

A large, bold, dark grey letter 'R' is centered on the page. The background consists of a repeating pattern of white, curved, overlapping shapes that create a sense of depth and movement, resembling a series of steps or a textured surface.

INTERIM REPORT  
ON OPERATIONS

**AS AT 30 JUNE 2021**

 **BIESSEGROUP**

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## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2021**

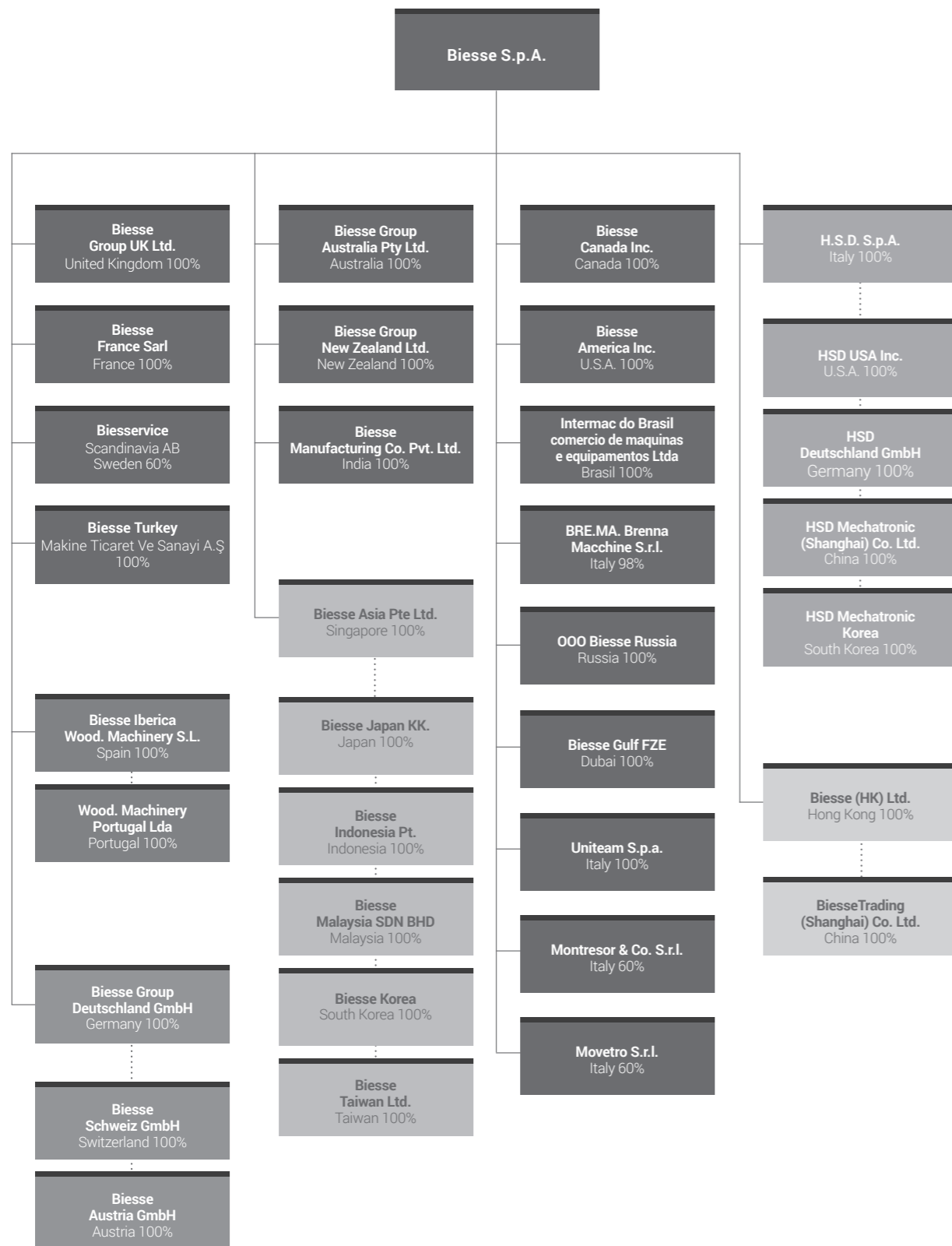
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# GROUP STRUCTURE

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



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

# 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, 34 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 and the branches/representative offices in Europe, North America, Latin America, Middle and Far East Asia, and Oceania.

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. In addition, in April 2021 the Group sold the equity investment in Dongguan Korex Machinery Co. Ltd.. Finally, the merger of the subsidiaries Viet Italia S.r.l. and Bsoft S.r.l. into the Parent Biesse S.p.A. was completed on 30 June 2021.

# 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.

- Value Added: 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, costs and revenues arising from transactions that are considered by Management as non-recurring relative to the Group's ordinary operations, as well as personnel expense.
- Adjusted EBITDA (Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization Adjusted): 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 are considered by Management as non-recurring relative to 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 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 are considered by Management as non-recurring relative to 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): this indicator is calculated in accordance with Esma's Statement of 4 March 2021 concerning the new net financial position format that became effective on 5 May 2021.

# 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

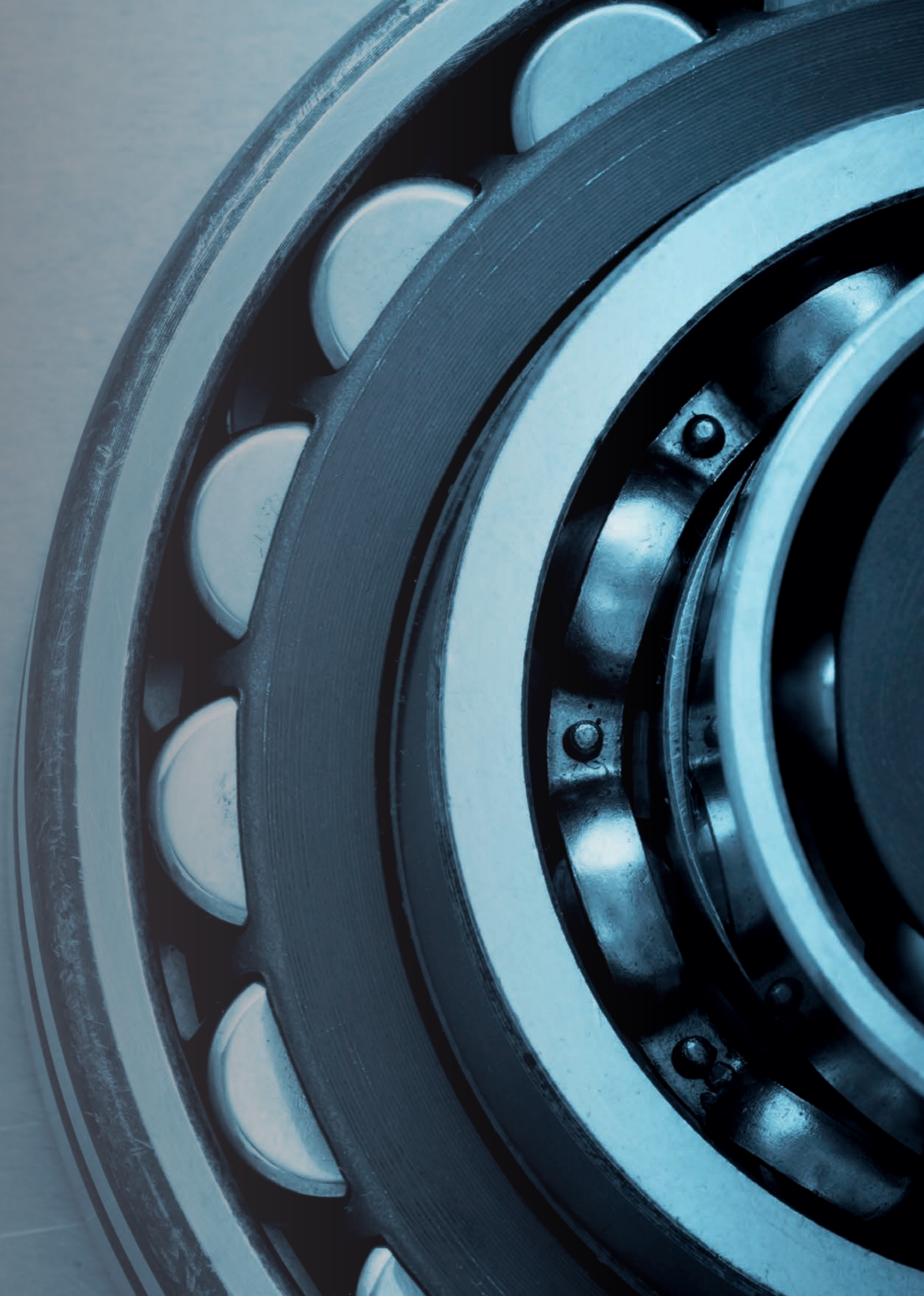
Ferruccio Borsani  
Rossella Schiavini

## INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.



# FINAN CIAL HIGHLIGHTS

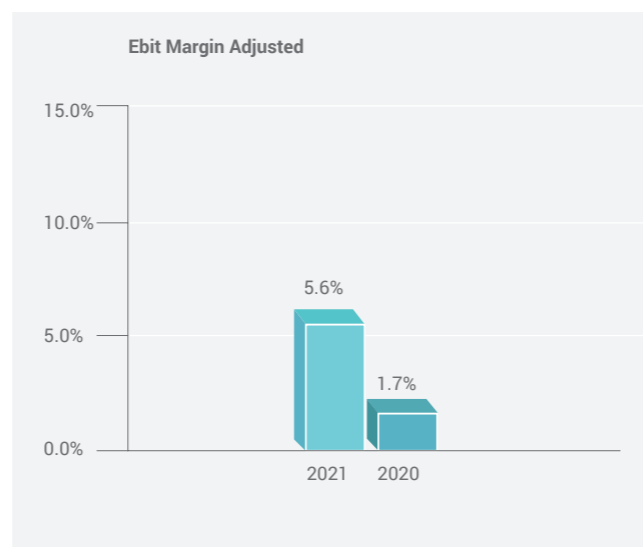
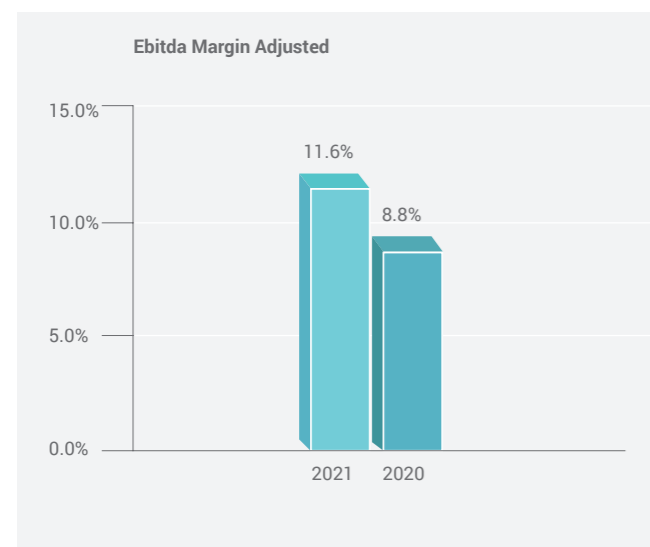


# FINANCIAL HIGHLIGHTS

## Income Statement

EURO 000'S	30 JUNE 2021	% ON SALES	30 JUNE 2020	% ON SALES	Change %
Revenue from sales and services	354,117	100.0%	256,728	100.0%	37.9%
Normalised EBITDA (Normalised gross operating profit) <sup>(1)</sup>	41,014	11.6%	22,545	8.8%	81.9%
Normalised EBIT (Normalised operating profit) <sup>(1)</sup>	19,719	5.6%	4,357	1.7%	-
EBIT (Operating profit) <sup>(1)</sup>	33,718	9.5%	4,205	1.6%	-
Profit/Loss for the period	28,426	8.0%	1,150	0.4%	-

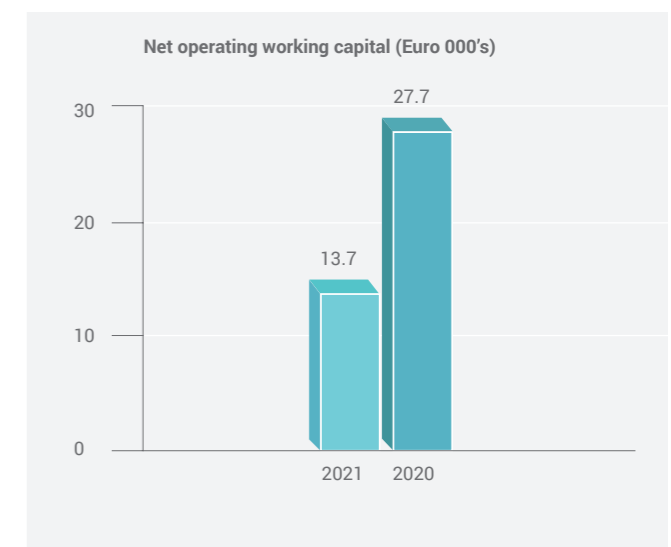
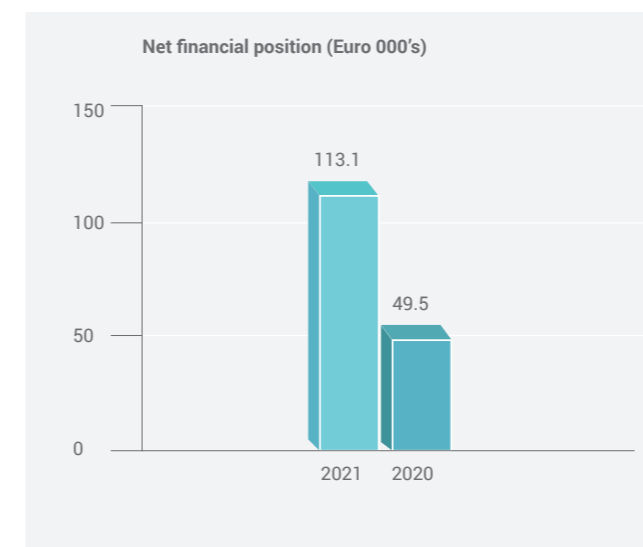
<sup>(1)</sup> The criteria for determining amounts relating to interim results are described in the Directors' Report on Operations and the Notes to the Financial Statements.



## Statement of Financial Position

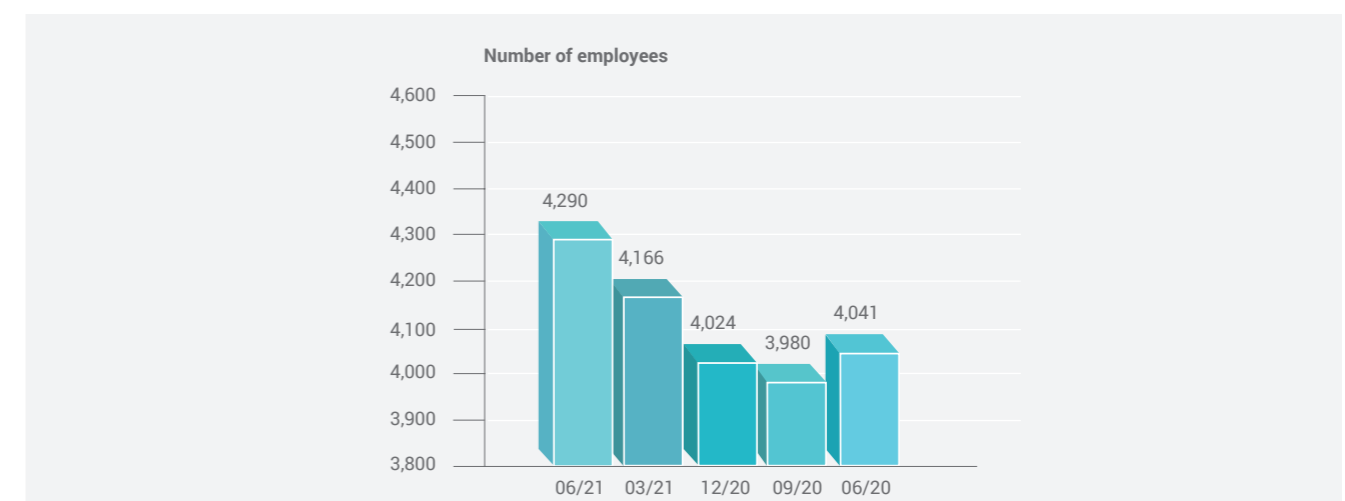
EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Net invested capital <sup>(1)</sup>	129,266	165,270
Equity	242,319	214,812
Net financial position <sup>(1)</sup>	113,053	49,543
Net operating working capital <sup>(1)</sup>	13,729	27,744
Fixed asset/standing capital ratio	1,31	1,08
Order in take	274,422	212,142

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



## Personnel

	30 JUNE 2021	30 JUNE 2020
Number of employees at period end	4,290	4,041



The figure includes temporary staff.

# DIRECTORS'

REPORT ON  
OPERATIONS



# GENERAL ECONOMIC OVERVIEW

## THE BASELINE SCENARIO

The rapid progress on vaccination campaigns has coincided with a steady rebound in global economic activity – including also in the services sector – and international trade; however, the outlook remains significantly mixed across countries.

Recent surveys point to strong momentum in global activity, although there are increasingly visible signs of divergence between advanced and emerging economies, as well as between the manufacturing and services sectors. The massive fiscal stimulus passed by the Biden administration is expected to strengthen the recovery in the United States, with positive consequences at a global level. Against this backdrop, global growth estimates remain all but unchanged compared to previous projections. World real GDP growth (excluding the Eurozone) is projected at 6.2% in 2021 and should then slow down to 4.2% in 2022 and 3.7% in 2023.

## GLOBAL ECONOMIC ACTIVITY AND TRADE

The recovery in global economic activity continued at the turn of the year despite the worsening of the pandemic. At the start of the year, the world economy showed weakness as the resurgence in infections caused governments to tighten containment measures.

Surveys currently point to strong momentum in global activity, but there are more visible signs of divergence across various countries and sectors. In May, the global composite output PMI rose to 58.8, significantly above its long-term average (53.0) as well as outside the historical interquartile range. Although both manufacturing and services generally show strong momentum, certain differences across countries and sectors have recently become more apparent. First, the upswing in advanced economies is robust and has recently gained further strength; conversely, in emerging economies business activity is improving at a slower pace. Second, as restrictions are lifted, the pace of the expansion in the services sector has picked up steadily. This rapid growth should also be put in the context of the recovery from low levels, especially in high-contact services. On the other hand, manufacturing output, which proved to be more resilient at the peak of the pandemic, continues growing at a slower, albeit lively, pace, amid adverse conditions linked to supply-side constraints.

The short-term outlook for the world economy is still influenced by the potential course of the pandemic. The massive fiscal stimulus passed by the Biden administration, which will strengthen the recovery in the United States, should positively affect the world economy.

## EUROZONE

After the contraction seen in early 2021 across all major countries except Italy, the Eurozone's GDP rebounded in the second quarter: it is possible it could grow steadily in the second half of the year, but there is lingering uncertainty over the trajectory of the pandemic. Energy price hikes have caused a surge in inflation that should prove temporary.

Based on the ECB's projections released in early June, GDP is set to grow by 4.6% in 2021 and then 4.7% and 2.1% in the following two years, respectively. Compared to March's projections, these are 0.6% higher for both 2021 and 2022, largely because of the strong recovery expected in the second half of this year – driven in turn by the significant support from expansionary policies and the improved health outlook.

## UNITED STATES

In the United States, business activity is expected to expand

thanks to strong stimulus measures and the gradual reopening of the economy. After growing at a steady annual rate of 6.4% in the first quarter of 2021, in the second quarter the economy should further expand on the back of strong consumer spending, buoyed by direct federal payments to households. Meanwhile, in the labour market the job vacancy rate is high while unemployment remains relatively steady. This suggests that the mismatch between the demand and supply of skilled labour and the shortage of workers in high-contact services could cause problems as businesses reopen. America's 12-month headline inflation rate jumped up to 4.2% in April. Although the rise in headline inflation was largely driven by the steady increase in energy prices over the last 12 months, core inflation also surged: as business activity resumes, the sectors severely affected by the pandemic, such as the airline and hotel industries, have raised prices considerably.

## CHINA

In China, economic activity is expected to continue growing at a steady pace over the forecast period. In May, economic surveys pointed to constant expansion, after worse-than-expected results in terms of industrial output and retail sales growth in the previous month, whereas export growth was strong in April and is becoming more and more broad-based as global demand gathers strength. Expansionary policies also continued fuelling the recovery, although they are gradually becoming more balanced. In the future, consumer spending, rather than investments, is expected to become the main driver of economic activity as the outlook for jobs and incomes improves. In May, the 12-month headline inflation rate slightly rose to 1.3% from 0.9% in the previous month. Overall, consumer price inflation remains subdued. If, on the one hand, energy prices have risen considerably, on the other hand, the rebound in the supply of pork – after the outbreaks of African swine fever in the previous year – is keeping food inflation at modest levels. Meanwhile, the 12-month producer price inflation rate jumped to 9.0% in May.

## JAPAN

In Japan, the recovery is expected to resume at a faster pace in the remainder of the year, and then continue at a moderate clip. The increase in domestic demand after containment measures were eased, continued fiscal stimulus, and the rebound in foreign demand are expected to support a gradual, but constant, recovery. Real GDP was down 1.3% in the first quarter of 2021, as the second state of emergency – in place from early January through mid-March – weighed on consumer spending and business investment. The third state of emergency, declared in late April, and the limited progress on the vaccine rollout are likely to delay a more robust recovery until the second half of this year. In April, the 12-month headline CPI inflation rate was -0.4%, as energy price hikes were more than offset by the sudden decline in mobile phone rates. The 12-month CPI inflation rate is expected to gradually trend higher over the forecast period, even though it will remain below the Bank of Japan's target.

## UNITED KINGDOM

In the United Kingdom, government spending and the extension of the main measures enacted in response to the pandemic should support the economy.

In the first quarter of 2021, amid a strict lockdown, real GDP contracted by 1.5%. This relatively modest decline suggests that businesses and households have adjusted well to the

government's restrictions. That said, consumer spending made a negative contribution – and so did the significant reversal in the inventories built up at the end of the previous year due to fears of a no-deal Brexit. However, economic activity started recovering towards the end of the first quarter as the vaccination campaign made progress and the restrictions on mobility were gradually lifted.

Business surveys, consumer confidence, and mobility indicators were all strongly up in the second quarter. In April, the 12-month consumer price inflation rate jumped to 1.5% from 0.7% in the previous month, whereas core inflation rose to 1.3% from 1.1% in March. The rise in inflation was largely driven by energy prices: oil's recent rally has started feeding into household energy bills, contributing to the increase in transport costs.

## OTHER EUROPEAN AREAS

EU Member States in central and eastern Europe saw the recovery slow down sharply at the turn of the year. A further deceleration is expected in the short term, as the worsening pandemic continues weighing on business activity. With the lifting of lockdown measures and the vaccine rollout, the

economy should gradually gain momentum, thanks to the support of accommodating fiscal and monetary policies.

## ITALY

In Italy, GDP growth was barely positive in the first quarter of 2021 and accelerated in the spring, as the vaccination campaign picked up speed and restrictions were gradually lifted: in the second quarter, it was estimated at over 1%. The increase in manufacturing activity was accompanied by a partial rebound in the services sector. Based on currently available information, industrial activity should have continued expanding throughout the second quarter, climbing back to pre-pandemic levels. According to business surveys conducted in May and June, investment plans are accelerating during the year, spurred by reduced uncertainty over the trajectory of the epidemic as well as the stimulus measures under Italy's Recovery and Resilience Plan (PNRR, *Piano Nazionale di Ripresa e Resilienza*). The first quarter of 2021 saw business spending on capital goods rise for the third time in a row. After dipping in the first quarter, consumer spending grew again between April and June, thanks to rapid progress on the vaccination drive and the gradual lifting of mobility restrictions.



# BUSINESS SECTOR REVIEW

## UCIMU – SISTEMI PER PRODURRE

As the forecasts released by the Economic Studies Department & Business Culture of UCIMU show, the production of machine tools, robots, and automation systems is expected to grow by 10.9% in 2021 to € 5.7 billion. Exports should rise 9.4% year-on-year to € 3.1 billion.

Consumer spending is also projected to increase by 10.9% over 2020, approaching € 4 billion. Buoyant domestic demand will drive manufacturers' deliveries, estimated at € 2.6 billion (+12.7%), as well as imports, projected at € 1.3 billion (+7.6%). To understand the renewed sense of confidence seen in the first months of the year, we can look to the index of orders for the first half of 2021 calculated by UCIMU's Economic Studies Department & Business Culture. The index reflects the orders received by Italian manufacturers in domestic and foreign markets. Considering equipment manufacturing lead times, the acquisition of such orders will be reasonably "calculated" in the output/turnover for 2022.

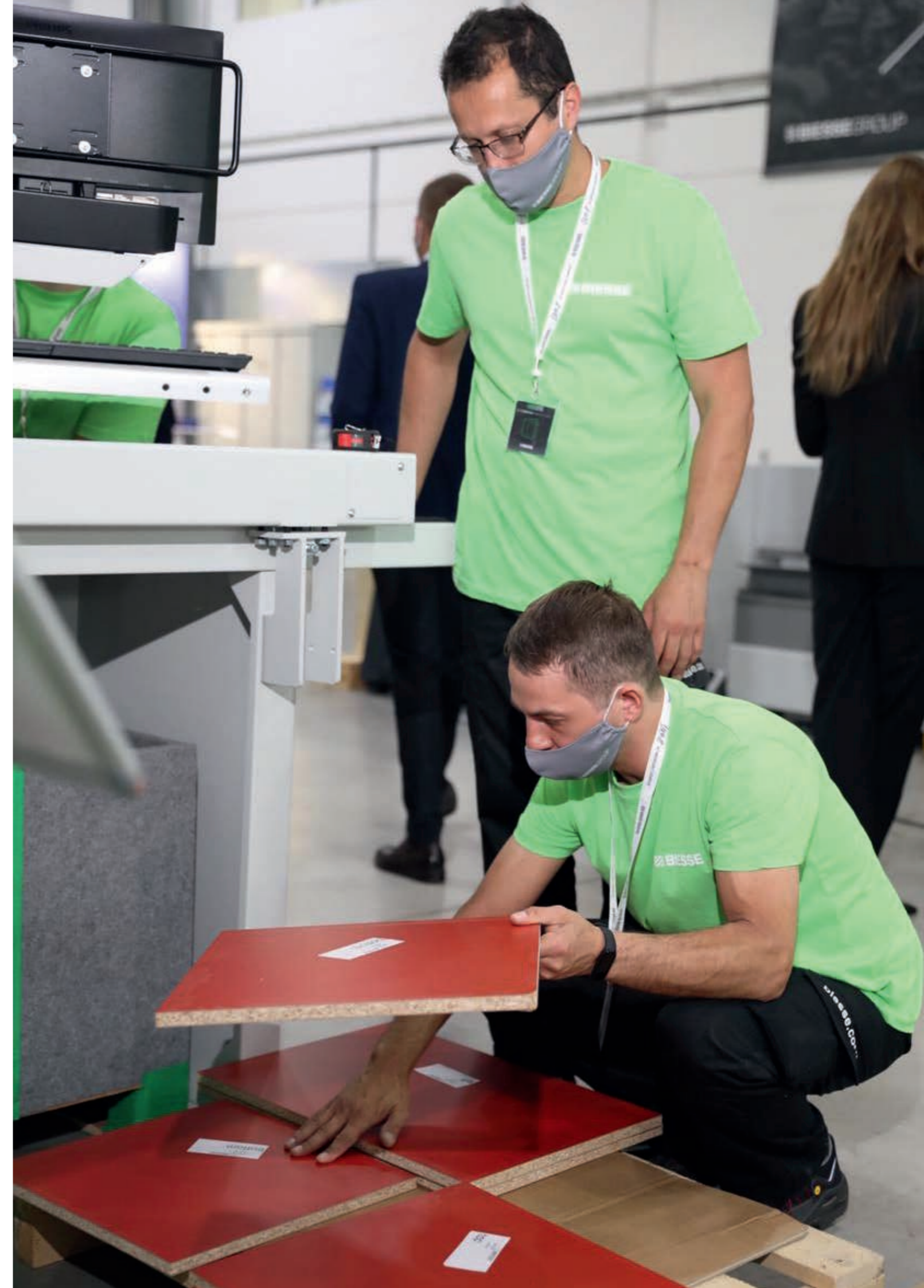
In the first half of 2021, the order index soared by 88.2%. The result was driven by the positive feedback manufacturers received in both domestic and foreign markets. Specifically, domestic orders were up 238% compared to January-June 2020, while foreign orders climbed 57.5% year-on-year. These decidedly positive data underline the renewed sense of confidence among Italian businesses in this industry, which con-

tinues growing as the months go by. That said, these increases appear to be so large also because the comparison period is January-June 2020, which, besides the overall reduction in activity due to the pandemic, includes an entire month (April) during which operations ground to a halt as a result of lockdowns.

Barbara Colombo, Chair of UCIMU-SISTEMI PER PRODURRE, stated: "2020 year-end figures clearly show the impact of this extremely severe and unexpected health crisis, but it is also apparent that the year ended with results above our initial expectations. We were able to contain the decline in output to -20% year-on-year, allowing us to outperform our competitors, such as Germany and Japan".

The outlook for 2021 appears to be completely different: there is a sense of confidence that keeps on growing and consolidating every month, as order intake figures show, and we expect this to culminate in October with EMO MILANO 2021, the global industry trade fair that will be the first international exhibition after a year of forced hiatus".

"However – said Barbara Colombo – there are two factors that risk undermining the nascent recovery: rising commodity prices, and the shortage of electronic parts. The risk – which we cannot absolutely afford to take – is that these will dampen the positive investment cycle – especially in the domestic market, where 4.0 incentives are bearing fruit".



## TREND IN THE FIRST HALF OF 2021

The trends that emerged in late 2020 have continued into the year to date. The encouraging increase in order intake, and the ensuing expansion of the relevant backlog, continued into the first six months of 2021, also thanks to economic stimulus and anti-pandemic measures – i.e., mass vaccination drives – taken by the governments of major Western countries. At the end of the first half, the Group's order intake doubled compared to 2020 (a year marked by the pandemic) and was up 34% compared to the same period in 2019. The order backlog stood at € 274,422 thousand, up by 29.4% compared to December 2020.

This performance was made possible by especially favourable market conditions as well as the Group's widespread 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. The positive market environment also had an impact on the financial position, with inventories rising sharply to keep up with the influx of orders. This was more than offset by the increase in payables to suppliers and advances from customers, which caused net working capital to decline sharply. Finally, with respect to the decrease in net investments, the most significant change was the disposal of the Chinese equity investment.



# 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 also concern the Group company in India, this transaction entailed a reduction in the operating costs that had contributed to the accumulation in Korex of losses for € 32 million.

This non-recurring transaction caused the Group to recognise a capital gain of around € 18 million in the Condensed Consolidated Interim Financial Statements.

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 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 merger was finalised on 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. Moreover, these mergers are not material to the Condensed Consolidated Interim Financial Statements.

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.

As envisaged and indicated in the call, the Shareholders' Meeting approved the composition of Biesse S.p.A.'s new 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

The Group has launched a major reorganisation intended to build an even stronger, more innovative, and more distinctive company at a global level. This transformation process was named "One Company", in order to support a single, comprehensive vision, standardise and align product design processes, and make manufacturing methods more efficient and flexible. This organisational change will lead to the concentration of all indirect structures that are functionally similar, unlocking synergies with respect to the resources used in operations that had until now been fragmented and overlapping. Against this backdrop, in June 2021 the Group finalised a 12-month job-security agreement with the trade unions UILM FIOM and FIM, continuing the tradition of collaboration and reciprocity that has been the hallmark of the relationship with Biesse Group for years now. This step was necessary to avoid activating instruments that could affect employment levels.



# FINANCIAL STATEMENTS

## RECLASSIFIED INCOME STATEMENT AS AT 30 JUNE 2021

EURO 000'S	30 JUNE 2021	% ON SALES	30 JUNE 2020	% ON SALES	CHANGE %
<b>Revenue from sales and services</b>	<b>354,117</b>	<b>100.0%</b>	<b>256,728</b>	<b>100.0%</b>	<b>37.9%</b>
Change in inventories, wip, semi-finished products and finished products	18,183	5.1%	(418)	(0.2)%	-
Other Revenues	2,296	0.6%	4,187	1.6%	(45.2)%
<b>Revenue</b>	<b>374,596</b>	<b>105.8%</b>	<b>260,496</b>	<b>101.5%</b>	<b>43.8%</b>
Raw materials, consumables, supplies and goods	(160,910)	(45.4)%	(104,599)	(40.7)%	53.8%
Other operating costs	(55,500)	(15.7)%	(43,489)	(16.9)%	27.6%
Personnel expense	(117,171)	(33.1)%	(89,863)	(35.0)%	30.4%
<b>Gross operating profit</b>	<b>41,014</b>	<b>11.6%</b>	<b>22,545</b>	<b>8.8%</b>	<b>81.9%</b>
Depreciation and amortisation	(16,612)	(4.7)%	(16,985)	(6.6)%	(2.2)%
Provisions	(4,683)	(1.3)%	(1,204)	(0.5)%	-
<b>Operating profit before non recurring items</b>	<b>19,719</b>	<b>5.6%</b>	<b>4,357</b>	<b>1.7%</b>	<b>-</b>
Impairment losses and non recurring-items	13,999	4.0%	(152)	(0.1)%	-
<b>Operating profit</b>	<b>33,718</b>	<b>9.5%</b>	<b>4,205</b>	<b>1.6%</b>	<b>-</b>
Financial income	216	0.1%	439	0.2%	(50.9)%
Financial expense	(1,480)	(0.4)%	(1,412)	(0.6)%	4.8%
Exchange rate income and expenses (net)	(711)	(0.2)%	(1,244)	(0.5)%	(42.9)%
<b>Pre-tax profit</b>	<b>31,743</b>	<b>9.0%</b>	<b>1,988</b>	<b>0.8%</b>	<b>-</b>
Income taxes	(3,317)	(0.9)%	(838)	(0.3)%	-
<b>Profit/Loss for the period</b>	<b>28,426</b>	<b>8.0%</b>	<b>1,150</b>	<b>0.4%</b>	<b>-</b>

It should be noted that interim results set out in the table were not identified as an accounting measure under the International Accounting Standards and, therefore, they must not be considered a replacement measure for the assessment of the Group's performance and result. In addition, it should be noted that the criterion used by the 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.

Net revenue from sales and services as at 30 June 2021 amounted to € 354,117 thousand, up +37.9% on the prior-year period (€ 256,728 thousand).

As at 30 June 2021, the value of production amounted to € 374,596 thousand, up 43.8% compared to June 2020, when it amounted to € 260,496 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 (€ 160,910 thousand compared to € 104,599 thousand as at 30 June 2020). At € 55,500 thousand, other operating expenses were up in absolute terms (delta of € 12,011 thousand) but decreased from 16.9% to 15.7% as a percentage of the value of production. This was largely attributable to Service costs, up 27.5% from € 38,403 thousand to € 48,980 thousand: the main changes concerned the items directly associated with sales and production, such as transport, outsourced processing, and commissions. Travel expenses and the costs associated with the participation in trade fairs and events were in line with 2020 (but down sharply compared to historical trends).

EURO 000'S	30 JUNE 2021	%	30 JUNE 2020	%
<b>Revenue</b>	<b>374,596</b>	<b>100.0%</b>	<b>260,496</b>	<b>100.0%</b>
Raw materials and goods	<b>160,910</b>	<b>43.0%</b>	104,599	40.2%
Other operating costs	<b>55,500</b>	<b>14.8%</b>	43,489	16.7%
Service costs	<b>48,980</b>	<b>13.1%</b>	38,403	14.7%
Use of third party assets	<b>1,241</b>	<b>0.3%</b>	894	0.3%
Sundry operating expense	<b>5,278</b>	<b>1.4%</b>	4,192	1.6%
<b>Added value</b>	<b>158,186</b>	<b>42.2%</b>	<b>112,408</b>	<b>43.2%</b>

As at 30 June 2021, personnel expense amounted to € 117,171 thousand, up € 27,309 thousand (+30.4%) compared to 2020 (€ 89,863 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. Hours worked were significantly down also in the second quarter of 2020, especially at foreign branches. 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 30 June 2021, adjusted EBITDA totalled € 41,014 thousand (€ 22,545 thousand as at 30 June 2020), up by 81.9%.

Depreciation and amortisation decreased overall by 2.2%, from € 16,985 thousand as at 30 June 2020 to € 16,612 thousand as at 30 June 2021: depreciation of property, plant and equipment (including right-of-use assets) declined by € 821 thousand (-8.2%), while amortisation of intangible assets was up € 449 thousand (+6.5%).

Provisions amounted to € 4,683 thousand: € 2,823 thousand related to adjustments to provisions for future risks and charges – against possible legal disputes – and € 551 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 € 1,309 thousand), made to take account of the estimated higher future charges resulting from the increase in revenue.

The net amount of impairment losses and non-recurring items was positive to the tune of € 13,999 thousand and comprised the following:

- the capital gain arising from the disposal of the equity investment in Dongguan Korex Machinery Co. LTD (€ 17,623 thousand);
- the € 2 million provision for restructuring made by the parent Biesse; this provision is related to the non-recurring One Company project, launched in early 2021 and intended to transform the Group so as to make it more efficient and reactive to the market, rebalancing skills at both a geographical and functional level;
- € 1,624 thousand in impairment losses on capitalised costs for R&D and IT projects.

As regards financial operations, net financial expense amounted to € 1,264 thousand, up compared to 2020 (€ 291 thousand). The main change was linked to the reduced finance income from tax authorities. In 2019 such income was received for IRES (Italian corporate income tax) and IRAP (Italian regional business tax) tax refund claims relating to 2007.

Exchange rate risk management resulted in a net loss of € 711 thousand, an improvement compared to the € 1,244 thousand loss in the prior-year period.

Pre-tax profit thus amounted to € 31,743 thousand.

The estimated balance of income taxes was negative to the tune of € 3,317 thousand. The impact relating to current taxes was a negative € 6,187 thousand (IRES – corporate income tax: € 3,065 thousand, IRAP – regional business tax: € 876 thousand; taxes from foreign jurisdictions: € 2,172 thousand; other income taxes and previous-year taxes: € 75 thousand), while deferred taxes were positive at € 2,869 thousand.

Therefore, net profit as at 30 June 2021 amounted to € 28,426 thousand.

## NET FINANCIAL DEBT AS AT 30 JUNE 2021

EURO 000'S	AT 30TH JUNE 2021	AT 31ST MARCH 2021	AT 31ST DECEMBER 2020	AT 30TH JUNE 2020
Financial assets:	178,143	171,946	191,532	141,296
<i>Current financial assets</i>	27,682	27,589	28,107	22,618
<i>Cash and cash equivalents</i>	150,461	144,357	163,425	118,677
Short term lease liabilities	(7,876)	(6,929)	(6,746)	(6,599)
Short-term bank loans and borrowings and loans from other financial backers	(34,996)	(41,101)	(68,763)	(55,804)
<b>Short-term net financial position</b>	<b>135,271</b>	<b>123,916</b>	<b>116,023</b>	<b>78,894</b>
Medium/Long-term lease liabilities	(21,303)	(22,939)	(23,526)	(25,188)
Medium/Long-term bank loans and borrowings	(915)	(40,838)	(42,954)	(76,292)
Trade payables and other medium/long-term payables	-	-	-	-
<b>Medium/Long-term net financial position</b>	<b>(22,218)</b>	<b>(63,777)</b>	<b>(66,480)</b>	<b>(101,479)</b>
<b>Total net financial position</b>	<b>113,053</b>	<b>60,139</b>	<b>49,543</b>	<b>(22,587)</b>

The Group's Net Financial Position as at 30 June 2021 was positive to the tune of € 113.1 million. Compared to the same prior-year period, the ratio improved by approximately € 135.6 million. The improvement since the beginning of 2021 totalled nearly € 63.5 million, driven by strong operating results (positive EBITDA, cash flow generation associated with the reduction in net working capital) as well as the proceeds from the sale of the Chinese equity investment.

Please note that the Net Financial Position does not include the € 1 million liability (discounted as at the reporting date) associated with the exercise of the put/call option on non-controlling interests in Movetro.

As at the date of approval of these condensed consolidated interim financial statements, Biesse S.p.A. had unused credit lines totalling over € 138 million (including € 50 million with a maturity date longer than 12 months).



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Intangible assets	68,369	73,354
Property, plant and equipment	116,324	125,130
Financial assets	3,194	3,277
<b>Non-current assets</b>	<b>187,885</b>	<b>201,761</b>
Inventories	159,660	129,848
Trade receivables and contract assets	104,523	102,875
Trade payables	(167,967)	(132,790)
Contract liabilities	(82,487)	(72,189)
<b>Net operating working capital</b>	<b>13,729</b>	<b>27,744</b>
Post-employment benefits	(12,343)	(12,775)
Provision for risk and charges	(25,813)	(19,988)
Other net payables	(50,977)	(45,979)
Net deferred tax assets	16,784	14,508
<b>Other net liabilities</b>	<b>(72,347)</b>	<b>(64,235)</b>
<b>Net invested capital</b>	<b>129,266</b>	<b>165,270</b>
Share capital	27,393	27,393
Profit for the previous year and other reserves	185,962	184,099
Profit/Loss for the period	28,312	2,531
Non-controlling interests	652	790
<b>Equity</b>	<b>242,319</b>	<b>214,812</b>
Bank loans and borrowings and loans and borrowings from other financial backers	65,090	141,989
Other financial assets	(27,682)	(28,107)
Cash and cash equivalents	(150,461)	(163,425)
<b>Net financial indebtedness</b>	<b>(113,053)</b>	<b>(49,543)</b>
<b>Total sources of funding</b>	<b>129,266</b>	<b>165,270</b>

Net invested capital amounted to € 129.3 million, down significantly compared to December 2020 (€ 165.3 million). Equity amounted to € 242.3 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 € 4.4 million with respect to intangible assets and € 3.9 million with respect to property, plant and equipment. The change also accounts for the sale of the equity investment in Korex Dongguan Machinery Co. Ltd., resulting in a € 6.2 million net reduction.

Net operating working capital decreased by nearly € 14 million compared to December 2020. This was largely because of the increase in Contract Liabilities (totalling € 82.5 million, up € 10.3 million) as a result of the trend in the order backlog. In addition, Trade Payables were up from € 132.8 million to approximately € 168 million (+€ 35.2 million); this more than offset the € 29.8 million rise in inventories, mostly driven by the stock build-ups necessary to keep up with booming demand.

Trade Receivables and Contract Assets, amounting to € 104,523 thousand, were essentially unchanged.



# SEGMENT REPORTING

## BREAKDOWN OF REVENUE BY OPERATING SEGMENT

EURO 000'S	30 JUNE 2021	%	30 JUNE 2020	%	CHANGE % 2021/2020
Machines and Systems Division	321,003	90.6%	232,559	90.6%	38.0%
Mechatronics Division	48,784	13.8%	33,826	13.2%	44.2%
Intercompany eliminations	(15,670)	(4.4)%	(9,656)	(3.8)%	62.3%
<b>Total</b>	<b>354,117</b>	<b>100.0%</b>	<b>256,728</b>	<b>100.0%</b>	<b>37.9%</b>

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA

EURO 000'S	30 JUNE 2021	%	30 JUNE 2020	%	CHANGE % 2021/2020
Western Europe	179,852	50.8%	120,322	46.9%	49.5%
Asia-Pacific	44,237	12.5%	34,474	13.4%	28.3%
Eastern Europe	59,263	16.7%	43,797	17.1%	35.3%
North America	60,225	17.0%	51,296	20.0%	17.4%
Rest of the World	10,542	3.0%	6,842	2.7%	54.1%
<b>Total</b>	<b>354,117</b>	<b>100.0%</b>	<b>256,728</b>	<b>100.0%</b>	<b>37.9%</b>

Concerning the breakdown of revenue by segment, as explained in the notes, the Group has revised its operating segments to align them with the different organisation of the business lines. The Group has restated the comparative information from the previous year accordingly.

The Machines and Systems segment accounted for 90.6% of the group's turnover and was up 38% compared to 2020, while the Mechatronics segments grew by 44.2%.

Also with reference to the breakdown of revenues by geographical area, the comparative figures for the previous period have been restated.

Looking at the breakdown of revenue by area, the group's overall increase was spread across all markets, even if with varying results: Western Europe (the group's main market) was up 46.9%, followed by Asia – Oceania and Eastern Europe, which grew by 37.2% and 35.3%, respectively. North America rose by 17.4%, while the Rest of the World was up 54.1%.

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

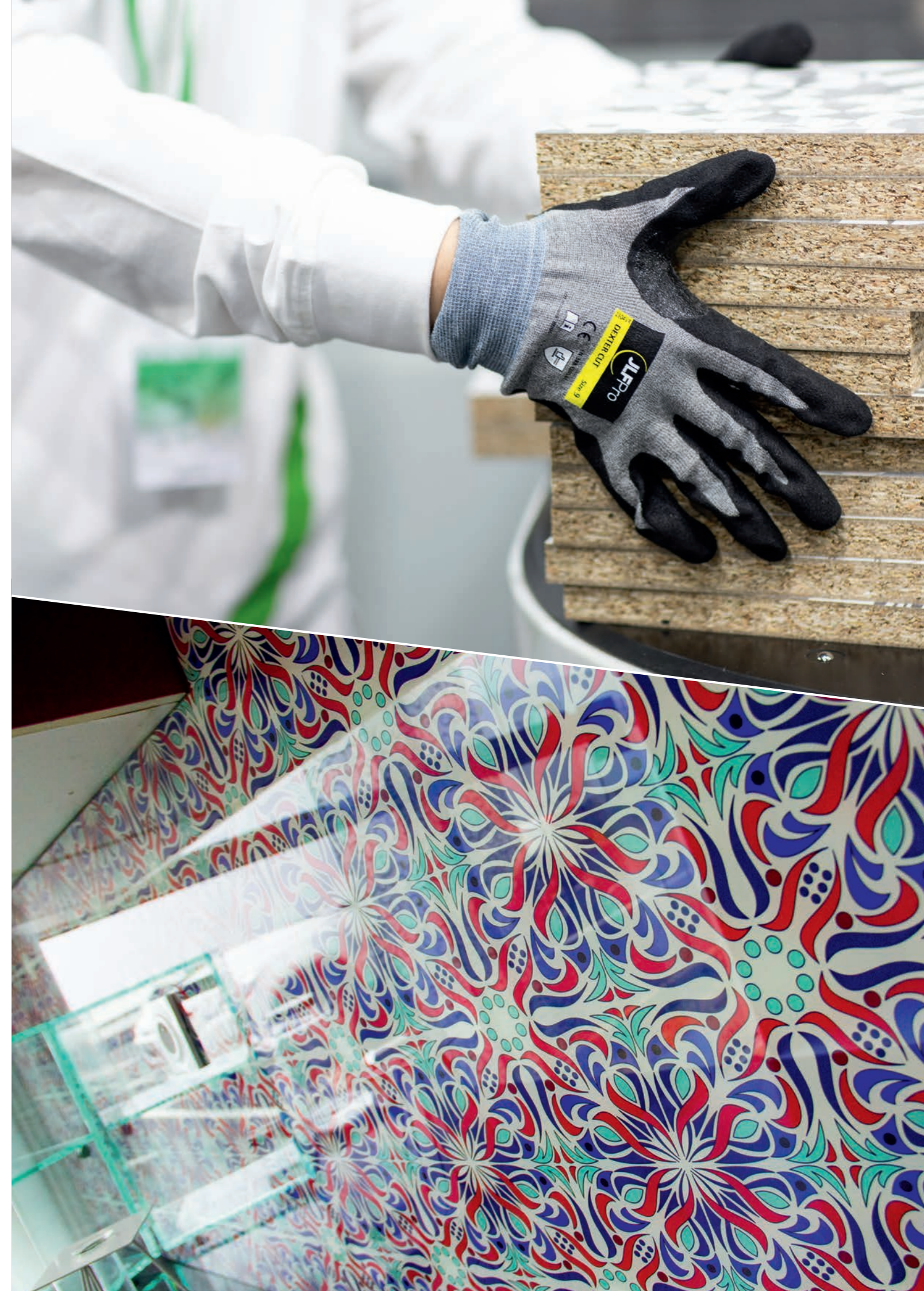
As at 30 June 2021, in line with the situation as at 31 December 2020, there were no associates.

As regards transactions with the parent Bi.Fin. S.r.l., reference should be made to Note 24 in the Notes.

### OTHER RELATED-PARTY TRANSACTIONS

The following have been identified as related parties: the Board of Directors, the Board of Statutory Auditors, SEMAR S.r.l., Wirutex S.r.l. and Fincobi S.r.l.

As for transactions with these companies during the first half of the year, reference should be made to Note 24 in the Notes.



## “ATYPICAL AND/OR UNUSUAL” TRANSACTIONS

### OCCURRED DURING THE SIX-MONTH PERIOD

In the first half of 2021 there were no such transactions.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND FULL-YEAR OUTLOOK

### OUTLOOK FOR THE REMAINDER OF 2021

As everyone knows, the health emergency associated with the Coronavirus outbreak and the ensuing restrictions implemented to contain it continued to significantly affect the social and economic scenario in the first half of 2021. These circumstances, which are extraordinary in terms of their nature and extension, have direct and indirect impacts on economic activity and have created a context of general uncertainty, the developments of which are constantly evolving. Although the mass vaccine rollout launched by the governments of the world's largest economies is making a positive impact, the appearance of new variants of the virus introduces more uncertainty. Therefore, the Group will constantly monitor the situation as the year goes on.

As at the date of approval of these Condensed Consolidated Interim Financial Statements, Biesse Group continues using social safety nets such as the “ordinary” temporary redundancy fund (CIGO), which was followed by the finalisation of the job-security agreement with trade unions in late June. On the other hand, the order backlog as at 30 June 2021 and the trend in orders in the first six months of 2021 are in line with corporate goals. Underlining the difficulties in forecasting in an industry that operates on average with a three-month order backlog (source: Acimall), the Directors of Biesse S.p.A. – on the basis of the most respected macro-economic forecasts and the Group's strategies of product innovation and market penetration – are confident of being able to achieve the objectives that have been set.

Biesse S.p.A., on the basis of this scenario, will continue for all of 2021 in implementing with determination the initiatives aimed at containing costs.

The strategy of Biesse Group for 2021 can be summarised as follows:

**Enhancement of the digitalization process**, which started some years ago and will guarantee digital, automated facto-

ries that are interconnected to all customers thanks to software solutions and new advanced services through SOPHIA, the IOT platform developed by the 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, the Group enhances its product offer by consolidating the technological solutions that are already in use, in the wood, advanced materials, and glass&stone sectors, continuing the study and development of new solutions that will contribute to improving technological standards in the reference sectors.

**Expansion of the Network** with the aim of improving brand awareness in the sectors in which the Group is a recent arrival and has great growth potential. In addition to the new sectors, the Group plans to strengthen its geographic reach, continuing its global expansion by opening new branches, which will join the growth and internationalisation process of the last twenty years.

**Implementation of the One Company model** aimed at rationalising and streamlining the organisational structure of Biesse Group through a) tighter focus on customers, their needs and growth prospects; b) the speeding up of corporate decisions, developing a global and integrated management model, based on shared processes and tools; c) the evolution of the leadership model towards greater collaboration, people empowerment, ability to manage disruption and change.

The Directors of Biesse S.p.A. deem that, thanks to the Group's financial strength and the improved performance of key markets, there are no uncertainties (as defined in para. 25 of IAS 1) regarding business continuity.

## OTHER INFORMATION

At the date on which these Condensed Consolidated Interim Financial Statements as at 30 June 2021 were approved, Biesse S.p.A. did not hold treasury shares.

In addition, it should be noted that the parent company Biesse S.p.A. does not own shares in the parent nor did it own or trade them during the first half of 2021. There is therefore nothing to disclose for the purposes of Article 2428, paragraph 2, sections 3 and 4 of the Italian Civil Code.

Pesaro, 30/07/2021

Chief Executive Officer  
**Roberto Selci**



# CONDENSED

CONSOLIDATED  
INTERIM FINANCIAL  
STATEMENTS

AS AT 30 JUNE 2021

# CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30/06/2021

EURO 000'S	NOTE	30 JUNE 2021	30 JUNE 2020
Revenue	4	354,117	256,728
Other operating income		19,918	4,187
Change in inventories of finished goods and work in progress		18,183	(418)
Purchase of raw materials and consumables		(160,910)	(104,599)
Personnel expense	6	(117,171)	(89,863)
Depreciation, amortisation and impairment		(24,919)	(18,340)
Other operating costs		(55,500)	(43,489)
<b>Operating profit</b>		<b>33,718</b>	<b>4,205</b>
Financial income		216	439
Financial expense		(1,480)	(1,412)
Net exchange rate losses	7	(711)	(1,244)
<b>Pre-tax profit</b>		<b>31,743</b>	<b>1,988</b>
Income taxes	8	(3,317)	(838)
<b>Half year result</b>		<b>28,426</b>	<b>1,150</b>
Attributable to owners of the parent		28,312	1,246
Attributable to non-controlling interests		114	(96)
Earnings per share	9	1,03	0,05
Diluted (€/cents)	9	1,03	0,05

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

EURO 000'S	NOTE	30 JUNE 2021	30 JUNE 2020
<b>Half year result</b>		<b>28,426</b>	<b>1,150</b>
Translation differences of foreign operations	16	(525)	(2,559)
Profit/Loss on financial asset at fair value OCI		80	
Taxes on profit/(losses) on financial assets at fair value OCI		(19)	
<b>Total components that will or can be reclassified in the half-year income statement</b>		<b>(464)</b>	<b>(2,559)</b>
Measurement of liabilities (asset) defined-benefit plans net		126	(32)
Income taxes not on other comprehensive income		(30)	8
<b>Total components that will not be reclassified in the income statement for the half year</b>		<b>96</b>	<b>(24)</b>
<b>Total comprehensive income for the half year</b>		<b>28,065</b>	<b>(1,432)</b>
<b>Attributable to:</b>			
Non-controlling interests		112	(95)
Owners of the parent		27,952	(1,337)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

EURO 000'S	NOTE	30 JUNE 2021	31 DECEMBER 2020
<b>ASSET</b>			
Equipment and other items of property, plant and equipment			
Property, plant and equipment	11	116,324	125,130
Goodwill	12	23,516	23,471
Other intangible assets	11	44,853	49,884
Deferred tax assets	8	19,761	17,499
Other financial assets and receivables (including derivatives)		3,194	3,277
Other revceables	19	(2)	-
<b>Total non current assets</b>		<b>207,646</b>	<b>219,260</b>
Inventories	13	159,660	129,848
Trade receivables and contract assets	14	104,523	102,875
Other revceables		14,733	14,773
Other financial assets and receivables (including derivatives)		27,682	28,107
Other financial assets due from related parties		-	-
Cash and cash equivalents		150,461	163,425
<b>Total current assets</b>		<b>457,059</b>	<b>439,028</b>
<b>TOTAL ASSETS</b>		<b>664,705</b>	<b>658,288</b>

EURO 000'S	NOTE	30 JUNE 2021	31 DECEMBER 2020
<b>LIABILITIES</b>			
Share capital	15	27,393	27,393
Reserves	16, 17	185,962	184,099
Profit/Loss for the period		28,312	2,531
<b>Equity attributable to the owners of the parent</b>		<b>241,667</b>	<b>214,022</b>
Non-controlling interests		652	790
<b>TOTAL EQUITY</b>		<b>242,319</b>	<b>214,812</b>
Financial liabilities	18	22,218	66,480
Post-employment benefits		12,343	12,775
Deferred tax liabilities		2,977	2,992
Provisions for risks and charges	22	2,205	322
Other liabilities		969	969
<b>Total non current liabilities</b>		<b>40,713</b>	<b>83,538</b>
Financial liabilities	18	42,872	75,509
Provisions for risks and charges	22	23,608	19,666
Trade payables	19	167,967	132,790
Contract liabilities	20	82,487	72,189
Other liabilities		59,196	55,742
Income tax liability		5,542	4,041
<b>Total Current liabilities</b>		<b>381,673</b>	<b>359,937</b>
<b>LIABILITIES</b>		<b>422,386</b>	<b>443,477</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>664,705</b>	<b>658,288</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2021

EURO 000'S	NOTE	30 JUNE 2021	30 JUNE 2020
<b>OPERATING ACTIVITIES</b>			
Profit for the year		28,426	1,150
<i>Change for:</i>			
Income taxes		3,317	838
Depreciation and amortisation of current and non-current owned assets		12,469	12,463
Depreciation and amortisation of current assets in leasing		4,143	4,521
Gains/losses from sales of property, plant and equipment		(58)	(226)
Gain on disposal of investment	21	(17,623)	0
Impairment losses on intangible assets		1,624	329
Accrual to post-employment benefits		6,683	(297)
Income from investment activities		(48)	(179)
Net Financial expense		1,517	1,152
<b>SUBTOTAL OPERATING ACTIVITIES</b>		<b>40,450</b>	<b>19,751</b>
Change in trade receivables and contract assets		(1,402)	17,151
Change in inventories		(28,654)	847
Change in trade payables and contract liabilities		44,201	(29,388)
Change in post-employment benefits and in others funds		(346)	(1,763)
Other changes in operating assets and liabilities		1,495	6,098
<b>CASH FLOW CASH FLOW GENERATED / (ABSORBED) BY OPERATING ACTIVITIES</b>		<b>55,745</b>	<b>12,697</b>
Tax paid		(2,247)	(5,393)
Interest paid		(1,300)	(1,146)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>52,198</b>	<b>6,158</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(3,913)	(1,717)
Proceeds from sale of property, plant and equipment		796	226
Acquisition of intangible assets		(4,398)	(6,041)
Changes in other financial assets		(76)	(19,979)
Interest received		48	179
Cash flow from sale of investments in subsidiaries	21	22,087	0
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>14,544</b>	<b>(27,331)</b>
<b>FINANCING ACTIVITIES</b>			
Loan refunds and changes in overdrafts		(75,616)	(25,762)
New bank loans received		0	84,980
Finance lease payments		(3,995)	(4,844)
Purchase of additional controlling shares	21	(550)	0
Other changes		44	(24)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(80,116)</b>	<b>54,350</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13,374)</b>	<b>33,176</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>163,425</b>	<b>86,061</b>
Effect of exchange rate fluctuations on cash held		410	(560)
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>150,462</b>	<b>118,677</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2021

EURO 000'S	ATTRIBUTABLE TO THE OWNERS OF THE PARENT									
	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	ACTUARIAL RESERVE	OCI RESERVES	EQUITY RESERVES	OTHER RESERVES	PROFIT FOR THE PERIOD	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL EQUITY
<b>Opening balances at 01/01/2020</b>	<b>27,393</b>	<b>(6,140)</b>	<b>(4,982)</b>		<b>36,202</b>	<b>152,317</b>	<b>13,027</b>	<b>217,817</b>	<b>858</b>	<b>218,675</b>
Other comprehensive income		(2,558)	(25)					(2,583)	1	(2,583)
Profit for the period at 30 giugno 2020							1,246	1,246	(96)	1,150
<b>Total comprehensive income/expense for the year</b>		<b>(2,558)</b>	<b>(25)</b>				<b>1,246</b>	<b>(1,337)</b>	<b>(95)</b>	<b>(1,432)</b>
Allocation of profit for the previous year						13,027	(13,027)			
<b>Closing balances at 30/06/2020</b>	<b>27,393</b>	<b>(8,699)</b>	<b>(5,007)</b>		<b>36,202</b>	<b>165,344</b>	<b>1,246</b>	<b>216,480</b>	<b>763</b>	<b>217,243</b>

EURO 000'S	ATTRIBUTABLE TO THE OWNERS OF THE PARENT									
	SHARE CAPITAL	HEDGING AND TRANSLATION RESERVES	ACTUARIAL RESERVE	OCI RESERVES	EQUITY RESERVES	OTHER RESERVES	PROFIT FOR THE PERIOD	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL EQUITY
<b>Opening balances at 01/01/2021</b>	<b>27,393</b>	<b>(12,293)</b>	<b>(5,146)</b>		<b>36,202</b>	<b>165,336</b>	<b>2,531</b>	<b>214,022</b>	<b>790</b>	<b>214,812</b>
Other comprehensive income		(525)	104	61				(360)	(1)	(362)
Profit for the year at 30 giugno 2019							28,312	28,312	114	28,426
<b>Total comprehensive income/expense for the year</b>		<b>(525)</b>	<b>104</b>	<b>61</b>			<b>28,312</b>	<b>27,952</b>	<b>112</b>	<b>28,065</b>
Allocation of profit for the previous year						2,531	(2,531)			
Transactions with non-controlling shareholders			(8)			(295)		(303)	(247)	(550)
Other changes						(4)		(4)	(3)	(7)
<b>Closing balances at 30/06/2021</b>	<b>27,393</b>	<b>(12,819)</b>	<b>(5,050)</b>	<b>61</b>	<b>36,202</b>	<b>167,568</b>	<b>28,312</b>	<b>241,667</b>	<b>652</b>	<b>242,319</b>

# CONDENSED

CONSOLIDATED  
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STATEMENTS

NOTES

# NOTES

## 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.

Biesse Group (hereinafter referred to as the "Group") operates in the mechanical tool sector, and is wholly controlled by BI.Fin. S.r.l., a company operating in the production and sale of machinery and systems for processing wood, glass and stone. Biesse S.p.A. is listed on the Milan Stock Exchange in the STAR segment.

### Reporting criteria

The presentation currency for the Consolidated Financial Statements is the Euro, and the reported amounts and the amounts in the Notes to the Financial Statements are expressed in thousands of Euro, unless otherwise expressly indicated. These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 30 July 2021 and were subject to a limited audit by Deloitte & Touche S.p.A.

### Scope of consolidation

The consolidated statement of financial position and income statement as at 30 June 2021 include the financial statements of subsidiaries in addition to those of the parent company.

## 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>PARENT COMPANY</b>						
<b>Biesse S.p.A.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU) - Italy	EUR	27,393,042				
<b>ITALIAN SUBSIDIARIES:</b>						
<b>HSD S.p.A.</b> Via della Meccanica, 16 Loc. Chiusa di Ginestreto (PU) - Italy	EUR	1,141,490	100%			100%
<b>Bre.Ma. Brenna Macchine S.r.l.</b> Via Manzoni, snc Alzate Brianza (CO) - Italy	EUR	70,000	98%			98%
<b>Uniteam S.p.A.</b> Via della Meccanica 12 Thiene (VI) - ITALY	EUR	390,000	100%			100%
<b>Montesor &amp; Co. S.r.l.</b> Via Francia, 13 Villafranca (VR) - Italy	EUR	1,000,000	60%			60%
<b>Movetro S.r.l.</b> Via Marco Polo, 12 Carmignano di Sant'Urbano (PD) - Italy	EUR	51,000	60%			100% <sup>1</sup>

NAME AND REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	DIRECTLY CONTROLLED	INDIRECTLY CONTROLLED	OWNERSHIP VEHICLE	BIESSE GROUP
<b>FOREIGN SUBSIDIARIES:</b>						
<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 Group UK Ltd.</b> Lampport 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 Austria GmbH</b> Am Messezentrum, 6 Salisburgo – Austria	EUR	685,000		100%	Biesse G. Deutschland GmbH	100%
<b>Biesservice Scandinavia AB</b> Maskinvagen 1 Lindas – Sweden	SEK	200,000	60%			50%
<b>Biesse Iberica Woodworking Machinery s.l.</b> C/De La Imaginació, 14 Poligon Ind. La Marina – Barcellona – Spain	EUR	699,646	100%			100%
<b>WMP- Woodworking Machinery Portugal, Unipessoal Lda</b> Sintra Business Park, 1 São Pedro de Penaferrim, 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 Manufacturing Co. Pvt. Ltd.</b> Jakkasandra Village, Sondekoppa rd. Nelamanga Taluk, Bangalore – India	INR	1,224,518,391	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		100%	Biesse Asia Pte. Ltd.	100%
<b>Biesse Malaysia SDN BHD</b> No. 5, Jalan TPP3 47130 Puchong -Selangor – Malaysia	MYR	5,000,000		100%	Biesse Asia Pte. Ltd.	100%

NAME AND REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	DIRECTLY CONTROLLED	INDIRECTLY CONTROLLED	OWNERSHIP VEHICLE	BIESSE GROUP
<b>SOCIETÀ ESTERE CONTROLLATE:</b>						
<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	325,952,688	100%			100%
<b>Biesse Trading (Shanghai) Co. Ltd.</b> Room 301, No.228, Jiang Chang No.3 Road Zha Bei District – Shanghai – China	RMB	76,000,000		100%	Biesse (HK) LTD	100%
<b>Intermac do Brasil Comercio de Maquinas e Equipamentos Ltda.</b> Andar Pilotis Sala, 42 San Paolo – 2300 – Brazil	BRL	12,964,254	100%			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>000 Biesse Group Russia</b> Mosrentgen area, settlement Zavoda Mosrentgen, Geroya Rossii Solomatina street, premises 6, site 6, office 3, 108820 Moscow - Russian Federation	RUB	59,209,440	100%			100%
<b>Biesse Gulf FZE</b> Dubai, Free Trade Zone United Arab Emirates	AED	6,400,000	100%			100%
<b>Biesse Taiwan</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 – Japan	JPY	5,000,000		100%	Biesse Asia Pte Ltd.	100%
<b>HSD Mechatronic (Shanghai) Co. Ltd.</b> D2, 1st floor, 207 Taiguoroad, Waigaoqiao Free Trade Zone Shanghai – China	RMB	2,118,319		100%	Hsd S.p.A.	100%
<b>Hsd Usa Inc.</b> 3764 SW 30th 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%

<sup>1</sup> As a reminder, the contract to purchase Movetro S.r.l. provided for a put/call option on non-controlling interests. We have considered the possibility that the old ownership will exercise the put option (on 31 July 2022). We have valued such a transaction at the minimum price provided in the contract (€ 1 million discounted as at today). As a result, the company is still 100% consolidated even though only 60% of shares are currently held.

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. In addition, in April 2021 the Group sold the equity investment in Dongguan Korex Machinery Co. Ltd.. Finally, the merger of the subsidiaries Viet Italia S.r.l. and Bsoft S.r.l. into the Parent Biesse S.p.A. was completed on 30 June 2021.

## 2. DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, BASIS OF PRESENTATION AND CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION PRINCIPLES

### Statement of compliance with international financial reporting standards and general standards

The Condensed Consolidated Interim Financial Statements 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 article 9 of Italian Law Decree 38/2005 and the CONSOB regulations and provisions regarding financial statements.

The Condensed Consolidated Interim 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.

The condensed consolidated interim financial statements were prepared in accordance with IAS 34 - Interim Financial Reporting. The accounting standards applied were the same as those already adopted for preparing the consolidated financial statements as at 31 December 2020, to which reference is made for the sake of completeness. Any exceptions are described in section 3.1 below "Accounting standards, amendments and IFRS interpretations effective as from 1 January 2021", with the specification that the changes introduced at IFRS level did not result in impacts requiring disclosure.

The figures shown in these condensed consolidated interim financial statements are comparable with the same period of the previous year.

### 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 the CONSOB, and consist of:

#### Income Statement

Expenses are classified based on their nature, highlighting interim results with respect to operating and pre-tax profit. Operating profit (loss) is calculated as the difference between net revenue and operating expense (including non-monetary 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. Compared to the income statement structure adopted until 31 December 2020, the Group saw fit to separately disclose the impact arising from exchange rates gains and losses, without affecting the representation of interim and final results.

#### Statement of Comprehensive Income

This statement includes the components that make up the

result for the year and the items of income and expense recognised directly in Equity arising from transactions other than those carried out with shareholders.

#### Statement of Financial Position

This statement shows a breakdown of current and non-current assets and liabilities, with the description in the Notes – for each item of assets and liabilities – of the amounts that are expected to be settled or recovered within or after 12 months from the reporting date.

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 Group's normal operating cycle;
- it is held primarily for the purpose of being 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 parent company's and subsidiaries' profit 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.

#### 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.

Income and expense relating to interests, dividends received, and income taxes are classified as cash flows according to the type of underlying transaction that generated them.

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.

Lastly, it should be noted that, with reference to Consob Resolution no. 15519 of 27 July 2006 on the format of financial statements, specific additional income statement and statement of financial position were included, highlighting significant related-party transactions, so as to improve the readability of the information.

The statements adopted are considered fit for fairly presenting the Group's performance, financial position and cash flows; in particular, we believe that the financial statements reclassified by nature provide reliable and material information for the purposes of correctly representing the Group's performance.

The average and final foreign exchange rates used for accounting purposes were as follows:

CURRENCY	30 JUNE 2021		31 DECEMBER 2020		30 JUNE 2020	
	Closing	Final	Closing	Final	Closing	Final
Brazilian Real / Euro	1.2053	1.1884	1.1422	1.2271	1.1020	1.1198
Canadian Dollar / Euro	6.4902	5.9050	5.8943	6.3735	5.4104	6.1118
Pound Sterling / Euro	1.5030	1.4722	1.5300	1.5633	1.5033	1.5324
Swedish Krone / Euro	0.8680	0.8581	0.8897	0.8990	0.8746	0.9124
Australian Dollar / Euro	10.1308	10.1110	10.4848	10.0343	10.6599	10.4948
New Zealand Dollar / Euro	1.5626	1.5853	1.6549	1.5896	1.6775	1.6344
Indian Rupee / Euro	1.6810	1.7026	1.7561	1.6984	1.7600	1.7480
Chinese Renminbi Yuan / Euro	88.4126	88.3240	84.6392	89.6605	81.7046	84.6235
Swiss Franc / Euro	7.7960	7.6742	7.8747	8.0225	7.7509	7.9219
Indonesian Rupiah / Euro	1.0946	1.0980	1.0705	1.0802	1.0642	1.0651
Hong Kong Dollar /Euro	17,225.8200	17,280.3000	16,627.3700	17,240.7600	16,078.0200	16,184.4100
Malaysian Ringgit /Euro	9.3551	9.2293	8.8587	9.5142	8.5531	8.6788
South Korean Won /Euro	4.9387	4.9336	4.7959	4.9340	4.6836	4.7989
Turkish Lira/Euro	1,347.5400	1,341.4100	1,345.5800	1,336.0000	1,329.5300	1,345.8300
Russian Rouble/euro	9.5226	10.3210	8.0547	9.1131	7.1492	7.6761
UAE Dirham/euro	89.5502	86.7725	82.7248	91.4671	76.6692	79.6300
Taiwan Dollar/euro	4.4266	4.3644	4.1947	4.5065	4.0473	4.1125
Dollar Taiwan/euro	33.7755	33.1584	33.6227	34.4807	33.0701	33.0076

## 3. MEASUREMENT CRITERIA, USE OF ESTIMATES AND RECLASSIFICATIONS

The preparation of the Condensed Consolidated Interim 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. In preparing these Condensed Consolidated Interim Financial Statements, Management specifically considered also the impact of the ongoing Covid 19 pandemic, including in terms of forward-looking analyses/estimates, by relying also on leading external sources of information as required. Actual results may differ from these estimates. 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.

Finally, the Directors believe there are no impacts associated with COVID-19 that could give rise to uncertainties and significant risks with respect to business continuity.

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 consolidated 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 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 Management's estimate of impairment losses expected by the 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 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. Management regularly reviews the carrying amount of non-current assets owned and used and of assets to be disposed of, when events and circumstances call for such review. 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 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 Group's latest plans.

#### Product warranties

When a product is sold, the Group 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 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 expense are measured with an actuarial method that requires the use of 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 of high-quality corporate bonds (Euro Composite AA interest-rate curve) in the respective reference markets. The expected return on assets is calculated on the basis of the different data provided by experts on long-term expectations of capital market yields, inflation, current yield on bonds, and other variables, and may be adjusted to take account of the asset investment strategies. The rates of future salary increases reflect the Group's long-term expectations for the reference markets and the trend in inflation. Any change in any of these variables may affect future contributions to the provisions.

#### Contingent liabilities

The Group is subject to legal and tax claims regarding a wide range of issues that are within the jurisdiction of various countries. Owing to the uncertainties inherent to these issues, it is hard to make a reliable estimate of the outflow of resources that could arise from said disputes. The claims and disputes against the Group 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 ordinary course of business, Management consults with its own legal advisors as well as legal and tax experts. The Group 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.

### 3.1. ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ADOPTED AS FROM 1 January 2021

The following accounting standards, amendments and IFRS

interpretations have been adopted for the first time as from 1 January 2021:

- On 28 May 2020, the IASB issued “**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**”. The amendments allow to extend the temporary exemption from applying IFRS 9 until 1 January 2023 for insurance companies.
- In light of the reform of interbank interest rates such as IBOR, on 27 August 2020, the IASB issued “Interest Rate Benchmark Reform—Phase 2” which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; e
  - IFRS 16 Leases.

All amendments became effective 1 January 2021.

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

### 3.2 ACCOUNTING STANDARDS, AMENDMENTS AND IFRS / IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT YET ADOPTED IN ADVANCE BY THE GROUP AS AT 30 JUNE 2021

- On 14 May 2020, the IASB issued the following amendments:
  - **Amendments to IFRS 3 Business Combinations:** the amendments are intended to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without changing the requirements of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the amendments are intended to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is testing the asset. Instead, a company will recognise such sales proceeds and the relevant costs in profit or loss.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendments specify that when assessing whether a contract will be loss-making a company must consider all costs directly attributable to the contract. Therefore, when assessing whether a contract will be loss-making a company must consider not only incremental costs (such as direct material costs), but also all costs that the company cannot avoid because of the contract's existence (such as the depreciation charge for equipment used to fulfil the contract).
  - **Annual Improvements 2018-2020:** the IASB made amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, and the Illustrative Examples of IFRS 16 Leases.

All amendments will be effective as of 1 January 2022. The Directors are currently assessing the possible impacts that the introduction of these amendments may have on the Group's consolidated financial statements.

### 3.3 ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the relevant authorities of the European Union have not yet completed the necessary endorsement process for the adoption of the above-mentioned amendments and standards.

- On 18 May 2017, the IASB issued **IFRS 17 – Insurance Contracts**, which will replace IFRS 4 – Insurance Contracts. The aim of the new standard is to guarantee that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB developed the Standard to eliminate inconsistencies and weaknesses in existing accounting practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The Standard also specifies presentation and disclosure requirements to enhance comparability between entities in this industry. The new standard measures an insurance contract under either the General Model or a simplified version of this, called the Premium Allocation Approach (“PAA”).

The main features of the General Model are:

Le principali caratteristiche del General Model sono:

- estimates and assumptions of future cash flows are always current;
- measurement reflects the time value of money;
- estimates make maximum use of observable market consistent information;
- there is a current and explicit measurement of risk;
- expected profit is deferred and aggregated in groups of insurance contracts at initial recognition; and,
- expected profit is recognised over the coverage period after adjustments from changes in the cash flows assumptions related to each group of contracts.

Under PAA, an entity may measure the liability for remaining coverage of a group of insurance contracts on the condition that, at initial recognition, the entity reasonably expects that this liability will be an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for PAA. The simplifications arising from the PAA do not apply to the measurement of the liabilities for incurred claims, measured under the General Model. However, there is no need to discount those cash flows if the balance is expected to be paid or received in one year or less from the date the claims are incurred.

An entity shall apply the Standard to issued insurance contracts including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a discretionary participation feature (DPF).

The standard is applicable as from 1 January 2023, but early adoption is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Directors do not expect the adoption of this standard to have a significant impact on the consolidated financial statements of the Group.

- On 23 January 2020, the IASB issued “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**”. The document is intended to clarify how to classify debts and other liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, but the IASB has issued an exposure draft to defer the effective date to 1 January 2023; earlier application is nonetheless permitted. The Directors are currently assessing the possible impacts that the introduction of these amendments may have on the Group's consolidated financial statements.

- 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 so that they provide more useful 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Directors are currently assessing the possible impacts that the introduction of these amendments may have on the Group's consolidated financial statements.

- On 31 March 2021, the IASB issued “**Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)**”, extending by one year the application period of the amendment to IFRS 16, issued in 2020, concerning the accounting for Covid-19 related rent concessions for lessees. The amendments are effective for annual reporting periods beginning on or after 1 April 2021, with early adoption 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 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 amount, such as leases and decommissioning obligations. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023, 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 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/Group is not a first-time adopter, this standard is not applicable.



#### 4. REVENUE AND ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHICAL AREA

##### Analysis by operating segment

Starting with these Condensed Consolidated Interim Financial Statements, the Group – in line with the reorganisation launched in the first half of 2021 – monitors the business based on two Operating Segments: Machines and Systems, and Mechatronics. Therefore, segment reporting has been updated accordingly.

Specifically, the two Operating Segments can be represented as follows:

- 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

Below is the information on these operating segments:

EURO 000'S	REVENUES BY OPERATING SEGMENT AT 30 JUNE			
	2021	%	2020 RESTATED	%
Machines and Systems Division	321,003	90.6%	232,559	90.6%
Mechatronics Division	48,784	13.8%	33,826	13.2%
Inter-segment eliminations	(15,670)	(4.4)%	(9,656)	(3.8)%
<b>Total</b>	<b>354,117</b>	<b>100.0%</b>	<b>256,728</b>	<b>100.0%</b>

In light of the revised operating segment structure, the Group presents the following reconciliation table with the comparative information for the previous period:

EURO 000'S	30/06/2020 RESTATED				TOTAL
	30/06/2020 PUBLISHED	MACHINES AND SYSTEMS	MECHATRONICS	INTER-SEGMENT ELIMINATIONS	
Wood Division	184,049	184,049			
Glass & Stone Division	43,678	43,678			
Mechatronics Division	33,826		33,826		
Tooling Division	5,610	5,610			
Components Division	6,863	6,863			
Inter-segment eliminations	(17,298)	(7,642)		(9,656)	
<b>Totale</b>	<b>256,728</b>	<b>232,558</b>	<b>33,826</b>	<b>(9,656)</b>	<b>256,728</b>

##### Operating profit (loss)

In the first half of 2021, net revenue amounted to € 354,117 thousand, compared to € 256,728 thousand as at 30 June 2020, up 37.9% year-on-year. The Machines and Systems segment is the Group's main segment, accounting for 90.6% of consolidated revenue (90.6% also in 2020); sales rose by 38% from € 232,559 thousand as at 30/06/2020 to € 321,003 thousand. The segment's operating profit rose sharply from € 6,009 thousand to € 37,501 thousand, thanks to increased

volumes and the ensuing positive impact on margins, as well as strict cost monitoring. The Mechatronics segment reported a 44.2% increase in revenue (from € 33,826 thousand as at 30/06/2020 to € 48,784 thousand), keeping its contribution to consolidated revenue unchanged. Operating profit was up from € 4,687 thousand to € 8,155 thousand.

The following table shows operating profit by Segment as at 30 June 2021 and 2020:

##### 30 JUNE 2021

EURO 000'S	MACHINES AND SYSTEMS DIVISION	MECHATRONICS DIVISION	ELIMINATIONS	TOTAL
<b>TOTAL REVENUE</b>	<b>321,003</b>	<b>48,784</b>	<b>(15,670)</b>	<b>354,117</b>
<b>Operating profit of segment</b>	<b>29,346</b>	<b>8,155</b>		<b>37,501</b>
Unallocated ordinary costs				(3,783)
<b>Operating profit</b>				<b>33,718</b>
Unallocated financial expense				(1,915)
<b>Pre-tax profit</b>				<b>31,743</b>
Income taxes				(3,317)
<b>Profit for the period</b>				<b>28,426</b>

##### 30 JUNE 2020 RESTATED

EURO 000'S	MACHINES AND SYSTEMS DIVISION	MECHATRONICS DIVISION	ELIMINATIONS	TOTAL
<b>TOTAL REVENUE</b>	<b>232,559</b>	<b>33,826</b>	<b>(9,656)</b>	<b>256,728</b>
<b>Operating profit of segment</b>	<b>1,322</b>	<b>4,687</b>	<b>0</b>	<b>6,009</b>
Unallocated ordinary costs				(1,804)
<b>Operating profit</b>				<b>4,205</b>
Unallocated financial expense				(2,217)
<b>Pre-tax profit</b>				<b>1,988</b>
Income taxes				(838)
<b>Profit for the period</b>				<b>1,150</b>

As a result of the revised structure of the operating segments, a reconciliation table is provided with the comparative figures for the previous period:

EURO 000'S	30/06/2020 RESTATED				TOTAL
	30/06/2020 PUBLISHED	MACHINES AND SYSTEMS DIVISION	MECHATRONICS DIVISION	INTER-SEGMENT ELIMINATIONS	
Wood Division	1,354	1,354			
Glass & Stone Division	(321)	(321)			
Mechatronics Division	4,687		4,687		
Tooling Division	487	487			
Components Division	(198)	(198)			
<b>Total</b>	<b>6,009</b>	<b>1,322</b>	<b>4,687</b>	<b>-</b>	<b>6,009</b>

#### WAREHOUSES

EURO 000'S	MACHINES AND SYSTEMS	MECHATRONICS	TOTAL
30 June 2021	142,613	17,047	<b>159,660</b>
31 December 2020	114,300	15,548	<b>129,848</b>

As a result of the revised structure of the operating segments, a reconciliation table is provided with the comparative figures for the previous period:

EURO 000'S	30/06/2020 PUBLISHED	30/06/2020 RESTATED			TOTAL
		MACHINES AND SYSTEMS	MECHATRONICS	INTER-SEGMENT ELIMINATIONS	
Wood Division	92,428	92,428			
Glass & Stone Division	15,255	15,255			
Mechatronics Division	15,548		15,548		
Tooling Division	2,531	2,531			
Components Division	4,086	4,086			
<b>Total</b>	<b>129,848</b>	<b>114,300</b>	<b>15,548</b>	<b>-</b>	<b>129,848</b>

## BREAKDOWN BY GEOGRAPHICAL AREA

### Revenue

EURO 000'S	AT 30 JUNE			
	2021	%	2020	%
Western Europe	176,782	49.9%	120,322	46.9%
Asia - Pacific	47,307	13.4%	34,474	13.4%
Eastern Europe	59,263	16.7%	43,797	17.1%
North America	60,225	17.0%	51,296	20.0%
Rest of the World	10,542	3.0%	6,842	2.7%
<b>Group Total</b>	<b>354,117</b>	<b>100.0%</b>	<b>256,728</b>	<b>100.0%</b>

Also with reference to the breakdown of revenues by geographical area, the comparative figures for the previous period have been restated.

Looking at the breakdown of revenue by area, the group's overall increase was spread across all markets, even if with varying results: Western Europe (the group's main market) was up 46.9%, followed by Asia – Oceania and Eastern Europe, which grew by 37.2% and 35.3%, respectively. North America rose by 17.4%, while the Rest of the World was up 54.1%.

### 5. SEASONALITY

The business segments in which Biesse Group operates experience significant seasonality, since demand for machine tools is typically concentrated in the second part of the year (and especially in the last six months). This is because of end customers' purchasing habits, which are significantly affected by expectations concerning investment incentive policies, as well as forecasts for their reference markets.

Another aspect to be taken into account is the Group's structure, as overseas branches (in USA, Canada, Oceania, and Far East) generate on average a third of total business volumes. Given the lead time necessary for delivering machine tools to these markets, and that the end market is particularly sensitive to the turnaround between order and delivery, these branches normally replenish their inventories in the first half in order to handle year-end sales.

### 6. PERSONNEL EXPENSE

In the first half of 2021, personnel expense amounted to € 117,171 thousand, up € 27,308 thousand compared to the same period last year (€ 89,863 thousand, + 30.4%). The change in personnel expense reflects greater use of the existing workforce (reduced reliance on social safety nets) and an increase in headcount (4,290 units as at 30 June 2021, compared to 4,041 units as at 30 June 2020) resulting from positive market performance.

### 7. EXCHANGE RATE GAINS AND LOSSES

Starting with these Condensed Consolidated Interim Financial Statements, exchange rate gains and losses are presented separately from other financial items to improve the presentation of financial impacts associated with the structure of the Group's funding sources. The Group has restated the comparative information from the previous year accordingly.

### 8. TAXES

The Italian corporate income tax (IRES) rate was 24% (24% in 2020) of the taxable income of the Parent Company and the Italian subsidiaries, while income taxes for other jurisdictions are calculated based on the rates in force in the relevant countries. For the purposes of calculating the income tax expense for the period, the Group applied to the interim profit the tax rate applicable to the estimated year-end results.

As at 30 June 2021, the Group's deferred tax assets totalled € 19,761 thousand, up compared to 31 December 2020 (+ € 2,262 thousand). Management recognised deferred tax assets to the extent they are likely to be recovered. Total taxes recognised in the income statement amounted to € 3,317 thousand with a tax rate of 10.5%.

### 9. EARNINGS PER SHARE

Basic earnings per share for the period ended 30 June 2021

totalled 1.03 Euro/cent (0.05 Euro/cent in 2020) and were calculated by dividing the profit attributable to the owners of the Parent, amounting to € 28,312 thousand, by the weighted average number of ordinary shares outstanding during the period, which amounted to 27,393,042 (as in 2020).

As at 30 June 2021, the number of treasury shares held was 0. As there were no dilutive effects, the calculation used for Basic EPS is also applicable to Diluted EPS. The calculations are shown in the following tables:

#### Profit attributable to owners of the Parent

EURO 000'S	30 JUNE 2021	30 JUNE 2020
Profit for the year	28,312	1,246
Weighted average number of shares used to calculate basic and diluted earnings per share	27,393	27,393
<b>Base and diluted profit for the year (in Euro)</b>	<b>1.03</b>	<b>0.05</b>

#### Weighted average number of outstanding ordinary shares

EURO 000'S	30 JUNE 2021	30 JUNE 2020
Weighted average number of outstanding shares – for the calculation of basic earnings	27,393	27,393
Effect of treasury shares	-	-
Weighted average number of outstanding shares – for the calculation of basic earnings	27,393	27,393
Dilutive effects	0	0
<b>Weighted average number of outstanding shares – for the calculation of diluted earnings</b>	<b>27,393</b>	<b>27,393</b>

### 10. DIVIDENDS

On 28 April 2021, the Ordinary Shareholders' Meeting approved the separate and consolidated financial statements as at 31 December 2020. Instead of a regular dividend payout, in light of a global scenario still characterised by a high level of uncertainty, and also in order to assess potential inorganic growth opportunities and initiatives to strengthen the Group's international presence, the Meeting resolved to allocate the profit for the year to the Extraordinary Reserve.

### 11. PROPERTY, PLANT, EQUIPMENT AND OTHER ITEMS OF PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS

In the reporting period, the Group made new investments totalling € 4,398 thousand in intangible assets and € 3,913 thousand in property, plant, and equipment. In addition to these changes,

please note also those associated with the sale of Korex, detailed in note 20 with respect to business combinations.

### 12. GOODWILL

Compared to the end of the previous year, goodwill remained unchanged. The changes during 2021 are due to the effect of exchange rate movements on the goodwill of the Australian and American branches. Please also note that the contract to purchase Movetro S.r.l. included a put/call option on non-controlling interests. We have considered the possibility that the old ownership will exercise the put option (on 31 July 2022). We have valued such a transaction at the minimum price provided in the contract (€ 1 million discounted as at today). The consolidation difference generated by this has been allocated to goodwill in the Glass segment.

The following table shows the allocation of goodwill by CGU:

EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Wood	8,488	8,484
Glass & Stone	5,488	5,447
Mechatronics	5,599	5,599
Tooling	3,940	3,940
<b>Total</b>	<b>23,516</b>	<b>23,471</b>

Based on currently available information, and considering specifically the performance during the first six months of the year and the order backlog, the Group did not identify any impairment indicators as at 30 June 2021, and therefore the impairment test will be conducted at the end of the year. In

this regard, in light of the Group's reorganisation launched in early 2021 – already commented on when discussing the redefinition of segment reporting – the Group will also update the assessments concerning the definition of the CGUs when conducting said test.

### 13. INVENTORIES

EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Raw materials, consumables and suppliers	55,625	42,795
Work in progress and semi-finished goods	24,869	19,163
Finished goods	62,721	51,614
Spare parts	16,445	16,276
<b>Inventories</b>	<b>159,660</b>	<b>129,848</b>

The carrying amount, equal to € 159,660 thousand, is net of the allowances for inventory write-downs, amounting to € 4,176 thousand for raw materials (€ 3,752 thousand at the end of 2020), € 5,066 thousand for spare parts (€ 4,932 thousand at the end of 2020), € 4,672 thousand for finished goods (€ 5,503 thousand at the end of 2020), and € 563 thou-

sand for work in progress. The allowance for the write-downs of raw materials amounted to 7.0% as a percentage of the historical cost of the relevant inventories (8.0% at the end of 2020), the one for spare parts was 23.6% (23.3% at the end of 2020), the one for finished goods was 6.9% (9.6% at the end of 2020), and the one for work in progress was 2.2%.

### 14. TRADE RECEIVABLES FROM THIRD PARTIES

Trade receivables, amounting to € 104,523 thousand, are recognised net of the allowance for impairment, which is conservatively estimated with reference to both non-performing loans and loans past due by more than 180 days and in accordance with IFRS9.

Trade receivables were up € 1,648 thousand (before the relevant allowance for impairment) compared to December 2020. The allowance for impairment amounted to € 6,660 thousand. The "Expected Credit Loss" model under IFRS 9 requires measuring expected credit losses and accounting for forward-looking information, considering "an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes" and "reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions". This model requires assessing to what extent the high level of uncertainty and changes in the short-term economic outlook could affect the asset's entire useful life.

### 15. SHARE CAPITAL/TREASURY SHARES

Share capital amounts to € 27,393 thousand and consists of 27,393,042 ordinary shares, each with a par value of € 1 and dividend payable by the Parent Company. At the date on which these financial statements were approved, the Group held no treasury shares.

### 16. HEDGING AND TRANSLATION RESERVES

As at 30 June 2021, the translation reserve amounted to € 12,811 thousand (€ 12,293 thousand at the end of 2020). The reserves for the translation of foreign currency financial statements include the differences arising from the translation of the financial statements denominated in foreign currencies of countries that do not belong to the Eurozone (United States, Canada, Singapore, United Kingdom, Sweden, Switzerland, Australia, New Zealand, India, China, Indonesia, Hong Kong, Malaysia, South Korea, Brazil, Russia, Turkey, Taiwan and United Arab Emirates), increasing by € 525 thousand during the period.

### 17. OTHER RESERVES

The carrying amount was broken down as follows:

EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Legal reserve	5,479	5,479
Extraordinary reserve	125,007	119,464
Reserve for treasury shares	-	-
Retained earnings and other reserves	37,082	40,392
<b>Other reserves</b>	<b>167,568</b>	<b>165,336</b>

As indicated in the statement of changes in equity, the change in the item Other reserves mainly refers to the allocation of the profit for 2020 (+ € 2,531 thousand) as well as the change associated with the acquisition of non-controlling interests in Viet Italia S.r.l. (- € 295 thousand). Reference should be made to the consolidated statement of changes in equity for the six months ended 30 June 2021 for other changes during the year.

### 18. FINANCIAL LIABILITIES

Compared with the financial statements for the year ended 31 December 2020, the Group's financial liabilities were down € 76,899 thousand following the early repayment of outstanding loans.

In addition, as at the reporting date Biesse Group had negotiated a new line of credit as well as two new lines of financing that are pending approval.

The first one is a 3-year € 50 million line of credit with BNP, replacing a previous line of the same amount. The loans, which both have a maturity of 7 years and amount to € 25 million, were negotiated with BPM and CDP. Meanwhile, short-term revocable lines of credit were unchanged at € 88.40 million. Finally, please note that, for the purposes of determining Net Financial Debt in accordance with the ESMA format that became effective on 5 May 2021, the Group did not consider the € 1 million liability (discounted as at the reporting date)

associated with the exercise of the put/call option on non-controlling interests in Movetro.

### 19. TRADE PAYABLES

Trade payables to third parties refer primarily to payables to suppliers for the procurement of materials delivered at the end of the period.

It should be noted that trade payables are due within twelve months and it is believed that their carrying amount at the reporting date is a reasonable approximation of their fair value. Trade payables to suppliers increased by € 35,177 thousand compared to 2020, from € 132,790 thousand to € 167,967 thousand, as a result of the increase in purchase volumes, linked to the increase in production volumes and the increase in the order book at 30 June 2021.

## 20. CONTRACT LIABILITIES

Contract liabilities amounted to € 82,487 thousand as at 30 June 2021 (€ 72,189 thousand as at 31 December 2020) and are made up as follows:

EURO 000'S	30 JUNE 2021	31 DECEMBER 2020
Advances from customers before the sale of the goods	70,493	59,040
Net advances from customers for services	11,825	13,149
<b>Contract liabilities</b>	<b>82,318</b>	<b>72,189</b>

Contract liabilities mainly relate to advances received from customers 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.

It should be noted that most of contract liabilities outstanding as at 31 December 2020 were reflected in the income statement, under revenue, during 2021.

## 21. ACQUISITION OF NON-CONTROLLING INTERESTS AND SALE OF EQUITY INVESTMENTS

As already mentioned, during the reporting period the Group sold its controlling interest in the Chinese entity Dongguan Korex Machinery Co. Ltd. and acquired an additional stake in the subsidiary Viet Italia S.r.l. These two transactions are detailed below.

### A. Sale of the equity investment in Dongguan Korex Machinery Co. Ltd.

In April 2021, the Group sold its equity investment in Dongguan Korex Machinery Co. Ltd. (Korex), a Chinese company it wholly owned through the subsidiary Biesse HK Ltd, based in Hong Kong. The sale price amounted to RMB 183,521 thousand, i.e., € 22,394 thousand at the average exchange rate as at 30/06/2021, net of related costs; the consideration has been received in full.

The following table shows Korex's assets and liabilities as at the date of the sale.

EURO 000'S	
Property, plant and equipment and intangible assets	6,171
Cash sold	307
Net liabilities	(538)
<b>Total net assets sold</b>	<b>5,940</b>

The sale of the equity investment in Korex caused the Group to recognise a € 17,623 thousand capital gain under Other Income, including € 16,455 thousand in the difference between the sale price and the value of the net assets sold as well as € 1,168 thousand in the reversal of the foreign currency translation reserve outstanding as at the date of the sale through profit or loss, as required by the relevant IFRS standards.

The sale of Korex resulted in a net inflow of cash amounting to € 22,087 thousand and broken down as follows:

EURO 000'S	
Consideration received	22,394
Less: Korex cash as at the date of the sale	(307)
<b>Net cash flow</b>	<b>22,087</b>

## B. Acquisition of an additional stake in Viet Italia S.r.l.

In April 2021, the Group acquired an additional stake in Viet Italia S.r.l., increasing its controlling interest in the company from 85% to 100%. The Group paid non-controlling interests € 550 thousand to acquire the additional 15% stake. The consideration was paid in full.

The impacts of this transaction are shown below:

EURO 000'S	
Carrying amount of the interest acquired	247
Consideration paid to non-controlling interests	550
<b>Decrease in the Group's equity</b>	<b>303</b>

The decrease in the Group's equity is the result of the €295 thousand reduction in Consolidated undistributed profits, included in Other reserves, and the € 8 thousand reduction in the Actuarial reserve for defined-benefit plans.

## 22. COMMITMENTS, CONTINGENT LIABILITIES AND RISK MANAGEMENT

### Commitments

At the reporting date, there were no material commitments.

### Contingent liabilities

The Parent Company and some subsidiaries are parties to various lawsuits and disputes. Nevertheless, the Group believes that the settlement of such disputes will not give rise to further liabilities in addition to the amounts already set aside in a specific provision for risks.

The financial statements include provisions for risks and charges for € 24,813 thousand, consisting of € 6,974 thousand for product warranty provision, € 2,677 thousand for corporate restructuring provision, € 1,953 thousand for tax risk provisions, € 1,387 thousand for supplementary customer indemnity provision, and € 12,822 thousand for other risk provisions. As at 31 December 2020, the provisions for risks and charges amounted to € 19,988 thousand, consisting of € 5,305 thousand for product warranty provision, € 794 thousand for corporate restructuring provision, € 1,388 thousand for tax risk provisions, € 1,344 thousand for supplementary customer indemnity provision and € 11,157 thousand for other risk provisions. The increase in provisions for risks and charges was largely attributable to the updated estimates related to outstanding disputes and/or litigation as at 30 June 2021, the expected expenses in terms of warranty costs (impacted by the growth in revenues), as well as the € 2 million provision associated with the reorganisation of the Group launched in early 2021.

### Risk management

The Group is subject 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, other financial assets;
- liquidity risk, with reference to the availability of financial resources to settle the obligations related to financial liabilities.

The impact of the main raw materials, steel in particular, on the average value of the Group's products is marginal compared to the final production cost and, therefore, the Group has a limited exposure to the "commodities" risk.

### Exchange rate risk

The risk related to exchange rate fluctuations is represented by the potential fluctuation in the amount in Euro of the foreign currency position (or net foreign currency exposure), i.e. the algebraic result of sales invoices issued, outstanding orders, purchasing invoices received, the balance of foreign currency loans, and cash held in foreign currency. The risk management policy approved by the Board of Directors of the Parent Company provides that forward contracts (outright/currency swap) or also derivatives (currency option) can be used for exchange risk hedging.

### Interest rate risk

The Group is exposed to fluctuations in interest rates with reference to finance expense relating to payables due to banks and lease companies for fixed assets acquired under finance leases.

Interest rate risks derive primarily from bank lending. Given the current trend in interest rates, the company confirms its decision not to hedge its own debt any further, as interest rates are expected to remain substantially stable.

During the reporting period, the Group repaid loans and negotiated new long-term financing – currently pending approval – in order to have adequate financial resources. Despite the current uncertainty, the Group believes that its current resources are more than sufficient to meet any potential needs, including in the event the financial situation deteriorates as a result of the pandemic.

### Credit risk

Credit risk refers to Biesse Group's exposure to potential financial losses deriving from the failure by commercial and financial counterparties to fulfil their contractual obligations. The main exposure is towards customers. The management of credit risk is constantly monitored with reference both to the reliability of customers and to the monitoring of cash inflows and debt collection activities, if required. In the case of

customers considered to be strategic by the Management, the credit limits granted to them are defined and monitored. In other cases, the sale involves advance payments, lease-type payments and, in the case of foreign customers, letters of credit. In contracts relating to some sales without adequate guarantees, the Group reserves property rights on the goods being sold until the purchase price is paid in full. The carrying amount of financial assets, net of any impairment for expected losses, represents the maximum exposure

to credit risk. As already mentioned, the current pandemic crisis could cause receivables to deteriorate compared to the Group's historical trends. The Directors are constantly monitoring receivables and, in accordance with IFRS 9, have adopted a forward-looking approach to account for current and future uncertainties.

For more information on how the allowance for impairment was determined and on the characteristics of overdue receivables, please refer to Note 14 above on trade receivables.

### 23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Below are the types of financial instruments included in the financial statements:

EURO 000'S	AT 30 JUNE 2021	AT 31 DECEMBER 2020
<b>FINANCIAL ASSETS</b>		
<b>Designated at fair value through profit or loss:</b>		
Derivative financial assets	596	1,108
<i>Measured at fair value through OCI :</i>		
Other financial asset short term	27,086	27,000
<b>Measured at amortised cost :</b>		
Trade receivables	104,523	102,875
Other assets	3,196	3,277
- other financial assets and non-current receivables	3,192	3,277
- other current assets	4	(0)
Cash and cash equivalents	150,461	163,425
<b>FINANCIAL LIABILITIES</b>		
<b>Designated at fair value through profit or loss:</b>		
Derivative financial liabilities	667	971
Liability Put Movetro	969	969
<b>Measured at amortised cost :</b>		
Trade payables	167,967	132,528
Bank loans and borrowings	35,244	110,746
Lease liabilities	29,179	30,272
<b>Other current liabilities</b>	<b>40,756</b>	<b>34,677</b>

Financial assets and liabilities from derivative instruments are equal to the fair value of foreign currency hedging transactions ('forward' and 'swap' contracts) in place as at 30 June 2021. The Group has chosen not to adopt hedge accounting policies for recognising this type of instrument.

IFRS 13 identifies the three levels of FV:

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.

Financial instruments measured at fair value are classified under Level 2. In the first half of 2021, there were no transfers between the various fair value levels indicated above.

**24. SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

Please refer to the Directors' Report on Operations.

**25. RELATED-PARTY TRANSACTIONS**

The Group is directly controlled by Bi. Fin. S.r.l. (operating in Italy) and indirectly by Mr Giancarlo Selci (resident in Italy). Transactions between Biesse S.p.A. and its subsidiaries, which are entities related to the Parent Company, have been eliminated from the consolidated financial statements and are not included in these Notes. The details of transactions between the Group and other related entities are specified below.

EURO 000'S	REVENUE		COSTS	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
<b>PARENT</b>				
Bi. Fin. S.r.l.	-	-	13	-
<b>Other related companies</b>				
Fincobi S.r.l.	1	1	465	-
Se. Mar. S.r.l.	10	2	1,521	965
Wirutex S.r.l.	3	12	973	482
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	-	-	876	1,144
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	64	60
<b>Total</b>	<b>14</b>	<b>15</b>	<b>3,910</b>	<b>2,652</b>

DATI CONSOLIDATI IN MIGLIAIA DI EURO	RECEIVABLES		PAYABLES	
	30 JUNE 2021	31 DECEMBER 2020	30 JUNE 2021	31 DECEMBER 2020
<b>PARENT</b>				
Bi. Fin. S.r.l.	-	-	1,337	1,355
<b>Other related companies</b>				
Fincobi S.r.l.	-	-	27	28
Edilriviera S.r.l.	-	-	-	-
Se. Mar. S.r.l.	12	11	1,137	913
Wirutex S.r.l.	3	0	908	593
<b>Members of the Board of Directors</b>				
Members of the Board of Directors	-	1	806	-
<b>Members of the Board of Statutory Auditors</b>				
Members of the Board of Statutory Auditors	-	-	34	36
<b>Total</b>	<b>14</b>	<b>12</b>	<b>4,248</b>	<b>2,925</b>

The terms and conditions agreed with the above related parties do not differ from those that would have been established between parties at arm's length.

The amounts payable to related parties are trade payables and refer to transactions undertaken for the sale of goods and/or rendering of services.

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).

Pesaro, 30/07/2021

Chief Executive Officer

**Roberto Selci**

**CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-TER OF CONSOB REGULATION NO.11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED**

The undersigned Roberto 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 Condensed Consolidated Interim Financial Statements during the first half of 2021

The assessment of the adequacy of administrative and accounting procedures for the preparation of the Condensed Consolidated Interim Financial Statements as at 30 June 2021 is based on a process established by Biesse S.p.A. consistently with the Internal Control – Integrated framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is an internationally accepted reference framework.

Pesaro, 30 July 2021

Chief Executive Officer

**Roberto Selci**

We also certify that:

- A)** the Condensed Consolidated Interim Financial Statements:
- have been drawn up in compliance with the applicable international accounting standards endorsed by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council dated 19 July 2002 and, in particular with IAS 34 – Interim Financial Reporting – as well as the enabling legislation for Article 9 of Italian Legislative Decree no. 38/2005;
  - are consistent with the entries in accounting books and records;
  - as far as we know, they provide a true and fair view of the financial position, financial performance and cash flows of the issuer and the Group of companies included in the consolidation;
- B)** the Directors' interim report contains references to significant events occurred during the reporting period and to their impact on the Condensed Consolidated Interim Financial Statements, together with a brief description of the main risks and uncertainties for the remaining six months of the year as well as information on any material transactions undertaken with related parties.

Manager in charge of financial reporting

**Pierre Giorgio Sallier de La Tour**

# INDEPENDENT

AUDITORS'  
REPORT



## REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Biesse S.p.A.

### Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Biesse S.p.A. and its subsidiaries (the "Biesse Group"), which comprise the statement of financial position as of June 30, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Biesse Group as of June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Stefano Montanari**  
Partner

Bologna, Italy  
July 30, 2021

*This report has been translated into the English language solely for the convenience of international readers.*

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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