows refer to the 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:

	<b>31/12/2023</b>
CAGR forecast revenue	0.05%
Average incidence of the cost of sales on plan revenue	39.0%
Average incidence of personnel expense on plan revenue	34.1%
Average incidence of fixed operating costs on revenue	18.6%

#### ***Impairment test results***

<i>Data in thousands of € (CGU Machines &amp; Systems)</i>	<b>31/12/2023</b>
Carrying amount of Net Invested Capital	133,323
Recoverable value	142,936
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 2023.

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 result was carried out for the CGU in question; 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;
- halving the CAGR of sales revenues (the recoverable value of the CGU compared to the 50% reduction in the CAGR would be reasonably related to a contraction in part of the significant investments contained in the Business Plan).

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 2023, would be determined in the following alternative scenarios:

<i>Data in thousands of €</i>	<b>31/12/2023</b>
WACC	11.9%
Growth rate	0.8%
EBIT by terminal value	€ 23,695

## 19. OTHER INTANGIBLE ASSETS

	Development costs	Patents, trademarks and other intangible assets	Assets under construction and advances	Total
<b>€ '000</b>				
<b>Historical cost</b>				
Value at 01/01/2022	74,086	41,271	5,883	121,240
Increases	-	1,023	3,968	4,991
Disposals	-	(2,918)	-	(2,918)
Reclassification	416	680	(1,096)	0
Other variations	-	(1,156)	(584)	(1,740)
Merger effect	1,819	112	61	1,992
<b>Value at 31/12/2022</b>	<b>76,321</b>	<b>39,012</b>	<b>8,232</b>	<b>123,565</b>
Increases	-	2,517	6,039	8,556
Disposals	-	(1)	-	(1)
Reclassification	1,804	3,505	(5,309)	0
Other changes	(505)	-	(1,768)	(2,273)
Merger effect	223	231	-	454
<b>Value at 31/12/2023</b>	<b>77,843</b>	<b>45,264</b>	<b>7,194</b>	<b>130,301</b>
<b>Depreciation Funds</b>				
Value at 01/01/2022	64,188	29,334	-	93,522
Amortisation of the period	4,074	5,972	-	10,046
Disposals	-	(2,909)	-	(2,909)
Merger effect	1,434	77	-	1,511
<b>Value at 31/12/2021</b>	<b>69,696</b>	<b>32,474</b>	<b>-</b>	<b>102,170</b>
Amortisation of the period	3,208	5,406	-	8,614
Other variations	(273)	-	-	(273)
Merger effect	170	226	-	396
<b>Value at 31/12/2022</b>	<b>72,801</b>	<b>38,106</b>	<b>-</b>	<b>110,907</b>
<b>Net book Value</b>				
Value at 31/12/2022	6,625	6,538	8,232	21,395
<b>Value at 31/12/2023</b>	<b>5,042</b>	<b>7,158</b>	<b>7,194</b>	<b>19,394</b>

The intangible assets shown above have a finite useful life and are amortised accordingly.

The overall increase for the year of € 8,556 thousand (€ 4,991 thousand in 2022) refers to the purchase of licenses for the use of the ERP for € 3,627 thousand and to capitalisations on R&D projects for € 3,621 thousand.

As at 31 December 2023, the separate financial statements included assets that represent new product development costs for €12,082 thousand (€13,595 thousand in 2022), of which €7,039 thousand recognised 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 €2,000 thousand (€1,740 thousand in 2022) 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 2023, a devaluation of costs related to previously capitalised development projects in progress for €2,000 thousand.

## 20. EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

They amounted to a total of €117,247 thousand (€118,894 thousand as at 31 December 2022), a decrease of €1,647 thousand over the previous year.

Changes in the period are detailed below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Opening balance	118,894	117,822
Acquisitions/Increases	1,519	3,374
Disposals	(238)	(7,053)
Impairment	(2,928)	4,751
<b>Closing balance</b>	<b>117,247</b>	<b>118,894</b>

As at 31 December 2023, there were no equity investments in associates.

Transaction details are provided here below:

The increases refer to:

- Increase in share capital in the subsidiary Biesse Group Russia LLC by €1,494 thousand through the capitalisation of trade receivables;
- Increase in share capital in the subsidiary Biesse Group Israel Ltd by €26 thousand (ILS 102 thousand).

The item “Sale/Liquidation/Mergers” for €238 thousand refers to:

- The cancellation of the investment in the subsidiary Montesor S.r.l. for €225 thousand as a result of the merger by incorporation into Biesse S.p.A. by deed of Notary Luisa Rossi dated 21 July 2023;
- Sale of the shareholding in the subsidiary Biesservice Scandinavia AB for €13 thousand, the sale value was equal to €14 thousand, generating €1 thousand in capital gain.

Cash flows related to equity investments amounted to €3,961 thousand representing the balance between:

- the proceeds from the sale of the subsidiary Biesservice Scandinavia AB of €14 thousand;
- the payment of the contractually expected deferred price for the purchase of the company Forvet Costruzione Macchine Speciali S.p.A. for €3,000 thousand;



- payment for the increase in the share capital of Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda (formerly Interamac Do Brasil Servicos e Negocios Ltda) for € 950 thousand, offset by the provision to the negative equity fund posted in the year 2022;
- The payment for the increase in the share capital of the subsidiary Biesse Group Israel Ltd of € 26 thousand (ILS 102 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 2023 attributable to the Parent Biesse S.p.A. (Appendix A), converted into Euro:

	Investment value	Equity including net result of the year	Year end result	Difference
€ '000				
Biesse America Inc.	7,580	15,701	4,071	8,121
Biesse Asia Pte Ltd	1,088	2,380	616	1,292
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	-	(711)	(1,405)	(711)
Biesse Canada Inc	96	1,962	1,507	1,866
Biesse Deutschland GmbH	6,228	1,660	(37)	(4,568)
Biesse France Sarl	4,879	5,947	1,779	1,068
Biesse Group Australia Pte Ltd	5,507	6,443	310	936
Biesse Group Israel Ltd	-	(43)	(18)	(43)
Biesse Group New Zealand PTY Ltd	1,206	1,571	441	365
Biesse Group Russia	-	(2,034)	(1,293)	(2,034)
Biesse Group UK Ltd	1,088	4,189	3,066	3,101
Biesse Gulf FZE	-	(1,434)	(661)	(1,434)
Biesse Hong Kong Ltd ( ex Centre Gain Ltd)	-	56	(1,445)	56
Biesse Iberica Woodworking Machinery SI	4,448	2,665	1,214	(1,783)
Biesse Indonesia PT.	23	30	10	7
Biesse Manufacturing CO PVT Ltd	17,839	39,844	4,261	22,005
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	2,800	214	(1,250)	(2,586)
Forvet Costruzione Macchine Speciali S.p.A.	42,550	12,280	2,547	(30,270)
H.S.D. Spa	21,915	53,324	7,789	31,409
<b>Total</b>	<b>117,247</b>	<b>144,044</b>	<b>21,502</b>	<b>26,797</b>

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.

In this regard, it should be noted that the impairment test of the subsidiary Forvet S.p.A. acquired in 2021 was not carried out as this company recorded positive results for the 2023 financial year and despite the increase in interest rates and the contraction of the order book, the sensitivity analyses developed did not reveal indicators of possible lasting loss of value. For the subsidiaries Biesse Deutschland GmbH and Biesse Iberica Woodworking machinery, no impairment test has been carried out as the negative difference between the carrying amount of the investments and the pro-quota net equity is due to the distribution of dividends paid by the subsidiaries in previous years and the current year.

The write-downs of the cost of investments recorded in the financial statements for € 9,074 thousand are carried out following the analysis process described above. In particular, as a result of the increase in country risk, the subsidiary Biesse Group Russia LLC was devalued for € 6,000 thousand.

The following write-downs are also reported:

- € 1,941 thousand of the subsidiary Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda, including € 990 thousand through provision to fund risks for the settlement of negative equity;
- € 431 thousand from the subsidiary Biesse Hong Kong Ltd. (formerly Centre Gain Ltd);
- € 600 thousand of the subsidiary Biesse Gulf FZE through provision to fund risks for the settlement of negative equity;
- € 102 thousand of the subsidiary Biesse Group Israel Ltd, of which € 50 thousand through provision to a risk fund for the settlement of negative equity.

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 cash flow projections of the individual investee companies for the period relating to 2024-2028, deducted from individual company budgets, declined in accordance with the Group Business Plan, based on a prudential view of future scenarios, for the three-year period 2024-2026 approved by the Board of Directors on 28 February 2024 and, in relation to the years 2027-2028, projecting the growth highlighted by the composite index, developed by the Biesse Group on the basis of a basket of indicators macroeconomic and sectoral sources based on external sources observable on the market.

The primary assumptions used by the Company to estimate future cash flows for the purposes of the impairment test are as follows:

<b>As at 31 December 2023</b>		
	WACC	Growth rate of the final value
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	15.3%	1.7%
Biesse Gulf FZE	11.3%	1.7%
Biesse Brasil comércio e indústria de máquinas e equipamento Ltda	11.3%	1.7%

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 of 10-year Italian Government bonds (based on a 6-month measurement period);
- the systematic risk coefficient ( $\beta$ ) considered was that of Biesse (compared to that of comparable businesses in the machinery sector – Euro Area);
- as for the market risk premium (MRP), a company-specific value was assumed;
- finally, a specific rate for the gross cost of debt was assumed, determined on the basis of the Company’s average cost of debt and of a “country” spread.

With respect to the subsidiary Biesse Turkey Makine Ticaret Ve Sanayi A.S. the discount rate used (15.27%) reflects the increase in country risk resulting from the hyperinflation that characterises this market. As a result of this impairment test, there was no need to write-down the shareholding.

## 21. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

The item “Other non-current financial assets and receivables”, amounting to € 1,221 thousand (€ 2,555 thousand in 2022), is broken down as follows:

	31 December 2023	31 December 2022
€ '000		
Minority interests in other companies and consortiums	117	115
Other receivables / guarantee deposits	1,104	2,440
<b>Total other financial asset and non current receivable</b>	<b>1,221</b>	<b>2,555</b>

The item “Other receivables / Guarantee deposits - non-current portion” contains € 829 thousand (€ 2,164 thousand in 2022) in receivables from the tax authorities and € 275 thousand (€ 276 thousand in 2022) 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

	31 December 2023	31 December 2022
€ '000		
Raw materials, consumables and suppliers	36,173	40,496
Work in progress and semi-finished goods	21,963	27,268
Finished goods	20,905	35,893
Spare parts	13,583	13,468
<b>Total inventories</b>	<b>92,624</b>	<b>117,125</b>

The carrying amount is recorded net of the allowances for inventory write-downs which totalled € 15,786 thousand (€ 13,319 thousand at the end of 2022). These provisions include € 2,733 thousand for the write-downs of raw materials, supplies and consumables (€ 2,306 thousand at the end of 2022), € 196 thousand for the write-downs of work in progress and semi-finished products (zero at the end of 2022), € 9,913 thousand for the write-downs of finished products and goods (€ 8,385 thousand at the end of 2022) and € 2,944 thousand for the write-downs of spare parts (€ 2,628 thousand at the end of 2022). The allowance for inventory write-downs of raw materials, supplies and consumables on the historical cost of the related inventories was 7.0% (5.4% at the end of 2022), that of work in progress and semi-finished products was equal to 0.9%, that of the write-downs of finished products and goods was equal to 32.2% (18.9% at the end of 2022), and the one for spare parts was equal to 17.8% (16.3% at the end of 2022).

The total value of the Company's warehouses decreased by € 24,501 thousand compared to the previous year, in line with the inventory optimisation strategy. In particular, inventories of “Raw, ancillary and consumable materials” decreased by € 4,323 thousand, inventories of “Work in progress and semi-finished goods” decreased by € 5,305 thousand, inventories of “Finished products and goods” decreased by € 14,988 thousand, while inventories of “Spare parts” increased by € 115 thousand. The decrease is due to a policy that focused on the disposal of inventories.

The 2022 value of inventories including the balances of the merged company amounted to € 119,710 thousand net of write-down provisions for € 13,950 thousand.

The cash flow of € 25,250 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Inventories	117,125	(25,250)	2,585	(1,836)	92,624
<b>Total</b>	<b>117,125</b>	<b>(25,250)</b>	<b>2,585</b>	<b>(1,836)</b>	<b>92,624</b>

The other “Item” refers to the allowance for inventory write-downs.

## 23. TRADE RECEIVABLES AND CONTRACT ASSETS DUE FROM THIRD PARTIES

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Trade receivables within one year	63,006	60,631
Trade receivables beyond one year	3,483	2,634
Allowance for impairment	(1,195)	(1,770)
<b>Total</b>	<b>65,294</b>	<b>61,495</b>

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.

Despite the decrease in turnover, there was a slight increase in trade receivables from third parties, mainly due to an increase in the average days of collection.

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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Opening balance	1,770	4,150
Allowance/Release	57	(748)
Utilisation	(642)	(1,828)
Effetto fusioni	10	196
<b>Total</b>	<b>1,195</b>	<b>1,770</b>

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 €1,751 thousand, following impairment losses of €1,012 thousand (in 2022, net receivables amounted to €2,241 thousand following impairment losses of €1,587 thousand) and in a generic way for €183 thousand (same estimate as in 2022). 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 negative cash flow of €3,978 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Trade receivables and commercial activities towards third parties	61,495	3,978	314	(493)	65,294
<b>Total</b>	<b>61,495</b>	<b>3,978</b>	<b>314</b>	<b>(493)</b>	<b>65,294</b>

The “Other” item contains the balance between the provision for bad debts of € 57 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 € 60,438 thousand (€ 68,863 thousand in 2022) 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:

	31 December 2023	31 December 2022
€ '000		
Biesse America Inc.	12,852	22,285
Biesse Asia Pte Ltd	1,528	55
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	3,544	2,195
Biesse Canada Inc.	721	2,694
Biesse Deutschland GmbH	2,310	4,174
Biesse France Sarl	6,534	7,515
Biesse Group Australia Pte Ltd	2,837	696
Biesse Group New Zealand PTY Ltd	1,080	168
Biesse Group Russia LLC	0	345
Biesse Group UK Ltd	3,270	4,653
Biesse Gulf FZE	2,048	2,160
Biesse Iberica Woodworking Machinery S.L	2,572	3,773
Biesse Indonesia Pt	231	3
Biesse Japan KK	2,953	1,188
Biesse Korea LLC	(174)	256
Biesse Malaysia SDN BHD	501	613
Biesse Manufacturing CO PVT Ltd	2,353	2,042
Biesse Schweiz GmbH	1,610	412
Biesse Taiwan Ltd.	(21)	(69)
Biesse Trading (Shanghai) CO.LTD	2,656	3,041
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	7,809	6,128
Biesservice Scandinavia AB	-	259
Forvet Costruzione Macchine Speciali S.p.A.	1,118	704
HSD S.p.A.	2,086	2,331
Montresor & Co. Srl	-	267
Movetro Srl	-	887
WMP-Woodworking Machinery Portugal Unipessoal LDA	20	88
<b>Total</b>	<b>60,438</b>	<b>68,863</b>

The cash flow of € 6,329 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Trade receivables and commercial activities due from related parties	68,863	(6,329)	56	(2,152)	60,438
<b>Total</b>	<b>68,863</b>	<b>(6,329)</b>	<b>56</b>	<b>(2,152)</b>	<b>60,438</b>

The item “Merger effect” contains a positive balance of € 500 thousand for balances arising from the merger and a negative balance of € 444 thousand for the elimination of the company’s payables with the receivables of the merged companies.

The item “Other” contains for € 1,494 thousand the capitalisation of receivables from the subsidiary Biesse Group Russia LLC and for € 390 thousand the negative exchange rate adjustment of currency items.

## 25. OTHER CURRENT ASSETS DUE FROM THIRD PARTIES

“Other current assets due from third parties” are detailed as follows:

	31 December 2023	31 December 2022
€ '000		
Consumption tax receivables and other tax receivables	1,979	3,633
Income tax assets	434	1,020
Other assets	3,309	2,868
<b>Total</b>	<b>5,722</b>	<b>7,521</b>

The item “consumption tax and other tax receivables” contains € 211 thousand of the VAT credit balance and € 1,520 thousand of tax receivables yet to be collected; the decrease is mainly due to the balance of the VAT credit at the end of the year.

“Income tax receivables” contain an IRES credit of € 152 thousand due to higher advance payments than current taxes due in the financial year, IRES credits for withholding taxes of € 272 thousand, and the remainder from an IRAP credit for a refund to be received. The decrease compared to the previous financial year is mainly due to the lower credit of the IRES tax balance.

The Company, as consolidating company, participates in the national tax consolidation of the group together with its subsidiaries HSD S.p.A. and Forvet Costruzione Macchine Speciali 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 € 16,394 thousand (€ 20,544 thousand in 2022).

This item contains transactions carried out with the aim of using cash surpluses in temporary liquidity investments that can be quickly converted for short-term financial needs. 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; Furthermore, since 2022, the company has made investments in immediately liquidable managed securities deposits for € 14,859 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 € 54 thousand, is recognised in the statement of comprehensive income as positive for € 170 thousand.

Insurance policies worth € 7.2 million were collected during the year.

## 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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Biesse America Inc.	6,787	-
Biesse Deutschland GmbH	1,000	-
Biesse Group UK Ltd	1,726	-
Biesse Gulf FZE	2,250	2,450
Biesse Malaysia SDN BHD	700	-
Biesse Trading (Shanghai) Co. Ltd.	1,534	-
HSD Spa	20,000	-
Montesor & Co. Srl	-	3,100
<b>Total current financial assets to related parties</b>	<b>33,997</b>	<b>5,550</b>

The decrease in credit to Montesor & Co. S.r.l. is due to the liquidation following the merger by incorporation.

Receivables from Biesse America Inc., Biesse Deutschland GmbH, Biesse Group UK Ltd and HSD S.p.A. for a total of € 29,513 thousand refer to receivables for dividends to be collected.

Financial liabilities are broken down as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Biesse America Inc.	16,005	18,892
Biesse Asia Pte. Ltd.	1,452	1,452
Biesse Deutschland GmbH	4,155	5,443
Biesse France Sarl	13,826	15,465
Biesse Group UK Ltd	13,753	14,809
Biesse Iberica Woodworking Machinery S.L	4,353	4,924
Biesse Schweiz GmbH	2,538	1,371
Forvet Costruzione Macchine Speciali S.p.A.	3,838	2,953
HSD S.p.A.	40,394	31,087
<b>Total current financial liabilities to related parties</b>	<b>100,314</b>	<b>96,396</b>

The balances relating to the subsidiaries Biesse France Sarl, Biesse Group UK Ltd, Biesse Iberica Woodworking Machinery S.L, Forvet Costruzione Macchine Speciali S.p.A. and HSD S.p.A. derive from the management of the cash pooling rather than intercompany loans.

## 28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 54,594 thousand (€ 81,761 thousand in 2022), comprising the value of bank deposits of € 53,331 thousand (€ 80,515 thousand in 2022), and cash and cash equivalents of € 1,263 thousand (€ 1,246 thousand in 2022).

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 2022) relates to the share premium reserve.

### 31. OTHER RESERVES AND RETAINED EARNINGS

The carrying amount was broken down as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Legal reserve	5,479	5,479
Extraordinary reserve	120,849	110,049
Reserve for treasury shares in portfolio	-	-
Actuarial reserve	(4,168)	(4,088)
Reserves profits/(losses) from the valuation of financial assets	(32)	(202)
Translation reserve	(10)	(7)
Other reserves and retained earnings	3,030	2,962
<b>Total other reserves and retained earnings</b>	<b>125,148</b>	<b>114,193</b>

The “Extraordinary reserve” item increased by € 10,800 thousand for the remaining share of the 2022 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 € 12,082 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.

The item “Retained earnings and other reserves” contains € 2,450 thousand of merger surpluses and deficits following the mergers of subsidiaries, the decrease for the year of € 162 thousand refers to the merger of the company Montresor & Co. S.r.l., in addition, it contains for € 580 thousand the transaction reserves under the IAS/IFRS accounting principles of the merged companies, the increase for the year was equal to € 230 thousand.

The amount of € 91 thousand indicated in the statement of changes in shareholders’ equity under the item “Merger of subsidiaries” refers to the recording of the merger surplus as an increase in shareholders’ equity – according to the criterion of transactions under common control – and of the reserves set aside in reference to the “First Time Adoption” entries of the IAS/IFRS accounting standards of the subsidiary Montresor & Co. S.r.l..



Type/description	Amount	Possibility of use	Available amount	Summary of use in the three previous years			
				To losses	cover	For reasons	other
€ '000							
Share capital	27,403						
<i>Share capital reserves:</i>							
Share premium reserve	36,202	A,B,C	36,202				
<i>Profit reserves:</i>							
Legal reserve	5,479	B					
Extraordinary reserve	120,849	A,B,C	104,916				
Severance indemnity actuarial gains (losses) reserve	(4,168)						
Valuation of financial assets gains (losses) reserve	(32)						
Translation reserve	(10)						
Retained earnings and other reserves	3,030	A,B,C	2,587				
<b>Total</b>	<b>188,753</b>		<b>143,705</b>				
Non-distributable amount							
Residual distributable amount			<b>143,705</b>				

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 2023 financial year, dividends of € 9,043 thousand were approved to shareholders, while € 9,076 thousand were paid out because, in part, referring to those of the previous year, the balance still to be paid as of 31 December is equal to € 10 thousand.

## 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 € 6,628 thousand (€ 6,702 thousand in 2022).

### 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 € 8,055 thousand (€ 8,050 thousand in 2022).

The amounts recognised in the income statement can be summarised as follows

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Relevance of the period/Provisions	23	30
Financial expenses	281	129
<b>Total</b>	<b>304</b>	<b>159</b>

The item “Accrued in the period / provisions” contains for € 8 thousand the reserved share of Montresor & Co. S.r.l. and for the remainder the share set aside by the Dubai Branch.

The charge for the year, recorded under financial expenses, amounted to € 281 thousand (€ 129 thousand in 2022).

The changes in the year relating to the present value of severance indemnity obligations, are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Opening balance	8,050	9,813
Current service	23	30
Financial expenses	281	129
Payments	(710)	(868)
Actuarial gains/(losses)	135	(1,228)
Other movements	134	(2)
Merge effects	142	176
<b>Closing balance</b>	<b>8,055</b>	<b>8,050</b>

The item “Actuarial gains/losses”, recognised directly in equity net of the tax effect of € 32 thousand, is recognised in the statement of comprehensive income for € 103 thousand.

The item “Merger effect” includes the discounted value of the severance indemnity provision of the company Montresor & Co. S.r.l. incorporated in 2022.

The item “Other changes” contains for € 134 thousand the discounted value of the transfer of some employees to Forvet Costruzione Macchinelle Speciali S.p.A.

The assumptions used for measuring severance indemnity obligations are:

- Annual rate of inflation: 2.0% (2.1% in 2022);
- 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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Turnover rate +1%	8,024	8,048
Turnover rate -1%	7,979	7,971
Inflation rate +0.25%	8,087	8,097
Inflation rate -0.25%	7,919	7,927
Actualisation rate +0.25%	7,871	7,881
Actualisation rate -0.25%	8,137	8,145

### 34. DEFERRED TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
€ '000		
Deferred tax assets	13,848	11,467
Deferred tax liabilities	(2,258)	(1,920)
<b>Net position</b>	<b>11,590</b>	<b>9,547</b>

Overall, deferred tax assets, net of deferred tax liabilities and broken down by type, can be analysed as follows:

	31 December 2023	31 December 2022
€ '000		
Accrual to provision for risks and charges	10,779	7,429
Amortisation	1,875	2,519
Other	1,194	1,519
Deferred tax assets	13,848	11,467
<b>Amortisation</b>	<b>(1,276)</b>	<b>(1,829)</b>
Other	(982)	(91)
<b>Deferred tax liabilities</b>	<b>(2,258)</b>	<b>(1,920)</b>
<b>Net position</b>	<b>11,590</b>	<b>9,547</b>

The “Net position” for 2022 including the value of the merged company is € 10,096.

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.

	31 December 2023	31 December 2022
€ '000		
Bank loans and borrowings	671	837
Unsecured mortgages	-	16
<b>Current liabilities</b>	<b>671</b>	<b>853</b>
Unsecured mortgages	-	24
<b>Non-current liabilities</b>	<b>0</b>	<b>24</b>
<b>Total</b>	<b>671</b>	<b>877</b>

The item “Bank overdrafts and loans” includes the amount of € 32 thousand (€ 72 thousand in 2022) relating to with-recourse effects for which trade receivables were recognised with a balancing entry under the relevant bank payable.

There are no secured mortgages or loans.

The liabilities are payable as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
On demand or within one year	671	853
Within two years	-	16
Within three years	-	8
<b>Total</b>	<b>671</b>	<b>877</b>

As at 31 December 2023 the Company had no loans in foreign currency.

At 31 December 2023, total credit lines were 251.0 million, of which 91.0 million within 12 months were revoked. The rest refers to committed lines worth 160 million with maturities within 12 months. All lines, both short and over 12 months, are unsecured.

Compared to the financial statements for the year ended 31 December 2022, the Company's financial payables decreased by € 205 thousand. In detail, the amount due within 12 months amounts to € 671 thousand (down by € 182 thousand), while there are no payables due for more than 12 months because the only outstanding loan received by Simest was paid off early during the year.

### 36. FINANCE LEASE LIABILITIES

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Leasing liabilities		
due within one year	3,034	2,716
due over one year, but within five years	5,597	6,559
due over five years	261	1,135
<b>Total</b>	<b>8,892</b>	<b>10,410</b>
After deduction for future financial charges	(231)	(356)
<b>Actual value for leasing liabilities</b>	<b>8,661</b>	<b>10,054</b>
whose:		
Current	2,936	2,596
Non-current	5,725	7,458

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 2023, the effect of the rights of use alone had an impact of € 8,056 thousand (€ 9,037 thousand in 2022) on the item "Present value of lease liabilities" and of € 8,282 thousand (€ 9,380 thousand in 2022) on the item "Total" of lease liabilities.

It should also be noted that there are payables to related parties totalling € 1,524 thousand (€ 1,696 thousand in 2022) of which to the parent Bi.fin. S.r.l. for € 1,064 thousand (€ 1,154 thousand in 2022), to HSD S.p.A. for € 354 thousand (€ 409 thousand in 2022), to Selci Roberto for € 61 thousand (€ 74 thousand in 2022) and to Selci Giancarlo for € 45 thousand (€ 59 thousand in 2022).

### 37. NET FINANCIAL POSITION

Below is the detail of the Net Financial Position at 31 December 2023 and 31 December 2022. 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.

	31 December 2023	31 December 2022
€ '000		
<b>Financial assets</b>	104,985	107,854
Financial assets - third parties	16,394	20,544
Financial assets - related parties	33,997	5,550
Cash	54,594	81,760
Financial short term lease liabilities	(2,936)	(2,596)
Financial short term bank and other debts	(1,947)	(3,295)
Other short term current financial liabilities - related parties	(100,314)	(96,396)
<b>Short term net financial position</b>	<b>(212)</b>	<b>5,567</b>
Financial medium/long term lease liabilities	(5,725)	(7,458)
Financial medium/long term bank and other debts	-	(24)
Trade and other medium/long term debts	(152)	(155)
<b>Medium/ long term net financial position</b>	<b>(5,877)</b>	<b>(7,637)</b>
<b>Total net financial position</b>	<b>(6,089)</b>	<b>(2,070)</b>

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.

The Net Financial Position as at 31 December 2023 was negative by € 6,089 thousand, a deterioration compared to the figure of the previous year, negative by € 2,070 thousand. Dividends of € 9,076 thousand were paid during the year; investing activities (purchase and sale of fixed assets) led to a deterioration of € 12,402 thousand, and operations drained cash of € 9,412 thousand.

### 38. PROVISIONS FOR RISKS AND CHARGES

	Guarantees	Retirement of agents	Legal disputes and Others	Provision for equity investment risks	Fund restructuring	Total
€ '000						
Value at 31/12/2022	3,444	2,087	10,351	2,550	-	18,432
Merger effect	84	10	-	-	-	94
Provision	-	115	2,332	6,146	11,782	20,375
Release	(309)	-	(1,087)	-	-	(1,396)
Utilised	-	(75)	(557)	(950)	-	(1,582)
Value at 31/12/2023	<b>3,219</b>	<b>2,137</b>	<b>11,039</b>	<b>7,746</b>	<b>11,782</b>	<b>35,923</b>

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 € 309 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 balance consists of € 5,206 thousand from the provision in favor of the subsidiary Biesse Group Russia LLC, of € 1,500 thousand from the provision in favour of the subsidiary Biesse Gulf FZE, of € 990 thousand in favour of the subsidiary Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda and of € 50 thousand in favour of the subsidiary Biesse Group Israel Ltd.

During the year, € 11,782 thousand was set aside for the corporate restructuring provision. This 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 this end, a number of initiatives have been launched, such as the defensive solidarity contract for the period November 2023 - October 2024 and the rationalisation of sites, which will probably lead in the near future to the management of redundancies already identified at 31 December 2023, based on technical organisational criteria, territorial location and the principle of non-opposition to redundancies, favoured by economically incentivised redundancies.

There are no disputes/contentious issues highlighting possible liabilities worth mentioning.

### 39. TRADE PAYABLES TO THIRD PARTIES

Trade payables to third parties, amounting to € 101,856 thousand (€ 134,298 thousand in 2022), 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 € 152 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 both to a decrease in purchases and to the decrease in the average payment days.

The cash flow of € 33,716 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Trade payables to third parties	134,298	(33,716)	1,282	(8)	101,856
<b>Total</b>	<b>134,298</b>	<b>(33,716)</b>	<b>1,282</b>	<b>(8)</b>	<b>101,856</b>

### 40. TRADE PAYABLES TO RELATED PARTIES

Trade payables to related parties are broken down as follows:

	31 December 2023	31 December 2022
€ '000		
Trade payables - parent company	2	2
Trade payables - subsidiaries	17,314	22,777
Trade payables - related parties	348	1,001
<b>Total</b>	<b>17,664</b>	<b>23,780</b>

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 € 279 thousand in payables for the purchase of goods from Semar S.r.l. and the remainder contains 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:

	31 December 2023	31 December 2022
€ '000		
Biesse America Inc.	240	1,834
Biesse Asia Pte Ltd	50	6
Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda	517	121
Biesse Deutschland GmbH	209	471
Biesse France Sarl	275	169
Biesse Group Australia Pte Ltd	-	11
Biesse Group New Zealand PTY Ltd	8	-
Biesse Group Russia LLC	17	13
Biesse Group UK Ltd	215	147
Biesse Gulf FZE	47	-
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	51	51
Biesse Iberica Woodworking Machinery S.L	620	493
Biesse Indonesia PT.	3	-
Biesse Malaysia SDN BHD	-	29
Biesse Manufacturing CO PVT Ltd	8,150	8,189
Biesse Schweiz GmbH	31	17
Biesse Trading (Shanghai) CO.LTD	-	263
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	277	123
Biesservice Scandinavia AB	-	136
Forvet Costruzione Macchine Speciali S.p.A.	259	894
HSD S.p.A.	6,301	8,930
Montesor & Co. Srl	-	444
Movetro Srl	-	417
WMP-Woodworking Machinery Portugal Unipessoal LDA	44	19
<b>Total</b>	<b>17,314</b>	<b>22,777</b>

The cash flow of € 5,483 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Trade payables to related parties	23,780	(5,483)	10	(643)	17,664
<b>Total</b>	<b>23,780</b>	<b>(5,483)</b>	<b>10</b>	<b>(643)</b>	<b>17,664</b>

The item "Other" contains for € 445 the elimination of the debt to the subsidiary Montesor & Co. S.r.l. following the merger and for € 198 thousand the positive exchange rate adjustment of the currency items.

#### 41. CONTRACT LIABILITIES DUE TO THIRD PARTIES

The item "Contract liabilities due to third parties" amounting to € 35,735 thousand (€ 57,674 thousand in 2022) 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 cash flow of € 22,250 thousand can be summarised as follows:

€ '000

Contractual liabilities towards third parties

**Total**

31 December 2022	Cash flow	Non-monetary changes		31 December 2023
		Merger effect	Other	
57,674	(22,250)	311	-	35,735
<b>57,674</b>	<b>(22,250)</b>	<b>311</b>	<b>0</b>	<b>35,735</b>

#### 42. CONTRACT LIABILITIES DUE TO RELATED PARTIES

The item “Contract liabilities due to related parties” amounting to € 160 thousand (€ 170 thousand in 2022) includes advances, down payments and deposits paid by the Group’s sales branches.

The balance is as follows:

€ '000

Biesse America Inc.

Biesse Deutschland GmbH

Biesse France Sarl

Biesse Group Australia Pte Ltd

Biesse Group UK Ltd

Biesse Iberica Woodworking Machinery S.L

Biesse Schweiz GmbH

**Total**

	31 December 2023	31 December 2022
Biesse America Inc.	3	-
Biesse Deutschland GmbH	46	-
Biesse France Sarl	101	-
Biesse Group Australia Pte Ltd	4	-
Biesse Group UK Ltd	2	-
Biesse Iberica Woodworking Machinery S.L	3	170
Biesse Schweiz GmbH	1	-
<b>Total</b>	<b>160</b>	<b>170</b>

The cash flow of € 10 thousand can be summarised as follows:

€ '000

Contractual liabilities towards related parties

**Total**

31 December 2022	Cash flow	Non-monetary changes		31 December 2023
		Merger effect	Other	
170	(10)	-	-	160
<b>170</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>160</b>

#### 43. OTHER LIABILITIES DUE TO THIRD PARTIES

€ '000

Other non current liabilities to third parties

Other current liabilities to third parties

**Total other liabilities to third parties**

	31 December 2023	31 December 2022
Other non current liabilities to third parties	152	155
Other current liabilities to third parties	36,612	45,313
<b>Total other liabilities to third parties</b>	<b>36,764</b>	<b>45,468</b>

The item “Other non-current liabilities due to third parties” contains for € 152 thousand (€ 155 thousand in 2022) the present value of trade payables due more than one year.



The balance of “Other current liabilities due to third parties” amounted to € 36,612 thousand (€ 45,313 thousand in 2022). The details are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
€ '000		
Tax liabilities	5,405	5,960
Social security liabilities	9,519	10,500
Other payables to employees	17,657	20,913
Other current liabilities	4,031	7,940
<b>Total current liabilities to third parties</b>	<b>36,612</b>	<b>45,313</b>

The item “Taxes payable” includes 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 salaries, bonuses and performance awards.

The item “Other current liabilities” mainly refers to deferrals on revenue pertaining to subsequent years. During the 2023 financial year, the balance decreased by € 3,000 thousand due to the payment of the contractually expected deferred price of the purchase of the company Forvet Costruzione Macchine Speciali S.p.a.

The cash flow of € 6,071 thousand can be summarised as follows:

	31 December 2022	Cash flow	Non-monetary changes		31 December 2023
			Merger effect	Other	
€ '000					
Other current liabilities to third parties	45,313	(6,071)	265	(2,895)	36,612
<b>Total</b>	<b>45,313</b>	<b>(6,071)</b>	<b>265</b>	<b>(2,895)</b>	<b>36,612</b>

The item “Other” contains for € 3,000 thousand the payment of the deferred price of the purchase of the company Forvet Costruzione Macchine Speciali S.p.A., the financial flow has been reclassified under the heading “(Purchase) /sale of equity investments in subsidiaries and associates”.

#### 44. OTHER CURRENT ASSETS AND LIABILITIES DUE FROM/TO RELATED PARTIES

Other current assets with related parties of € 521 thousand (€ 1,323 thousand in 2022) are attributable exclusively to subsidiaries and refer mainly to a credit for the transfer of employees with the subsidiary Forvet Costruzione Macchinelle Speciali S.p.a.

Other current liabilities to related parties in the amount of € 251 thousand (€ 214 thousand in 2022) mainly contain the liability to Italian subsidiaries participating in the national tax consolidation scheme.

#### 45. INCOME TAX PAYABLES

	31 December 2023	31 December 2022
€ '000		
IRAP liabilities	44	12
Provision for tax risks	50	876
<b>Total tax payables</b>	<b>94</b>	<b>888</b>

The item "Income tax payables" for € 94 thousand (€ 888 thousand in 2022) includes € 44 thousand for the balance of the IRAP payable resulting from the difference between the provision for the financial year and the advances paid, while the difference refers to provisions for tax risks, the decrease compared to the previous period is due to the closing of disputes and for € 109 thousand to the release of the provision.

#### 46. FINANCIAL ASSETS AND LIABILITIES FROM DERIVATIVE INSTRUMENTS

	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
€ '000				
Derivatives on exchange rates	1,066	(1,266)	2,625	(2,442)
<b>Total</b>	<b>1,066</b>	<b>(1,266)</b>	<b>2,625</b>	<b>(2,442)</b>

The value of open contracts at year-end, with a negative balance on the income statement of € 200 thousand (positive balance of € 183 thousand in 2022), 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 2023	31 December 2022	31 December 2023	31 December 2022
<b>Hedging transactions</b>					
Forward contracts (Australian Dollar)	Currency	11,345	6,837	(340)	118
Forward contracts (Canadian Dollar)	Currency	8,189	9,404	(43)	471
Forward contracts (Swiss Franc)	Currency	(259)	1,351	19	(14)
Forward contracts (Chinese Renminbi)	Currency	5,222	2,698	24	(6)
Forward contracts (Pound Sterling)	Currency	9,551	15,108	(13)	257
Forward transactions (Indian Rupee)	Currency	(20,074)	(27,478)	(485)	(1,536)
Forward contracts (New Zealand Dollar)	Currency	857	1,339	(14)	(20)
Forward contracts (US Dollar)	Currency	26,606	20,909	652	913
<b>Total</b>		<b>41,437</b>	<b>30,168</b>	<b>(200)</b>	<b>183</b>

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 38 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 € 12,998 thousand (€ 14,234 thousand 2022). 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 € 3,907 thousand and other minor guarantees for € 91 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:

€ '000	Financial Asset		Financial Liabilities	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
US Dollar	14,835	25,168	16,675	21,616
Canadian Dollar	749	4,243	106	4
Pound Sterling	3,689	6,359	9,967	13,550
Australian Dollar	2,850	842	344	28
Swiss Franc	1,690	432	2,628	1,408
Indian Rupee	2,275	1,859	8,585	9,466
Chinese Renmimbi Yuan	4,215	3,055	-	48
Other currencies	1,040	1,384	136	261
<b>Total</b>	<b>31,343</b>	<b>43,342</b>	<b>38,441</b>	<b>46,381</b>

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 >	if exchange rate <
	15%	15%
US Dollar	240	(325)
Canadian Dollar	(84)	113
Pound Sterling	819	(1,108)
Australian Dollar	(327)	442
Swiss Franc	122	(166)
Rupia indiana	823	(1,113)
Chinese Renmimbi Yuan	(550)	744
<b>Total</b>	<b>1,043</b>	<b>(1,413)</b>

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 23 above on trade receivables.

### 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

### 31/12/2022

€ '000	Current	Less than 30 days	30-180 days	180 days-1year	Beyond 1 year	Total
% estimated loss	0.4%	0.2%	1.1%	12.4%	56.5%	2.8%
Value of the receivable	53,386	3,356	2,707	1,441	2,375	63,265
Estimated credit loss	216	4	30	179	1,341	1,770

### **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").

**31/12/2023**

€ '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
<b>Total</b>	<b>57,649</b>	<b>66,267</b>	<b>9,818</b>	<b>-</b>	<b>.</b>	<b>133,734</b>

**31/12/2022**

€ '000	Less than 30 days	30-180 days	180 days- 1year	1-5 years	Beyond 5 years	Total
Trade and other payables	82,050	80,771	8,887	1,942	-	173,650
Bank overdrafts and bank/intercompany loans	837	8	8	24	-	877
<b>Total</b>	<b>82,887</b>	<b>80,779</b>	<b>8,895</b>	<b>1,966</b>	<b>.</b>	<b>174,527</b>

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 2023	31 December 2022
<b>FINANCIAL ASSETS</b>		
Designated at fair value through profit or loss:		
<i>Derivative financial assets</i>	1,066	2,625
Designated at fair value through OCI:		
- <i>other current financial assets</i>	16,394	20,544
Measured at amortised cost :		
<i>Trade receivables</i>	125,732	130,358
<i>Other assets</i>	35,739	9,428
- <i>other financial assets and non current receivables</i>	1,221	2,555
- <i>other current financial assets</i>	4,484	5,550
- <i>other current assets</i>	30,034	1,323
<i>Cash and cash equivalents</i>	54,594	81,760
<b>FINANCIAL LIABILITIES</b>		
Designated at fair value through profit or loss:		
<i>Derivative financial liabilities</i>	1,266	2,442
Measured at amortised cost :		
<i>Trade payables</i>	119,672	158,233
<i>Bank loans, borrowings and lease liabilities</i>	109,646	107,327
<i>Other current liabilities</i>	27,176	31,413

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 2022). 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 2023, 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 € 1,123 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:

	31 December	Cash flow	Non-monetary changes		31 December
	2022		Merger effect	Other	2023
€ '000					
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	2,037	-	(3,103)	4,484
<b>Total</b>	<b>112,877</b>	<b>1,848</b>	<b>-</b>	<b>(595)</b>	<b>114,130</b>

	31 December	Cash flow	Non-monetary changes		31 December
	2021		Merger effect	Other	2022
€ '000					
Bank loans and increase / decrease from banks	442	419	-	16	877
Payables for financial leasing	6,606	(3,083)	1,765	4,766	10,054
Other financial liabilities towards related parties	93,745	1,314	-	1,337	96,396
Current financial assets with related parties	6,262	(140)	(572)	-	5,550
<b>Total</b>	<b>107,055</b>	<b>(1,490)</b>	<b>-</b>	<b>6,119</b>	<b>112,877</b>

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 2023, 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.

During the financial year, the company Bi.fin. S.r.l. sold its shareholding in the company Wirutex S.r.l. by deed of Notary Morico of 30 January, resulting in the removal of the latter from the list of related parties.

The details of transactions between Biesse and other related entities are specified below.

	<b>Costs 2023</b>	<b>Costs 2022</b>	<b>Revenues 2023</b>	<b>Revenues 2022</b>
€ '000				
<b>Subsidiaries</b>				
Subsidiaries	60,039	72,238	246,010	254,092
<b>Parent</b>				
Bifin S.r.l.	176	170	1	-
<b>Other related companies</b>				
Fincobi S.r.l.	-	13	-	1
Semar S.r.l.	1,083	1,370	-	-
Wirutex S.r.l.	-	1,648	-	12
Renzoni S.r.l.	1	3	-	-
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	2,576	2,640	-	-
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	164	166	-	-
<b>Other related companies</b>				
<b>Total transactions with related parties</b>	<b>64,039</b>	<b>78,248</b>	<b>246,011</b>	<b>254,105</b>

	<b>Receivables 2023</b>	<b>Receivables 2022</b>	<b>Payables 2023</b>	<b>Payables 2022</b>
€ '000				
<b>Subsidiaries</b>				
Subsidiaries	94,955	75,805	118,394	119,966
<b>Parent</b>				
Bifin S.r.l.	-	-	1,065	1,156
<b>Other related companies</b>				
Semar S.r.l.	1	-	279	464
Wirutex S.r.l.	-	-	-	417
Renzoni S.r.l.	-	-	-	1
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	-	-	106	133
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	69	119
<b>Other related companies</b>				
<b>Total transactions with related parties</b>	<b>94,956</b>	<b>75,805</b>	<b>119,913</b>	<b>122,256</b>

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 2023, there are payables to the parent company Bi.fin. S.r.l. for € 1,064 thousand (€ 1,154 thousand in 2022), to HSD S.p.A. for € 354 thousand (€ 409 thousand in 2022), to Selci Roberto for € 61 thousand (€ 74 thousand in 2022) and to Selci Giancarlo for € 45 thousand (€ 59 thousand in 2022).



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](http://www.biesse.com).

Pursuant to Art. 2497-bis c. 4 of the Italian Civil Code, we note that the Company Bi.Fin. S.r.l., with registered office in Pesaro viale F.lli Rosselli 46, exercises management and coordination over Biesse S.p.A..

As required by the Italian Civil Code, the main figures (in thousands of Euros) of the latest balance sheet of Bi.Fin. S.r.l. are filed with the Chamber of Commerce, highlighting that:

- reference should be made to the latest approved financial statements, namely the financial statements as at 31 December 2022;
- given that summary information is required, it was considered appropriate to limit this disclosure to total amounts of the items indicated with capital letters in the Statement of Financial Position and the Income Statement, in accordance with the Italian Civil Code:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
€ '000		
<b>ASSETS</b>		
B) Non-current assets	33,864	31,177
C) Current assets	29,648	20,326
D) Accruals and deferrals	23	32
<b>Total assets</b>	<b>63,535</b>	<b>51,535</b>
<b>LIABILITIES</b>		
A) Equity:		
Share Capital	10,733	10,569
Reserves	43,734	41,009
Profit (loss) for the year	6,741	(213)
B) Fondi rischi e oneri	-	27
D) Payables	2,327	143
<b>Total liabilities</b>	<b>63,535</b>	<b>51,535</b>
<b>INCOME STATEMENT</b>		
€ '000		
A) Value of production	428	158
B) Costs of production	(2,488)	(439)
C) Financial income and expenses	8,863	69
D) Value adj on financial assets	-	-
Income taxes for the year	(62)	(1)
<b>Result of the year</b>	<b>6,741</b>	<b>(213)</b>

With regard to commercial and financial relations with the parent company Bi.Fin. S.r.l., please refer to notes 24 and 40.

## 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

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. 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 considering a Debt Net Financial Position. The final price, which will be calculated in the coming months, provides for the usual price adjustment mechanisms (up or down), based on the change in the net financial position of GMM Finance S.r.l.

### 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	59	Contributo formazione finanziata erogato da Fondimpresa
2	Fondirigenti	17	Contributo formazione finanziata erogato da Fondirigenti
3	GSE SPA Gestore dei Servizi Energetici	31	Contributo GSE scambio sul posto
4	Commissione Europea	16	Contributo progetto di ricerca
5	Regione Marche	42	Programma Operativo Regionale del Fondo Europeo di Sviluppo Regionale - POR MARCHE FESR 2014/2020 - ASSE 4 AZIONE 12.1 - BANDO ENERGIA IMPRESE- annualità 2017
6	Agenzia delle Entrate	153	Credito imposta R&S anno 2020 L.2019/160 maggiorato ai sensi ex art.244 "Decreto Rilancio" DL 34/2020
7	Agenzia delle Entrate	228	Credito d'imposta energia articolo 1, comma 3, del DI n. 144/2022
8	Agenzia delle Entrate	181	Credito d'imposta energia articolo 1, comma 3, della legge 29 dicembre 2022, n. 197

**55. REMUNERATION OF DIRECTORS, GENERAL MANAGERS, MANAGERS WITH STRATEGIC RESPONSIBILITIES AND MEMBERS OF THE BOARD OF STATUTORY AUDITORS**

<i>Description of position</i>			<i>Remuneration</i>			
Thousands of Euro			Fees	Non-monetary benefits	Bonuses and other incentives	Other remuneration
Name	Position	Duration of mandate				
Selci Giancarlo	Chairman of the BoD	28/04/2024	100	6	-	-
Selci Roberto	CEO	28/04/2024	1,000	38	-	-
Potenza Massimo	Board Member** and CO-CEO	28/04/2024	100	4	590	600
Baroncini Alessandra	Board member*	28/04/2024	25	-	-	-
Schiavini Rossella	Board member*	28/04/2024	25	-	-	30
Ricceri Federica	Board member*	28/04/2024	25	-	-	14
Borsani Ferruccio	Board member*	28/04/2024	25	-	-	6
<b>Total</b>			<b>1,300</b>	<b>48</b>	<b>590</b>	<b>650</b>
De Mitri Paolo	Chairman of the Board of Statutory Auditors	28/04/2024	69	-	-	-
Ciurlo Giovanni	Statutory auditor	28/04/2024	48	-	-	-
Perusia Enrica	Statutory auditor	28/04/2024	47	-	-	-
<b>Total</b>			<b>164</b>			

\* Independent Directors.

\*\* Biesse S.p.A.'s managers with strategic responsibilities holding the position of Director.

The Ordinary Shareholders' Meeting of 28 April 2021 appointed the Board of Directors and the Board of Statutory Auditors for the 2021-2024 financial years.

## 56. PROPOSALS TO THE ORDINARY SHAREHOLDERS' MEETING

The Board of Directors, having acknowledged the positive economic and financial results achieved in the 2023 financial year, proposes to assign dividends to Shareholders to be taken from net profit at the rate of € 0.14 for each of the entitled shares, for a total amount of € 3,836,363.02, with an ex-dividend date set for 6 May 2024.

Therefore, you are invited to resolve on the allocation of the profit for the year of € 18,510,615.75 with the following distribution:

- allocation of € 3,836,363.02 to dividends;
- allocation of the remaining profit of € 14,674,252.73 to the Extraordinary Reserve;

Coupons will be paid in one lump sum as of 8 May 2024 (with ex-dividend date as of 6 May 2024 and record date 7 May 2024) through authorised financial intermediaries.

Pesaro, 14/03/2024

The Chairman of the Board of Directors

**Giancarlo Selci**

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 Giancarlo Selci and Pierre Giorgio Sallier De La Tour 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 2023.

2. The administrative and accounting procedures for preparing the separate financial statements as at 31 December 2023 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 2023:

- 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 2024

**The Chairman of the Board  
in charge**

Giancarlo Selci

**The Manager  
of financial reporting**

Pierre Giorgio Sallier de La Tour

**APPENDICES TO THE 2023 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
<b>HSD S.p.A.</b> Via della Meccanica, 16 Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
<b>Forvet S.p.A. Special Machinery Construction</b> Strada Piossasco, 46 Volvera (TO) - Italy	EUR	500,000	100%			100%
<b>Biesse America Inc.</b> 4110 Meadow Oak Drive Charlotte, North Carolina - USA	USD	11,500,000	100%			100%
<b>Biesse Canada Inc.</b> 18005 Rue Lapointe - Mirabel (Quebec) - Canada	CAD	180,000	100%			100%
<b>Biesse Brasil Comercio e Industria de Maquinas e Equipamentos Ltda</b> Rua Liege 122 - Vila Vermelha - Sao Paulo - Brazil	BRL	23,156,804	100%			100%
<b>Biesse Group UK Ltd.</b> Lamport Drive - Daventry Northamptonshire - Great Britain	GBP	655,019	100%			100%
<b>Biesse France Sarl</b> 4, Chemin de Moninsable - Brignais - France	EUR	1,244,000	100%			100%
<b>Biesse Group Deutschland GmbH</b> Gewerberstrasse, 6 - Elchingen (Ulm) - Germany	EUR	1,432,600	100%			100%
<b>Biesse Schweiz GmbH</b> Luzernerstrasse 26 - 6294 Ermensee - Switzerland	CHF	100,000		100%	Biesse G. Deutschland GmbH	100%
<b>Biesse Iberica Woodworking Machinery s.l.</b> C/De La Imaginació, 14 Poligon Ind. La Marina - Gavà Barcelona - Spain	EUR	699,646	100%			100%
<b>Biesse Portugal, Unipessoal, Ida.</b> Sintra Business Park, 1, São Pedro de Penaferrim - Sintra - Portugal	EUR	5,000		100%	Biesse Iberica <i>W. M. s.l.</i>	100%
<b>Biesse Group Australia Pty Ltd.</b> 3 Widemere Road Wetherill Park - Sydney - Australia	AUD	15,046,547	100%			100%
<b>Biesse Group New Zealand Ltd.</b> Unit B, 13 Vogler Drive Manukau - Auckland - New Zealand	NZD	3,415,665	100%			100%
<b>Biesse India Private Limited</b> Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk - Bangalore -India	INR	721,932,182	100%			100%
<b>Biesse Asia Pte. Ltd.</b> Zagro Global Hub 5 Woodlands Terr. - Singapore	EUR	1,548,927	100%			100%

Name and registered office	Currency	Share Capital	Directly controlled	Indirectly controlled	Ownership vehicle	Biesse Group
<b>Biesse Indonesia Pt.</b> Jl. Kh.Mas Mansyur 121 – Jakarta – Indonesia	IDR	2,500,000,000	10%	90%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Malaysia SDN BHD</b> No. 5, Jalan TPP3 47130 Puchong – Selangor, Malaysia	EUR	1,435,704		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Korea LLC</b> Geomdan Industrial Estate, Oryu-Dong, Seo-Gu – Incheon – South Korea	KRW	100,000,000		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse (HK) Ltd.</b> Room 1530, 15/F, Langham Place, 8 Argyle Street, Mongkok, Kowloon – Hong Kong	HKD	173,952,688	100%			100%
<b>Biesse Trading (Shanghai) Co. Ltd.</b> Room 301, No.228, Jiang Chang No. 3 Road, Zha Bei District, – Shanghai – China	RMB	92,244,240		100%	Biesse (HK) Ltd.	100%
<b>Biesse Turkey Makine Ticaret Ve Sanayi A.S.</b> Şerifali Mah. Bayraktar Cad. Nutuk Sokak No:4 Ümraniye, Istanbul –Turkey	TRY	45,500,000	100%			100%
<b>Biesse Group Israel Ltd.</b> 8 Ha-Taas St. Ramat-Gan 5251248, Israel	ILS	100,000	100%			100%
<b>OOO Biesse Group Russia</b> Mosrentgen area, settlement Zavoda Mosrentgen, Geroya Rossii Solomatina street, premises 6, site 6, office 3, 108820, Moscow, Russian Federation	RUB	99,209,440	100%			100%
<b>Biesse Gulf FZE</b> Dubai, free Trade Zone	AED	11,242,857	100%			100%
<b>Biesse Taiwan Ltd.</b> 6F-5, No. 188, Sec. 5, Nanking E. Rd., Taipei City 105, Taiwan (ROC)	TWD	500,000		100%	Biesse Asia Pte Ltd.	100%
<b>Biesse Japan K.K.</b> 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%
<b>HSD Mechatronic (Shanghai) Co. Ltd.</b> D2, 1 <sup>st</sup> floor, 207 Taiguroad, Waigaoqiao Free Trade Zone – Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
<b>Hsd Usa Inc.</b> 3764 SW 30 <sup>th</sup> Avenue – Hollywood, Florida – USA	USD	250,000		100%	Hsd S.p.A.	100%
<b>HSD Mechatronic Korea LLC</b> 414, Tawontakra2, 76, Dongsan-ro, Danwon-gu, Ansan-si 15434, South Korea	KWN	101,270,000		100%	HSD S.p.A.	100%
<b>HSD Deutschland GmbH</b> Brükenstrasse, 2 – Gingen – Germany	EUR	25,000		100%	Hsd S.p.A.	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 2023	Value at 31/12/23
€ '000						
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	4,384	(3,433)	950	(950)	(951)	-
Biesse Canada Inc.	96	-	-	-	-	96
Biesse Group Deutschland GmbH	9,719	(3,491)	-	-	-	6,228
Biesse Groupe France Sarl	4,879	-	-	-	-	4,879
Biesse Group Australia Pte Ltd	10,807	(5,300)	-	-	-	5,507
Biesse Group Israel Ltd	27	-	26	-	(53)	-
Biesse Group New Zealand PTY Ltd	1,806	(600)	-	-	-	1,206
Biesse Group Russia	1,768	(1,768)	1,494	-	(1,494)	-
Biesse Group UK Ltd	1,088	-	-	-	-	1,088
Biesse Gulf FZE	2,819	(2,819)	-	-	-	-
Biesse Hong Kong Ltd (ex Centre Gain Ltd)	32,585	(32,154)	-	-	(431)	-
Biesse Iberica Woodworking Machinery SL	11,793	(7,345)	-	-	-	4,448
Biesse Indonesia PT.	23	-	-	-	-	23
Biesse Manufacturing Co. PVT Ltd	17,839	-	-	-	-	17,839
Biesse Turkey Makine Ticaret Ve Sanayi A.Ş	8,800	(6,000)	-	-	-	2,800
Biesse Service Scandinavia AB	13	-	-	(13)	-	-
Forvet Costruzione Macchine Speciali S.p.A.	41,400	-	-	1,150	-	42,550
HSD S.p.A.	21,915	-	-	-	-	21,915
Montresor Srl	1,792	(1,567)	-	(225)	-	-
Movetro Srl	3,998	(2,848)	-	(1,150)	-	-
<b>TOTAL</b>	<b>186,219</b>	<b>(67,325)</b>	<b>2,470</b>	<b>(1,188)</b>	<b>(2,929)</b>	<b>117,247</b>



**APPENDIX "B"**
**INCOME STATEMENT IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006**

	<b>31 December 2023</b>	<b>Related parties</b>	<b>%</b>	<b>31 December 2022</b>	<b>Related parties</b>	<b>%</b>
Revenue	537,744,847	212,283,076	39.48%	573,548,120	238,257,224	41.54%
Other operating income	5,402,292	1,682,956	31.15%	7,530,421	2,011,439	26.71%
Other operating income - non recurring items	1,951,195	-	-	-	-	-
Change in inventories of finished goods and work in progress	(21,753,182)	-	-	15,585,725	-	-
Purchase of raw materials and consumables	(274,330,403)	(58,141,892)	21.19%	(331,490,114)	(74,495,312)	22.47%
Personnel expense	(133,502,520)	(509,510)	0.38%	(140,606,679)	555,194	(0.39)%
Other operating costs	(82,961,978)	(749,908)	0.90%	(87,170,563)	(1,961,934)	2.25%
Other operating costs - non recurring items	(955,491)	-	-	-	-	-
Depreciation and amortisation	(17,770,173)	(259,787)	1.46%	(18,720,078)	(247,080)	1.32%
Accruals to provisions	(1,108,246)	-	-	(2,921,720)	-	-
Accruals to provisions - non recurring items	(11,782,004)	-	-	-	-	-
Impairment	(2,000,244)	-	-	(1,740,757)	-	-
Impairment - non recurring items	(183,909)	-	-	-	-	-
<b>Operating result</b>	<b>(1,249,816)</b>	<b>-</b>	<b>-</b>	<b>14,014,355</b>	<b>-</b>	<b>-</b>
Share of loss of associates	(9,073,530)	(9,073,530)	100.00%	2,882,038	2,882,038	100.00%
Financial income	15,114,017	116,340	0.77%	17,930,839	50,775	0.28%
Dividends	31,928,174	31,928,174	100.00%	13,785,404	13,785,404	100.00%
Financial expense	(19,507,399)	(4,377,618)	22.44%	(26,005,492)	(988,145)	3.80%
<b>Result before taxes</b>	<b>17,211,446</b>	<b>-</b>	<b>-</b>	<b>22,607,144</b>	<b>-</b>	<b>-</b>
Income taxes	1,299,170	-	-	(2,764,265)	-	-
<b>Result for the year</b>	<b>18,510,616</b>	<b>-</b>	<b>-</b>	<b>19,842,879</b>	<b>-</b>	<b>-</b>

**STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006**

	31 December 2023	Related parties	%	31 December 2022	Related parties	%
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and machineries	56,305,214	-	-	58,011,114	-	-
Equipment and other tangible assets	7,662,470	-	-	6,679,660	-	-
Goodwill	10,608,898	-	-	9,974,870	-	-
Other intangible assets	19,393,647	-	-	21,394,434	-	-
Deferred tax assets	13,847,541	-	-	11,466,518	-	-
Investments in subsidiaries and associates	117,246,783	117,246,783	100.00%	118,893,796	118,893,796	100.00%
Other financial assets and non-current receivables	1,220,808	-	-	2,554,780	-	-
<b>Total Non-current assets</b>	<b>226,285,361</b>	<b>117,246,783</b>	<b>51.81%</b>	<b>228,975,172</b>	<b>118,893,796</b>	<b>51.92%</b>
<b>Current assets</b>						
Inventories	92,623,727	-	-	117,125,456	-	-
Trade receivables and contract assets	125,732,200	60,437,747	48.07%	130,357,986	68,862,992	52.83%
Other assets	6,242,896	520,539	8.34%	8,844,666	1,323,445	14.96%
Assets for derivative financial instruments	1,066,357	-	-	2,624,795	-	-
Financial assets	50,391,069	33,997,527	67.47%	26,093,623	5,550,000	21.27%
Cash and cash equivalents	54,594,360	-	-	81,760,613	-	-
<b>Total current assets</b>	<b>330,650,609</b>	<b>94,955,813</b>	<b>28.72%</b>	<b>366,807,139</b>	<b>75,736,437</b>	<b>20.65%</b>
<b>Assets available for sale</b>						
Property, plant and machineries	-	-	-	2,505,195	-	-
Equipment and other tangible assets	-	-	-	14,507	-	-
<b>Total Assets available for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,519,702</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>556,935,970</b>	<b>212,202,596</b>	<b>38.10%</b>	<b>598,302,013</b>	<b>194,630,233</b>	<b>32.53%</b>

**STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006**

	31 December 2023	Related parties	%	31 December 2022	Related parties	%
<b>EQUITY AND LIABILITIES</b>						
Share capital	27,402,593	-	-	27,402,593	-	-
Capital reserves	36,202,011	-	-	36,202,011	-	-
Other reserves and retained earnings	125,148,406	-	-	114,192,782	-	-
Profit for the year	18,510,616	-	-	19,842,879	-	-
<b>EQUITY</b>	<b>207,263,626</b>	<b>-</b>	<b>-</b>	<b>197,640,265</b>	<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>						
Post-employment benefits	8,055,192	-	-	8,049,549	-	-
Deferred tax liabilities	2,257,591	-	-	1,919,650	-	-
Bank loans and borrowings	-	-	-	23,958	-	-
Lease liabilities under IFRS 16	5,724,947	1,258,742	21.99%	7,458,021	1,448,551	19.42%
Other non-current liabilities to third parties	152,070	-	-	154,932	-	-
<b>Total non-current liabilities</b>	<b>16,189,800</b>	<b>1,258,742</b>	<b>0.08%</b>	<b>17,606,110</b>	<b>1,448,551</b>	<b>0.08%</b>
<b>Current liabilities</b>						
Trade payables	119,519,817	17,664,019	14.78%	158,078,251	23,780,084	15.04%
Contract liabilities	35,894,926	159,555	0.44%	57,844,197	170,000	0.29%
Other liabilities	36,862,651	250,747	0.68%	45,526,697	213,837	0.47%
Tax liabilities	94,249	-	-	887,720	-	-
Lease liabilities under IFRS 16	2,936,204	265,443	9.04%	2,595,847	247,795	9.55%
Bank loans and borrowings	100,985,109	100,314,457	99.34%	97,249,269	96,396,194	99.12%
Provisions for risks and charges	35,923,537	7,746,084	21.56%	18,431,737	2,550,000	13.83%
Liabilities for derivative financial instruments	1,266,051	-	-	2,441,920	-	-
<b>Total current liabilities</b>	<b>333,482,544</b>	<b>126,400,305</b>	<b>0.38%</b>	<b>383,055,638</b>	<b>123,357,910</b>	<b>0.32%</b>
<b>LIABILITIES</b>	<b>349,672,344</b>	<b>127,659,047</b>	<b>36.51%</b>	<b>400,661,748</b>	<b>124,806,461</b>	<b>31.15%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>556,935,970</b>	<b>127,659,047</b>	<b>22.92%</b>	<b>598,302,013</b>	<b>124,806,461</b>	<b>20.86%</b>