

# Q1 R

## QUARTERLY REPORT ON OPERATIONS

**AS AT 31/03/2021**

 **BIESSEGROUP**

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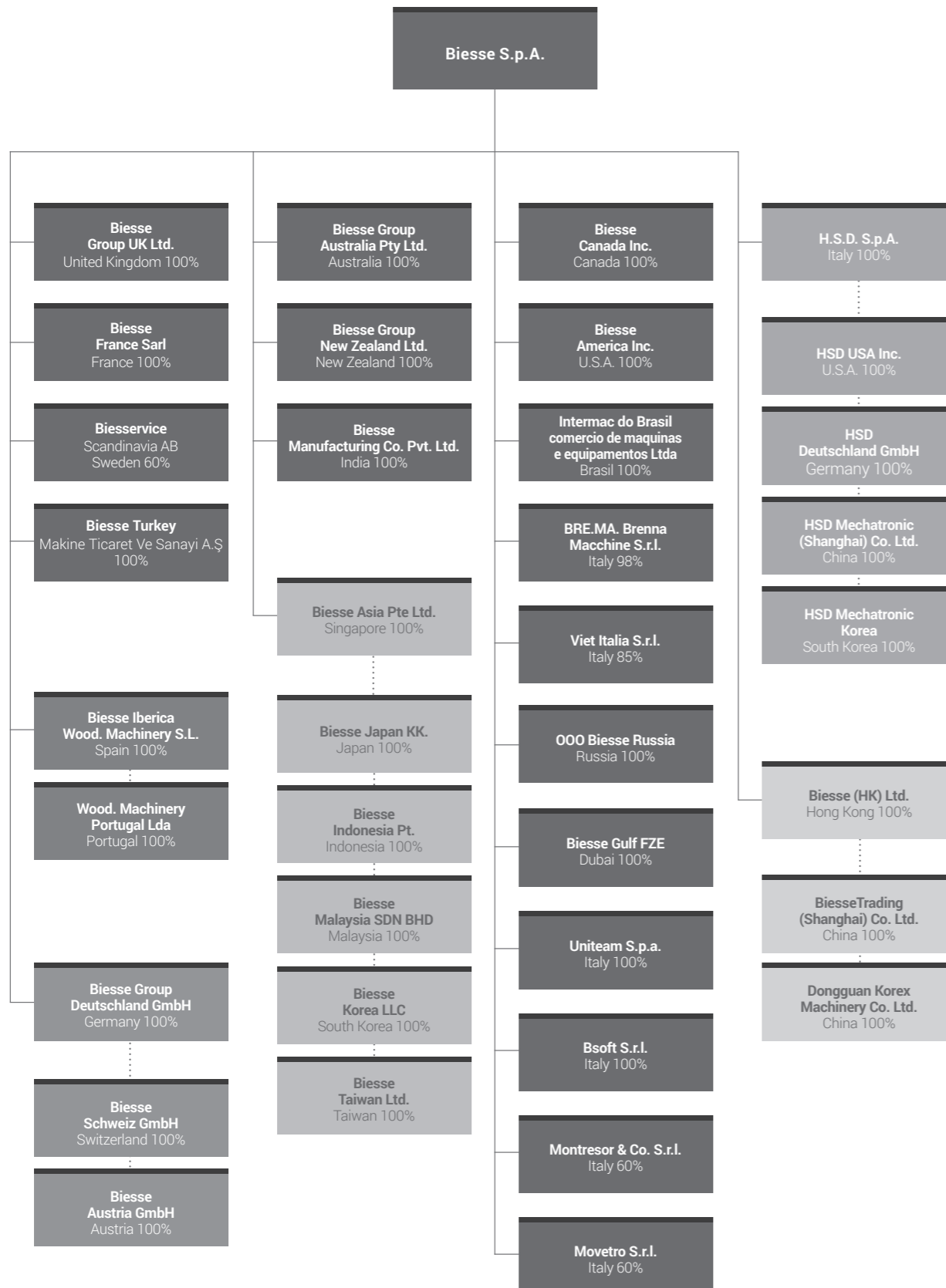
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# GROUP STRUCTURE

# GROUP PROFILE

Biesse Group is a leading multinational in the processing of wood, glass, stone, plastic and metal. It designs, makes and distributes machinery, integrated systems and software for manufacturers of furnishings, windows and doors, building components, boats and planes. It invests 4% of its annual turnover in research and development and has filed over 200 patents. It operates through 10 industrial plants, 37 branches, 300 select agents and resellers and exports 85% of its production. Among its customers are the most prestigious brands in

Italian and international design. It was founded in Pesaro in 1969 by Giancarlo Selci and since June 2001 it has been listed in the STAR segment managed by Borsa Italiana. It now has around 4,000 employees distributed across the main production and distribution sites located in Pesaro, Gradara, Padua, Villafranca (province of Verona), Thiene (province of Vicenza), Alzate Brianza (province of Como), Bangalore, Dongguan and the branches/representative offices in Europe, North America, Latin America, Middle and Far East Asia, and Oceania.



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

## INTRODUCTION

Biesse Group's consolidated quarterly report as at 31 March 2021, unaudited, has been prepared pursuant to Article 154-ter, paragraph 2 of the Consolidated Law on Finance and in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards (IFRS).

Accounting standards and recognition criteria are consistent with those of the Financial Statements as at 31 December 2020, to which reference should be made. Furthermore, it should be noted that:

- the quarterly financial statements have been prepared using the discrete approach, according to which the reference period is considered to be a discrete accounting period. In

this respect, the income statement items for the period are recognised in the quarterly income statement on an accruals basis;

- the financial statements underlying the consolidation process are those prepared by subsidiaries with reference to the period ended 31/03/2021, adjusted, where necessary, to align them with the Group's accounting policies.

Compared with the financial statements for the year ended 31 December 2020, the consolidation scope changed following the establishment of the new commercial branch, Biesse Japan KK, which is a subsidiary of Biesse Asia Pte Ltd and operates in marketing and post-sales assistance for the Group's machinery.

## ALTERNATIVE PERFORMANCE INDICATORS

Management uses some performance indicators, which are not identified as accounting measures under the IFRS (non-GAAP measures), to enable a better assessment of the Group's performance. The criterion applied by the 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 only to performance in the accounting period covered by this Quarterly Report on Operations and the periods used for comparison.

The performance indicators must be considered as complementary and do not replace of the information prepared in accordance with the IFRS. Hereafter is a description of the main indicators adopted.

- Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation): this indicator is defined as the Profit (Loss) for the period before amortisation of intangible assets, depreciation of property, plant and equipment, allocations to provisions for risks, finance income and expense, income taxes as well as costs and revenues that

are considered by Management as non-recurring since they are significant in terms of their total amount and nature and, as such, do not reflect the Group's ordinary operations.

- Adjusted EBIT (Adjusted Earnings Before Interest and Taxes): this indicator is defined as the Profit (Loss) for the period before finance income and expense, income taxes as well as costs and revenues that are considered by Management as non-recurring since they are significant in terms of their total amount and nature and, as such, do not reflect the Group's ordinary operations.
- 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 Working Capital: this indicator is calculated as the total of Net Operating Working Capital and other Current Assets and Liabilities including Provisions for short-term risks and charges.
- 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.
- NFP (Net Financial Position) or Net Financial Debt: this indicator is calculated in compliance with CONSOB Communication no. 15519 of 28 July 2006.

# COMPOSITION OF CORPORATE BODIES

## BOARD OF DIRECTORS

Chairman  
Chief Executive Officer  
Co-Chief Executive Officer  
Non-Executive Director  
Lead Independent Director  
Independent Director  
Independent Director

Giancarlo Selci  
Roberto Selci  
Massimo Potenza  
Alessandra Baronciani  
Rossella Schiavini  
Ferruccio Borsani  
Federica Ricceri

## BOARD OF STATUTORY AUDITORS

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

Paolo de Mitri  
Giovanni Ciurlo  
Enrica Perusia  
Silvia Muzi  
Maurizio Gennari

## CONTROL AND RISKS COMMITTEE REMUNERATION COMMITTEE

Federica Ricceri  
Rossella Schiavini

## RELATED-PARTY TRANSACTIONS COMMITTEE

Ferruccio Borsani  
Rossella Schiavini

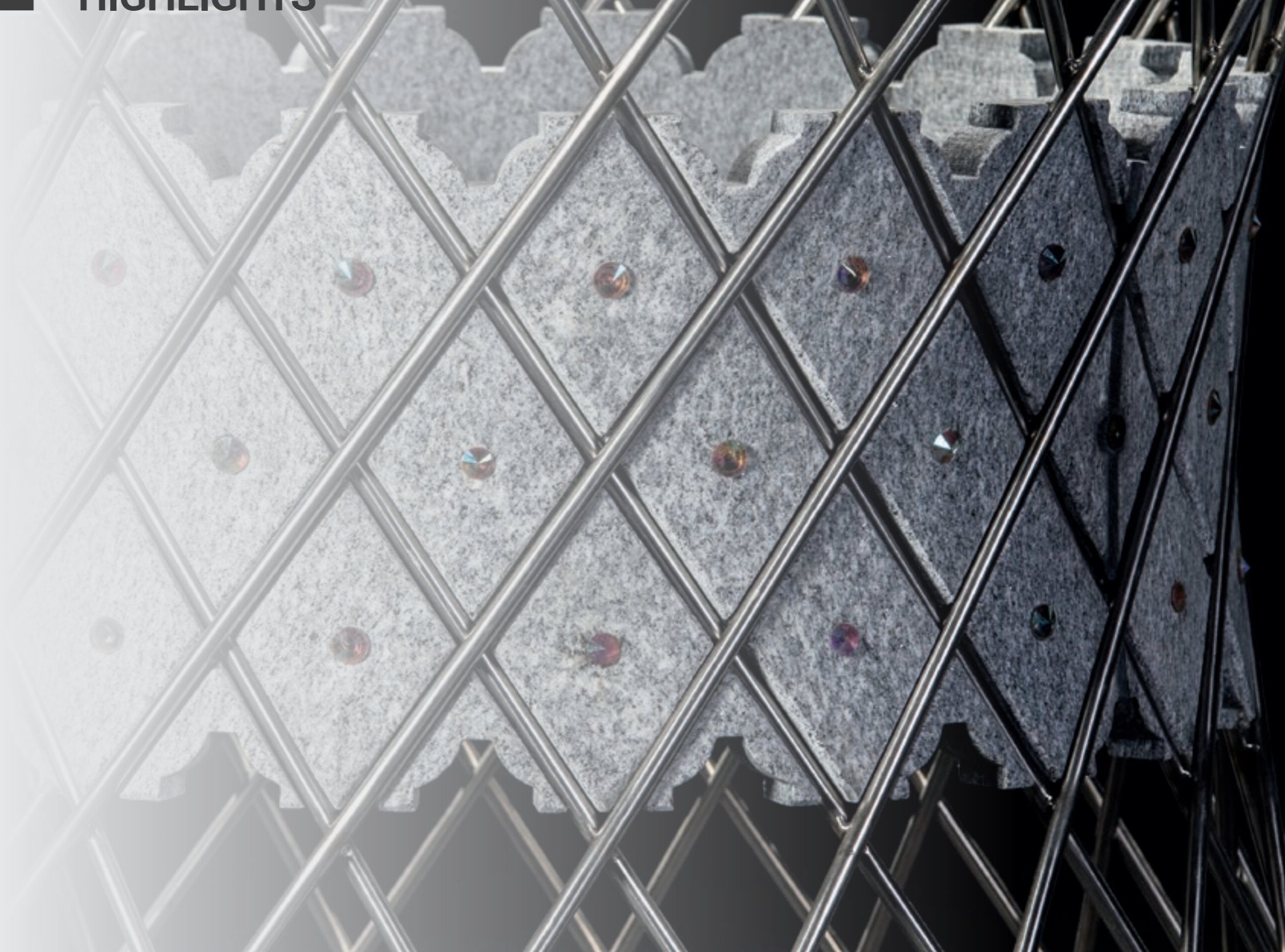
## INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.



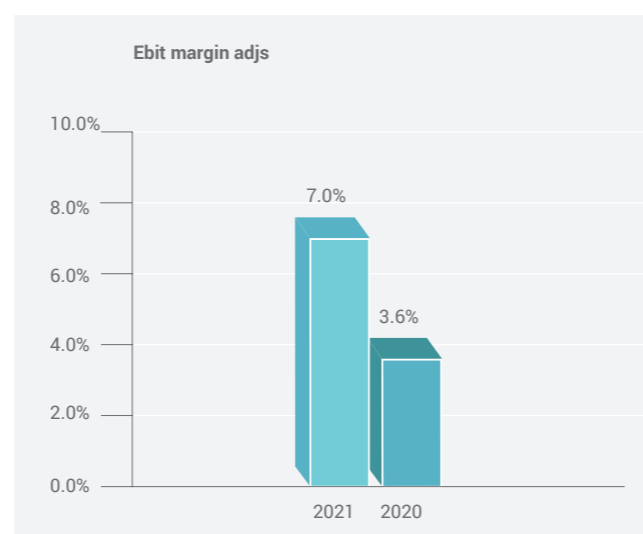
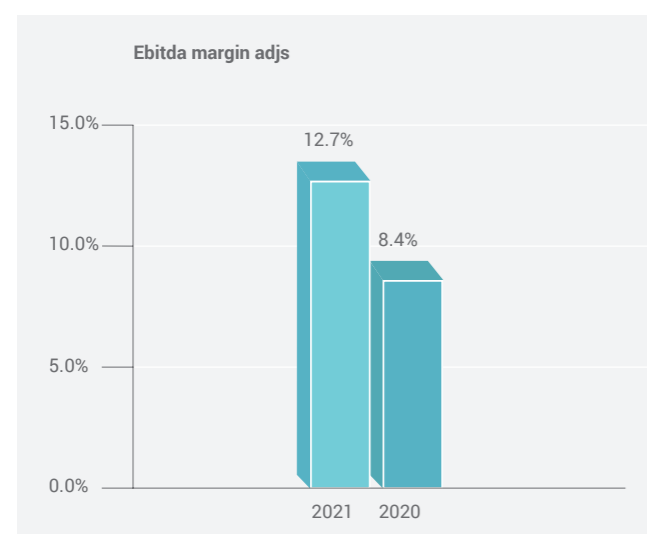
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HIGHLIGHTS



# INCOME STATEMENT

EURO 000'S	31 MARCH 2021	% ON SALES	31 MARCH 2020	% ON SALES	Change %
Revenue from sales and services	161,391	100.0%	147,661	100.0%	9.3%
Normalised EBITDA (Normalised gross operating result) <sup>(1)</sup>	20,539	12.7%	12,377	8.4%	65.9%
Normalised EBIT (Normalised operating result) <sup>(1)</sup>	11,310	7.0%	5,364	3.6%	110.9%
EBIT (Operating result) <sup>(1)</sup>	11,310	7.0%	5,322	3.6%	112.5%
Result for the year	6,816	4.2%	2,117	1.4%	-



## Statement of Financial Position

EURO 000'S	31 MARCH 2021	31 DECEMBER 2020
Net invested capital <sup>(1)</sup>	163,528	165,270
Equity	223,667	214,812
Net financial position <sup>(1)</sup>	(60,139)	(49,543)
Net operating working capital <sup>(1)</sup>	28,952	27,744
Fixed asset/standing capital ratio	1.14	1.08
Order in take	253,469	204,130

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

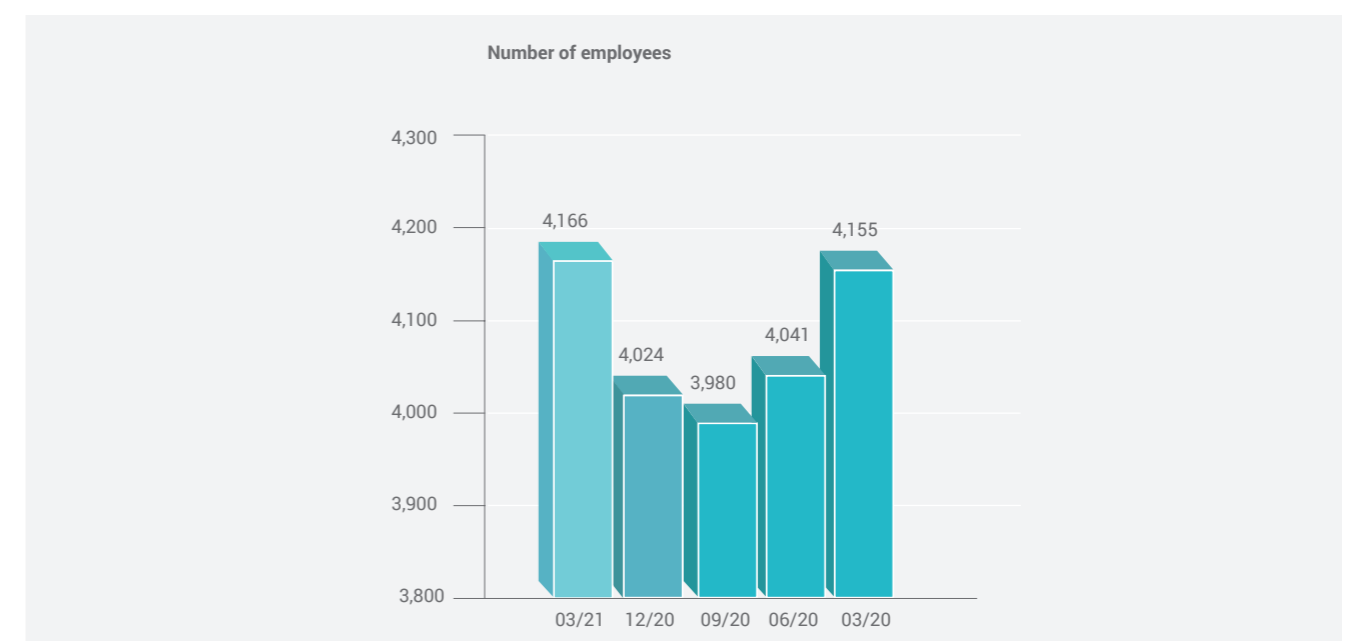
## Cash flow

EURO 000'S	31 MARCH 2021	31 MARCH 2020	31 DECEMBER 2020
EBITDA (Gross operating profit)	20,539	12,377	55,985
Change in net working capital	(1,392)	(1,569)	43,009
Change in other operating assets/liabilities	(3,645)	(10,412)	(9,007)
<b>Operating cash flow</b>	<b>15,502</b>	<b>396</b>	<b>89,987</b>
Cash flow used in investment activity	(3,320)	(2,695)	(13,729)
<b>Cash flow</b>	<b>12,182</b>	<b>(2,299)</b>	<b>76,258</b>
New loans and new finance leases	(1,247)	(3,403)	(5,125)
Foreign exchange rate differences on Net Financial Position	(339)	(351)	(2,981)
<b>Change in net financial indebtedness</b>	<b>10,596</b>	<b>(6,053)</b>	<b>68,152</b>

## Personnel (\*)

	31 MARCH 2021	31 MARCH 2020
Number of employees at period end	4,166	4,155

\* The figures include temporary staff.



# DIRECTORS'

REPORT ON  
OPERATIONS





# GENERAL ECONOMIC OVERVIEW

## THE BASELINE SCENARIO

Despite expectations of an improvement in the overall economic situation during 2021, uncertainty continues to characterise short-term economic prospects, in particular as regards the trend in the Coronavirus pandemic and the speed of vaccination campaigns. The recovery in global demand and further budgetary measures are providing support to global economic activity and the Eurozone. However, the persistently high infection rates, the spread of variants of the virus, as well as the continuation of the associated containment measures are impacting the economic activity of the Eurozone in the short term. Looking forward, the ongoing vaccination campaigns, together with the gradual easing envisaged for the containment measures, fuel expectations of a marked recovery in economic activity during 2021. Inflation has risen in recent months mainly due to some transitory factors and the increase in energy costs. At the same time, the underlying pressure on prices has risen, in a context of a gradual recovery in demand and significant reuse of unused capacity in the markets for labour and goods and services.

## GLOBAL ECONOMIC ACTIVITY AND TRADE

Global economic activity continued to grow during the first few months of 2021. The continuation of vaccination campaigns and strong support from monetary and fiscal policies are reflected in a marked improvement in medium-term prospects, but the persistence of the pandemic will impact in the short term, especially on services. According to current assessments, global GDP will return to pre-pandemic levels at the end of the year.

During the final quarter of 2020, the recovery in economic activity was considerable and continued in the first quarter of 2021, but unevenly across different countries and sectors. In March, purchasing managers' indices (PMIs) in the manufacturing sector remained above the growth threshold in all the main advanced economies. In the services sector, which was worst hit by the pandemic, indicators still show weak prospects in the Eurozone and in Japan; instead indicators show values in line with expansion in the United States and the United Kingdom.

The recovery in global trade continued. In the first months of 2021, trade continued to expand, despite the recovery in services being slowed by new waves of the virus in some areas. For the rest of the year, a more sustained performance is forecast which should bring overall growth in global trade to 9.3% in 2021.

In the first months of the year, consumer price inflation in the main advanced economies rose, but remains low overall. According to the IMF's base scenario published in April, global GDP will grow by 6% in 2021 – exceeding pre-pandemic levels by the end of the year – and by 4.4% in 2022. Compared to January, the IMF raised its forecast on global economic activity by 0.5 percentage points in 2021 and by 0.2 percentage points in 2022, due to the new budgetary stimulus in the United States and the ongoing vaccination campaigns. However, Global recovery will depend on the development of the pandemic, economic policy initiatives and the trend in financial conditions.

## EUROZONE

In the Eurozone, economic activity was impacted by the new wave of infections; despite a temporary rise in inflation, pros-

pects for price rises remain weak. After the strong recovery in the summer quarter, in the last three months of 2020 GDP in the Eurozone fell, reflecting the negative contribution from services, while there was a positive contribution from manufacturing. GDP rose slightly in Germany, remained stationary in Spain, but fell in France and Italy. On the basis of the information available, GDP contracted in the first quarter of this year. According to the forecasts made in March by the ECB's experts, GDP will grow by 4.0% in 2021 and then by 4.1% and 2.1% respectively in the following two years.

## UNITED STATES

In the United States, business prospects were supported by the fiscal stimulus measures enacted last December. After a stronger than forecast recovery in the second half of 2020, at the turn of the year economic activity slowed down, as tougher containment measures were introduced to address the worsening healthcare situation. In response to the slowdown, an additional fiscal stimulus package, equal to 4.4% of GDP, was approved in December, which should boost growth in 2021. Following the slowdown in consumer spending at the end of 2020, the public stimulus measures, in the form of direct payments, boosted household income and savings rate.

Although inflation remained stable in December, expectations are for an increase in inflation.

The broad additional fiscal stimulus envisaged by the new US administration is an important upside risk for the current forecasts. According to model-based simulations, US real GDP is expected to increase by 2-3%, taking the economy above its potential growth rate, while it will have a moderate impact on inflation. In addition, it will have a positive impact on other economies, including the Eurozone.

## CHINA

In China, economic activity recorded an unexpectedly positive performance in the final quarter, suggesting that recovery from the pandemic is continuing without interruption. Activity saw a rapid recovery, supported by the rebound in production, public investment and strong foreign demand. Overall, the Chinese economy returned to its pre-pandemic growth trajectory. Chinese GDP rose by 2.3% in 2020 and the latest high-frequency data continue to indicate ongoing robust growth, albeit on a more moderate trend. However, since policy support is focussed on investment and lending, there could be an increase in the risks for financial stability. Consumption saw a more gradual recovery, but during the last year consumer confidence rose markedly, and consumer spending almost completely returned to 2019 levels, as fears of a further wave of the pandemic have been dispelled. The rapid recovery from the shock of the pandemic in China also suggests that the long-term negative effects will probably be limited.

## JAPAN

In Japan, in the final quarter of 2020, economic activity showed more resilience than initially forecast. After the strong recovery in the third quarter, real GDP grew by 3% on a quarterly basis, a rate higher than expected, boosted by a sharp increase in investment by private companies and strong growth in private consumption and exports. However,

at the start of January, a surge in Covid-19 infections triggered more restrictive containment measures. In the first quarter, activity should consequently fall back, albeit more moderately than in the spring of 2020. Consumer price inflation over 12 months rose significantly, reaching -0.6% in January from -1.2% in December, since the main impact from the fall in energy prices was more than offset by a clear rise in underlying inflation (net of food and energy).

## UNITED KINGDOM

In the United Kingdom, the rigid lockdown and the running down of inventories are likely to bring growth back into negative territory in the first quarter of 2021. In the final quarter of 2020, the better than expected GDP growth largely reflected specific factors, such as the increase in public spending and the accumulation of inventories ahead of Brexit, also suggesting that the pandemic-related restrictions on movement – introduced toward the end of the year – have limited activity much less than during the rigid lockdown in spring 2020. For this year, however, the data from activity surveys and high-frequency indicators show a sharp slowdown in the economy due to the new severe lockdown measures implemented at the start of the year, suggesting a significant fall in real GDP growth in the first quarter of 2021. Looking ahead, if the rapid progress on vaccinations eases the healthcare situation, it is likely that during the second quarter there will be further gradual loosening of the containment measures. This could trigger a recovery in growth, supported by an increase in consumption and by recovery in private investment.

## OTHER EUROPEAN AREAS

In EU Member States in Central and East Europe, economic growth continued to recover in the final quarter of 2020. Looking ahead, a worsening of the pandemic and rigid lockdown

measures are likely to temporarily impact the recovery in early 2021. Assuming that the restrictions are eased in coming months, activity should gradually pick up again, supported by an accommodating budgetary and monetary stance.

## ITALY

Following the resurgence of the pandemic, economic activity fell in the final quarter of last year, albeit less than expected. According to available indicators, GDP remained mostly unchanged in the first three months of 2021, with a recovery in the industrial sector, but with a continuing weakness in the service sector. In the final quarter of 2020, GDP fell by 1.9% on the prior period, after the strong recovery in the summer. The fall in GDP, due to the worsening of the pandemic, was nonetheless less marked than expected, thanks to the stability of investments. Added value fell slightly in the manufacturing sector and more markedly in services.

On the basis of the most recent indicators, GDP may have remained almost stationary in the first months of the year: the recovery in the industrial sector has been accompanied by a still weak performance of the service sector. Qualitative economy indicators provide signs of a strengthening of the recovery in the manufacturing sector and of an improvement in the prospects for services, which nonetheless remain weak.

According to the international bodies and analysts surveyed in March by Consensus Economics, GDP this year will rise by over 4%, with a significant recovery in the second part of the year, supported by the global context. However, this scenario is not without risks; it assumes that support for the economy is maintained and that the interventions to be implemented under the National Recovery and Resilience Plan (NRRP) prove effective.

Prospects remain above all dependent on the success of the vaccination campaign and on a favourable trend in infections.

## BUSINESS SECTOR REVIEW

### UCIMU – SISTEMI PER PRODURRE

In the first quarter of 2021, machine tool orders from Italian manufacturers started to grow again. In particular, the UCIMU index, prepared by the association's Studies & Business Culture Dept., showed a 48.6% upturn in the first three months of the year compared to the same period in 2020. The absolute value of the index was 169 (base value of 100 in 2015).

The overall outcome was mainly due to the excellent performance of manufacturers on the domestic market. Indeed, on the domestic front, Italian manufacturers recorded an increase in orders of 157.9% compared to the same prior-year period. The absolute value of the index was 195.5.

As for foreign orders, they increased by 30.5% compared to January-March 2020. The absolute value of the index was 155.

"The data recorded in this first quarter – stated the President of UCIMU-SISTEMI PER PRODURRE, Barbara Colombo – are surely positive and allow us to take a little breath after months of great difficulty. Having said that, the increases recorded must to be carefully considered. As a matter of fact, they compare with the results achieved in the first part of 2020, which was a very difficult period because, from the end of February, we actually had to face the first effects of the international pandemic".

"Already at the end of 2020 we had perceived that the domestic market had resumed order intake, and now it is showing a good performance, also supported by the incentive measures for investments in new production technologies provided for in the Transition Plan 4.0. Indications from foreign markets are also positive, but the recovery has different speeds: China and the United States show a very dynamic business activity, whereas the countries of the Eurozone have just started to pick up".

"The fact that the world is once again investing in new machine tools and automation systems is undoubtedly excellent

news, but we, Italian manufacturers, risk being partially uninvolved in the opportunities that some markets are able to offer at present, due to the prolonged restrictions on people's mobility".

"For this reason – continued President Barbara Colombo – considering that EMO MILANO 2021 is scheduled to take place at Fieramilano Rho from 4 to 9 October, i.e. in the last quarter of the year that should reasonably coincide with a return to normal thanks to mass vaccination, it will be for Italian manufacturers (but not just for us) an even more important event. On this occasion, we will have to make the most of all the opportunities offered by an event of such relevance, which will be held again in Italy after 6 years and, most of all, after more than a year and a half of a forced stop to all international exhibitions".

Market indications, along with the progress of the vaccination campaign that, over the last few weeks, finally seems to be finally in full swing even in Italy, raise hopes for the success of EMO MILANO 2021, where the exhibiting companies will present their product offering to the operators of the world manufacturing industry arriving in Milan.

To date, the event has received applications to exhibit from 28 countries worldwide; the leading international players have already confirmed their participation, as they are aware of the enormous potential offered by the event. However, there are still some companies that prefer to wait to confirm their participation, in order to have more certainties about the procedures with which the trade fair will take place.

"Therefore – concluded the President of UCIMU – we ask the Government authorities to give us clear and precise indications as soon as possible, because, while it is true that EMO MILANO 2021 is still six months away, it is also true that the organisation for participating in such an event must be defined now".

## OUTLOOK

After coming through a difficult year characterised by the economic shock following the spread of Covid-19, which had a negative impact on entire business sectors, 2021 opened with a reversal of the trend. This phenomenon was already evident in the final part of 2020, which saw an encouraging growth in new orders, with a consequent increase in the related portfolio. At the end of the first quarter, the Group's order intake recorded a 56.6% increase compared to 2020 (a year marked by the pandemic) and a 30.2% increase compared to the same period in 2019. The order portfolio stood at € 253,469 thousand, up by 25.0% compared to December 2020.

This performance was made possible by the Group's wide-

spread distribution network, which enabled it to respond promptly to the signs of recovery shown by the key market, despite the continuation of restrictions on movements linked to strict healthcare regulations.

The positive trend is also reflected in the economic (rising revenues and margins) and financial (significant cash flow generation) performance. From the equity viewpoint, no particular phenomena were recorded: the most significant change concerned inventories, which started to increase again to meet market demand, but it was largely offset by the increase in payables due to suppliers and advance payments by customers for new orders.

## MAIN EVENTS

On 28 January 2021, Biesse Group reached an agreement for the complete disposal of Dongguan Korex Machinery Co. LTD based in Dongguan (province of Guangdong-China). The transaction was completed on 15 April 2021, in compliance with all contractual provisions. The value of this transaction is CNY 183.5 million (HK\$212.5 million – €22.5 million).

As already announced on 20 December 2019, besides the effects on production, which will also concern the Group company in India, this operation will entail a reduction in the operating costs that had contributed to the accumulation in Korex of losses for € 32 million.

The forecast impact on the Group Consolidated Financial Statements is a capital gain of around € 17 million.

The above does not change the belief that China can remain the main country in terms of demand for furniture and capital goods, with a forecast growth rate above the current world average; Biesse Group intends to maintain and strengthen its presence in the whole Far East through its branches already in the area, dedicating particular commitment to the Chinese branch (Biesse Trading Shanghai).

Therefore, in the period following the disposal, Italian and Indian manufacturing companies will be more involved in order to meet the needs of the Chinese market, towards which Biesse Group - with all its business divisions - remains strongly oriented.

On 26 February 2021, Biesse S.p.A.'s Board of Directors approved the planned mergers of Viet Italia S.r.l. and Bsoft S.r.l. into the Parent Biesse S.p.A. The mergers will take place by 30 June 2021, with retroactive accounting and tax effect as of 1 January 2021. These operations are part of the new corporate project called "ONE COMPANY", aimed at rationalising and streamlining the organisational structure across Biesse Group.

On 28 April 2021, the Shareholders' Meeting of Biesse S.p.A. approved the financial statements as at 31 December 2020. In line with current corporate strategies and in light of a global scenario still characterised by a high level of uncertainty and a lack of visibility, the Board of Directors of Biesse prudently decided not to pay ordinary dividends, also in order to assess possible growth opportunities through external lines and operations to strengthen the Group's international presence. The net profit for the year is therefore allocated to the extraordinary reserve.

As envisaged and indicated in the call, the Shareholders' Meeting approved the composition of the new Biesse's Board of Directors and new Board of Statutory Auditors as follows, for the three-year period 2021-2022-2023:

#### Board of Directors

- Giancarlo Selci
- Roberto Selci
- Massimo Potenza
- Alessandra Baronciani
- Federica Ricceri
- Rossella Schiavini
- Ferruccio Borsani

#### Board of Statutory Auditors

- Paolo De Mitri – Chairman
- Giovanni Ciurlo – Standing Statutory Auditor
- Enrica Perusia – Standing Statutory Auditor
- Silvia Muzi – Alternate Statutory Auditor
- Maurizio Gennari – Alternate Statutory Auditor

# FINANCIAL STATEMENTS

## INCOME STATEMENT AS AT 31/03/2021

EURO 000'S	31 MARZO 2021	% su ricavi	31 MARZO 2020	% su ricavi	DELTA %
<b>Revenue from sales and services</b>	<b>161,391</b>	<b>100.0%</b>	<b>147,661</b>	<b>100.0%</b>	<b>9.3%</b>
Change in inventories, wip, semi-finished products and finished products	14,886	9.2%	(761)	(0.5)%	-
Other revenues	1,113	0.7%	1,599	1.1%	(30.4)%
<b>Revenue</b>	<b>177,390</b>	<b>109.9%</b>	<b>148,498</b>	<b>100.6%</b>	<b>19.5%</b>
Raw materials, consumables, supplies and goods	(75,796)	(47.0)%	(58,690)	(39.7)%	29.1%
Other operating costs	(25,195)	(15.6)%	(27,056)	(18.3)%	(6.9)%
Personnel expense	(55,860)	(34.6)%	(50,374)	(34.1)%	10.9%
<b>Gross operating result</b>	<b>20,539</b>	<b>12.7%</b>	<b>12,377</b>	<b>8.4%</b>	<b>65.9%</b>
Depreciation and amortisation	(7,434)	(4.6)%	(8,378)	(5.7)%	(11.3)%
Provisions	(1,794)	(1.1)%	1,364	0.9%	-
<b>Operating result before non recurring items</b>	<b>11,310</b>	<b>7.0%</b>	<b>5,322</b>	<b>3.6%</b>	<b>112.5%</b>
Impairment losses and non recurring-items	-	-	(42)	(0.0)%	(100.0)%
<b>Operating result</b>	<b>11,310</b>	<b>7.0%</b>	<b>5,322</b>	<b>3.6%</b>	<b>112.5%</b>
Financial income	105	0.1%	254	0.2%	(58.8)%
Financial expense	(701)	(0.4)%	(739)	(0.5)%	(5.3)%
Net exchange rate losses	(1,300)	(0.8)%	(1,102)	(0.7)%	17.9%
Pre-tax result	9,415	5.8%	3,734	2.5%	-
Income taxes	(2,599)	(1.6)%	(1,616)	(1.1)%	60.8%
<b>Result for the year</b>	<b>6,816</b>	<b>4.2%</b>	<b>2,117</b>	<b>1.4%</b>	<b>-</b>

Net revenue from sales and services as at 31 March 2021 amounted to € 161,391 thousand, up 9.3% on the prior-year period (€ 147,661 thousand).

As at 31 March 2021, the value of production amounted to € 177,390 thousand, up 19.5% compared to March 2020, when it amounted to € 148,498 thousand. The positive contribution from sales in the period was accompanied by the increase linked to production for inventories, which was necessary to meet the growth in demand.

The figures relating to consumption show an increased absorption of raw materials (€ 75,796 thousand compared to € 58,690 thousand as at 31 March 2020). Other operating expenses were down in absolute terms (delta of € 1,861 thou-

sand) and their incidence on the value of production decreased from 18.2% to 14.2%. This phenomenon was mainly due to the item Services costs, which decreased from € 24,287 thousand to € 22,345 thousand, a fall of 8.0%. The change was mainly due to travel expenses (falling from € 4,272 thousand to € 2,790 thousand), owing to the restrictions on movements due to the healthcare emergency; in addition, there were savings linked to the reduced use of outsourced assistance and installation services for the Group's machines (€ 1,576 thousand) and non-participation in trade fairs and events, which were mainly cancelled or postponed to later in the year (saving of € 637 thousand). These savings were partially offset by higher costs for transport and logistics, consultancy, maintenance and utilities.

EURO 000'S	31 MARCH 2021	%	31 MARCH 2020	%
<b>Revenue</b>	<b>177,390</b>	<b>100.0%</b>	<b>148,498</b>	<b>100.0%</b>
Raw materials and goods	<b>75,796</b>	<b>42.7%</b>	58,690	39.5%
Other operating costs	<b>25,195</b>	<b>14.2%</b>	27,056	18.2%
Service costs	<b>22,345</b>	<b>12.6%</b>	24,287	16.4%
Use of third party assets	<b>531</b>	<b>0.3%</b>	594	0.4%
Sundry operating expense	<b>2,319</b>	<b>1.3%</b>	2,175	1.5%
<b>Added value</b>	<b>76,399</b>	<b>43.1%</b>	<b>62,752</b>	<b>42.3%</b>

As at 31 March 2021, personnel expense amounted to € 55,860 thousand, increasing € 5,486 thousand (10.9%) compared to the 2020 figure (€ 50,374 thousand). Compared to the previous year, it should be recalled that in March 2020 operations at Italian facilities were almost completely interrupted for around ten days, as a consequence of the lockdown imposed by the Italian Government. This led to a saving in personnel expense, together with greater use of holidays and other leave. Finally, compared to 2020, the share of costs linked to variable elements (provisions for performance-based and other bonuses) increased.

As at 31 March 2021, adjusted EBITDA was € 20,539 thousand (€ 12,377 thousand as at 31 March 2020), up by 65.9%.

Depreciation and amortisation decreased overall by 11.3%, from € 8,378 thousand as at 31 March 2020 to € 7,434 thousand as at 31 March 2021: depreciation of property, plant and equipment (including right-of-use assets) decreased by € 495 thousand (-9.7%), while amortisation of intangible assets decreased by € 448 thousand (-13.7%).

Provisions amounted to € 1,794 thousand: € 1,427 thousand related to adjustments to provisions for future risks and charges – against possible legal disputes – and € 50 thousand related to the allowance for impairment and to the supplementary customer indemnity provision. In addition, there

was an adjustment to the product warranty provision (net provision of € 317 thousand), made to take account of higher future charges resulting from the increase in turnover.

As regards financial operations, net financial expense amounted to € 596 thousand, up compared to the 2020 figure (€ 485 thousand). The change was linked to the reduced income from tax authorities. In 2019 such income was received for IRES (Italian corporate income tax) and IRAP (Italian regional business tax) tax repayment requests relating to 2007.

Exchange risk management resulted in a loss of € 1,300 thousand, worsening compared to the € 1,102 thousand loss in the prior-year period.

Pre-tax result thus amounted to € 9,415 thousand.

The estimated balance of income taxes was negative to the tune of € 2,599 thousand. The impact relating to current taxes was a negative € 3,360 thousand (IRES – corporate income tax: € 1,520 thousand, IRAP – regional business tax: € 499 thousand; taxes from foreign jurisdictions: € 1,153 thousand; other income taxes and previous-year taxes: € 188 thousand), while deferred taxes were positive at € 761 thousand.

Therefore, net result as at 31 March 2021 amounted to € 6,816 thousand.

# SUMMARY STATEMENT OF FINANCIAL POSITION

## NET FINANCIAL POSITION AS AT 31 MARCH 2021

EURO 000'S	31 <sup>ST</sup> MARCH 2021	31 <sup>ST</sup> DECEMBER 2020	30 <sup>TH</sup> SEPTEMBER 2020	30 <sup>TH</sup> JUNE 2020	31 <sup>ST</sup> MARCH 2020
Financial assets:	(171,946)	(191,532)	(159,097)	(141,295)	(79,313)
<i>Current financial assets</i>	(27,589)	(28,107)	(24,711)	(22,618)	(3,652)
<i>Cash and cash equivalents</i>	(144,357)	(163,425)	(134,986)	(118,677)	(75,661)
Short-term financial lease payables	6,929	6,746	6,699	6,599	6,344
Short-term bank loans and borrowings and loans from other financial backers	41,101	68,763	37,077	55,804	16,211
<b>Short-term net financial position</b>	<b>(123,917)</b>	<b>(116,023)</b>	<b>(115,320)</b>	<b>(78,890)</b>	<b>(56,756)</b>
Medium/Long-term financial lease payables	22,939	23,526	23,914	25,188	26,858
Medium/Long-term bank loans and borrowings	40,838	42,954	94,560	76,292	54,564
<b>Medium/Long-term net financial position</b>	<b>63,777</b>	<b>66,480</b>	<b>118,473</b>	<b>101,479</b>	<b>81,422</b>
<b>Total net financial position</b>	<b>(60,139)</b>	<b>(49,543)</b>	<b>3,152</b>	<b>22,587</b>	<b>24,663</b>

The Group's Net Financial Position as at 31 March 2021 was positive for € 60.1 million. Compared to the same prior-year period, the ratio improved by some € 84.8 million. Since the beginning of 2021 it improved by some € 10.6 million, thanks to the good results obtained in terms of operational manage-

ment, which more than offset absorption related to new investments.

As at the date of approval of this report, Biesse had credit lines of over € 233 million (€ 145 million of which expiring over 12 months), of which € 75 million had been drawn down.

EURO 000'S	31 MARCH 2021	31 DECEMBER 2020
Intangible assets	72,960	73,354
Property, plant and equipment	124,091	125,130
Financial assets	3,347	3,277
<b>Non-current assets</b>	<b>200,398</b>	<b>201,761</b>
Inventories	151,484	129,848
Trade receivables and contract assets	103,204	102,875
Trade payables	(145,566)	(132,790)
Contract liabilities	(80,170)	(72,189)
<b>Net operating working capital</b>	<b>28,952</b>	<b>27,744</b>
Post-employment benefits	(12,730)	(12,775)
Provision for risk and charges	(21,706)	(19,988)
Other net payables	(46,679)	(45,979)
Net deferred tax assets	15,292	14,508
<b>Other net liabilities</b>	<b>(65,823)</b>	<b>(64,235)</b>
<b>Net invested capital</b>	<b>163,528</b>	<b>165,270</b>
Share capital	27,393	27,393
Result for the previous year and other reserves	188,672	184,099
Result for the year	6,818	2,531
Non-controlling interests	783	790
<b>Equity</b>	<b>223,667</b>	<b>214,812</b>
Bank loans and borrowings and loans and borrowings from other financial backers	111,807	141,989
Other financial assets	(27,589)	(28,107)
Cash and cash equivalents	(144,357)	(163,425)
<b>Net financial position</b>	<b>(60,139)</b>	<b>(49,543)</b>
<b>Total sources of funding</b>	<b>163,528</b>	<b>165,270</b>

Net invested capital amounted to € 163.5 million, slightly down compared to December 2020 (€ 165.3 million).

Equity amounted to € 223.7 million (€ 214.8 million as at 31 December 2020).

Compared to December 2020, fixed assets were down, as depreciation and amortisation more than offset new investments. New investments amounted to € 2.3 million with respect to intangible assets and € 1 million with respect to property, plant and equipment.

Net operating working capital slightly increased compared

to December 2020, by some € 1.2 million. Trade Receivables and Contract Assets, amounting to € 103,204 thousand, were substantially unchanged. Inventories, amounting to € 151,484 thousand, increased by € 21,636 thousand, mainly due to the restocking required to meet increased demand.

Trade payables (amounting to € 145,566 thousand), whose trend is linked to the production cycle, increased by € 12,776 thousand, while Contract Liabilities (amounting to € 80,170 thousand), usually linked to the order intake trend, increased by € 7,981 thousand compared to 31 December 2020.

# SEGMENT REPORTING

## BREAKDOWN OF REVENUE BY OPERATING SEGMENT

EURO 000'S	31 MARCH 2021	%	31 MARCH 2020	%	CHANGE % 2021/2020
Wood	112,098	69.5%	109,864	74.4%	2.0%
Glass & Stone	29,486	18.3%	22,795	15.4%	29.4%
Mechatronics	16,140	10.0%	11,818	8.0%	36.6%
Tooling Division	3,668	2.3%	3,183	2.2%	15.2%
<b>Total</b>	<b>161,391</b>	<b>100.0%</b>	<b>147,661</b>	<b>100.0%</b>	<b>9.3%</b>

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

EURO 000'S	31 MARCH 2021	%	31 MARCH 2020	%	CHANGE % 2021/2020
Western Europe	80,843	50.1%	67,033	45.4%	20.6%
Eastern Europe	26,841	16.6%	29,023	19.7%	(7.5)%
North America	27,925	17.3%	29,431	19.9%	(5.1)%
Asia - Pacific	21,720	13.5%	18,363	12.4%	18.3%
Rest of the World	4,062	2.5%	3,810	2.6%	6.6%
<b>Total</b>	<b>161,391</b>	<b>100.0%</b>	<b>147,661</b>	<b>100.0%</b>	<b>9.3%</b>

As for the breakdown of revenue by operating segment, all divisions recorded an increase, albeit with different trends: the Wood Division increased by 2.0%, the Glass/Stone Division increased by 29.4% compared to the same period in 2020, while the Mechatronic division rose by 36.6%. Finally, the Tooling division increased by 15.2%.

The breakdown of revenue by geographical area shows different trends: Western Europe grew by 20.6% and Asia-Pacific by 18.3%, while Eastern Europe decreased by 7.5%. North America also declined by 5.1% (due to the lower contribution from the sale of plants). The Rest of the World increased by 6.6%.

# CERTIFICATION PURSUANT TO ART. 154-BIS, PARA. 2 OF THE CONSOLIDATED LAW ON FINANCE (TUF)

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

Manager in charge  
of Corporate Financial Reporting

**Pierre Giorgio Sallier de La Tour**

Pesaro, 12 May 2021

The Chairman  
of the Board of Directors

**Giancarlo Selci**



