



**Interim Consolidated Financial Report
at March 31, 2022**

Investor Relator

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Tesmec S.p.A.

Registered Office: Piazza Sant' Ambrogio, 16 – 20123 Milan

Fully paid-up share capital as at 31 March 2022 Euro 15,702,162

Milan Register of Companies no. 314026

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COMPOSITION OF THE CORPORATE BODIES

Board of Directors (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2024)

Chairman and Chief Executive Officer	Ambrogio Caccia Dominioni
Vice Chairman	Gianluca Bolelli
Directors	Caterina Caccia Dominioni Lucia Caccia Dominioni Paola Durante (*) Simone Andrea Crolla (*) Emanuela Teresa Basso Petrino (*) Guido Luigi Traversa (*) Antongiulio Marti Nicola Iorio

(*) Independent Directors

Board of Statutory Auditors (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2024)

Chairman	Simone Cavalli
Statutory auditors	Attilio Massimo Franco Marcozzi Laura Braga
Alternate auditors	Alice Galimberti Maurizio Parni

Members of the Control and Risk, Sustainability and Related Parties Transactions Committee (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2024)

Chairman	Emanuela Teresa Basso Petrino
Members	Simone Andrea Crolla Guido Luigi Traversa

Members of the Remuneration and Appointments Committee (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2024)

Chairman	Emanuela Teresa Basso Petrino
Members	Antongiulio Marti Caterina Caccia Dominioni

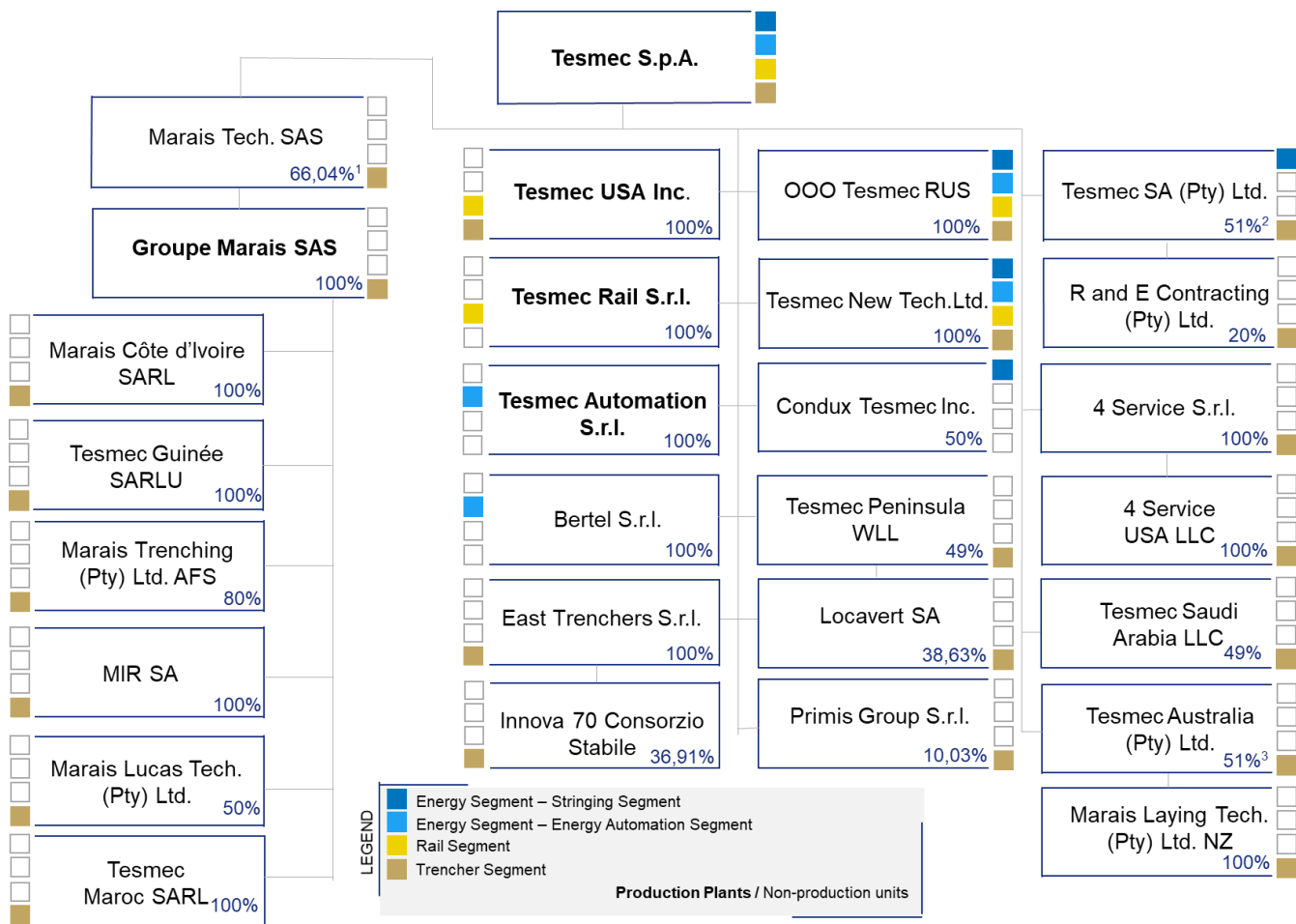
Lead Independent Director Paola Durante

Director in charge of the internal control and risk management system Ambrogio Caccia Dominioni

Manager responsible for preparing the Company's financial statements Marco Paredi

Independent Auditors Deloitte & Touche S.p.A.

GROUP STRUCTURE



⁽¹⁾ The remaining 33.96% is held by Simest S.p.A. Since Tesmec has an obligation to buy back the portion held by Simest S.p.A., for accounting purposes the shareholding in Marais Technologies SAS is consolidated on a 100% basis.

⁽²⁾ The remaining 49% is held by Simest S.p.A. Since Tesmec has an obligation to buy back the portion held by Simest S.p.A., for accounting purposes the shareholding in Tesmec SA is consolidated on an 100% basis.

⁽³⁾ The remaining 49% is held by Simest S.p.A. Since Tesmec has an obligation to buy back the portion held by Simest S.p.A., for accounting purposes the shareholding in Tesmec Australia (Pty) Ltd. is consolidated on a 100% basis.

INTERIM CONSOLIDATED REPORT ON OPERATIONS

(Not audited by the Independent Auditors)

1. Introduction

The Parent Company Tesmec S.p.A. (hereinafter "Parent Company" or "Tescmec") is a legal entity organised in accordance with the legal system of the Italian Republic. The ordinary shares of Tesmec are listed on the MTA (screen-based share market) STAR Segment of the Milan Stock Exchange. The registered office of the Tesmec Group (hereinafter "Group" or "Tescmec Group") is in Milan, Piazza S. Ambrogio 16.

The Tesmec Group is a leader in the design, production and marketing of special products and integrated solutions for the construction, maintenance and streamlining of infrastructures relating to the transmission of electrical power and data and material transport.

Founded in Italy in 1951 and managed by the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, the Group, as from its listing on the Stock Exchange on 1 July 2010, has pursued the stated objective of diversification of the types of products in order to offer a complete range of integrated solutions grouped into three main areas of business: Energy, Trencher and Rail. The structure has more than 900 employees and has production plants located in Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirono (Lecco) and Monopoli (Bari) in Italy, Alvarado (Texas) in the USA and Durtal in France. Furthermore, after the reorganisation of the Automation segment, Tesmec Automation has 3 additional operating units available in Fidenza, Padua and Patrica (Frosinone). The Group has a global commercial structure, with a direct presence on different continents, through foreign companies and sales offices in the USA, South Africa, Russia, Qatar, China, France, Australia, New Zealand, Ivory Coast and Saudi Arabia.

Through the different types of product, the Group is able to offer:

Energy segment

- machines and integrated systems for overhead and underground stringing of power lines and fibre optic cables;
- integrated solutions for the streamlining, management and monitoring of low, medium and high voltage power lines (smart grid solutions).

Trencher segment

- high-efficiency crawler trenching machines for excavation with a set section for the construction of infrastructures for the transmission of data, raw materials and gaseous and liquid products in the various segments: energy, farming, chemical and public utilities;
- crawler trenching machines for works on surface mines and earth moving works (Rock Hawg);
- rental of the trenching machines;
- specialised consultancy and excavation services on customer request;
- multi-purpose site machinery (Gallmac);
- this segment also includes the excavation services for power lines and fibre optic cables that constitute the core business of Marais Group.

Rail segment

- machines and integrated systems for the installation, maintenance and diagnostics of the railway catenary wire system, plus customised machines for special operations on the line.
- The know-how achieved in the development of specific technologies and innovative solutions and the presence of a team of highly-skilled engineers and technicians allow the Tesmec Group to directly manage the entire production chain: from the design, production and marketing or rental of machinery to the supply of know-how relating to the use of systems and optimisation of work, to all pre- and post-sales services related to machinery and the increase in site efficiency.

2. Macroeconomic Framework

Since the beginning of the year, global economic activity has shown signs of slowing down due to the spread of the Omicron variant of the coronavirus and, subsequently, Russia's invasion of Ukraine. Inflation rose almost everywhere, continuing to reflect increases in energy prices and supply-side bottlenecks. In China, the flare-up of the pandemic in mid-March led to the imposition of lockdown measures in some of the main production centres, holding back growth in the first quarter. The prices of raw materials, especially energy, for which Russia holds a significant share of the world market, further increased. All in all, the war exacerbates downside risks for the global business cycle and upside risks for inflation. According to recent OECD estimates, global inflation (excluding Russia) is expected to rise by a further 2 percentage points in the 12 months following the invasion of Ukraine, due almost exclusively to the increase in the price of raw materials, and the trend in global GDP (again excluding Russia) is expected to weaken by almost 1 percentage point in the 12 months following the invasion. The conflict pushed oil prices up to USD 133 per barrel in the first ten days of March, the highest since 2008, while in the first days of April

they averaged USD 107. Futures contracts indicate that oil prices are expected to decline gradually during this year, although they remain higher than before the invasion. The price of natural gas hit historic highs in Europe, rising to levels around 20 times higher in March and more than 10 times higher in the first days of April than the beginning of the year, largely reflecting the effects of possible sanctions on the energy sector. On the other hand, futures contracts indicate that prices will remain high in this case.

GDP in the Eurozone stagnated in the first months of this year. Based on available indicators, the trend in GDP weakened in the first quarter of 2022. The industry continues to be affected by the marked increase in raw material prices and difficulties in the supply of intermediate goods. In March, according to preliminary data, consumer inflation rose to 7.5%, the highest level since the start of the Union. More than half of this trend is attributable to the energy component, but food prices also accelerated in early 2022. Tensions related to the war in Ukraine are leading to higher energy prices than in the rest of the world and to new supply difficulties for companies, in addition to those already existing. The euro depreciated further against the dollar, reflecting both expectations of a tighter monetary policy in the US and the Eurozone's increased vulnerability to the possible consequences of the war. The Governing Council of the ECB considers that the invasion of Ukraine will have a major impact on the economic activity and inflation in the Eurozone. According to ECB experts' projections, GDP is expected to grow by 3.7% in 2022 and by 2.8% and 1.6% respectively in the following two years. The strong uncertainty related to the war in Ukraine also prompted the ECB to publish two scenarios with tougher international sanctions on Russia. In the worst-case scenario, which nevertheless contemplates the possibility for the countries in the region to offset at least partially the gas imports from Russia by other sources, GDP growth in the current year is expected to be 1.4% lower than estimated. The consequences of the conflict in Ukraine, which directly affects two of the world's largest exporters of energy, fertilisers, cereals, industrial metals and other raw materials, are weighing on this revision. The lack of these inputs is expected to fuel the rise in supply prices and curb downstream production volumes, especially in Europe; in this context, there are also the negative repercussions on trade induced by the sanctions that Western countries have imposed on Russia. Among the world's major economies, Germany and Italy show the greatest dependence on raw materials from Russia (energy and metal inputs from this country account for 7% of Italy's total needs and 8% of Germany's). Last March, the Governing Council of the ECB announced that it will take all necessary measures to ensure price and financial stability. According to ECB experts' projections, price trend is expected to rise to 5.1% in 2022 and then fall to levels not far from the nominal stability target in the following two years (to 2.1% and 1.9% in 2023 and 2024).

At the end of last year, growth in the Italian economy lost momentum. According to the available indicators, GDP fell by just over half a percentage point in the first quarter of this year compared to the previous period, affected by the rise in infections and further strong energy price increases amid high uncertainty about developments in the invasion of Ukraine. Industrial production fell in the first quarter, returning to slightly lower levels than before the outbreak of the pandemic. Input costs and difficulties in procuring raw materials and intermediate products contributed to the decline. Inflation in Italy reached 7.0% in March, the highest level since the early nineties, mainly driven by exceptional growth in energy prices. Strong upward pressures on gas and oil prices related to the invasion of Ukraine foreshadow high inflation during the year. Food prices also accelerated, rising by more than 5% in February (by almost 9% for fresh food only), due to cost increases throughout the production chain. In the quarterly analysis on inflation and growth expectations, companies estimate an average increase in their prices of 3.6% over the next twelve months. In January-February, exports of goods to non-EU countries increased in volume compared to the previous quarter. However, the prospects for trade are affected by uncertainty related to the possible repercussions of the conflict in Ukraine. Italy's exposure to Russia is limited on the export side, while purchases of energy inputs and some raw materials are substantial. While sales to Russia accounted for 1.5% of Italy's total exports of goods in 2021, exposure is greater on the import side (Euro 17.6 billion in 2021, or 3.7% of total goods purchased by Italy), with a strong concentration, as already commented, in energy products. In addition to energy products, Russia, Ukraine and Belarus account for a significant share (over 10%) of Italian imports of fertilisers, nickel and cereals. In the first part of 2022, Italian financial markets were affected by the increase in uncertainty and risk aversion. After a largely positive start to the year, boosted by improved company profits and the easing of pandemic-related restrictions, share prices fell in connection with the start of the war and then recovered only partially.

In the current highly uncertain context, more unfavourable scenarios cannot be ruled out. The consequences of the conflict on the Italian economy will also depend heavily on the economic policies that may be adopted to counter recessionary pressures and curb price pressures. Against the rising energy costs on the budgets of households and businesses, between January and March the government launched additional temporary measures to counter the effects, allocating more than Euro 11 billion to this end. In particular, the following are envisaged: (a) the cancellation, for the second quarter of this year, of system charges on electricity bills for all users; (b) the recognition of extraordinary contributions to companies, mainly in the form of tax credits; (c) a 30-day reduction in excise duties on fuel; (d) the reduction, for the second quarter, of VAT and system charge rates on gas consumption; (e) the strengthening of the social bonus on electricity and gas for families in need. Following the European Commission's positive assessment on the achievement of the targets and objectives set out in the Fund for recovery and resilience, the Government expects the disbursement of the first instalment of funds (Euro 21 billion) to take place in May. On

6 April, the Government approved the DEF (Economic and Financial Document): against an improvement in the accounts, the Government confirms the objectives set to use this budget space for further expansionary measures, including those to contain the effects of energy price increases.

3. Significant events during the period

The significant events occurred during the period are reported below:

- on 24 February 2022, with the beginning of the Russian-Ukrainian conflict, Tesmec took all necessary actions to mitigate the impact of this conflict and slowed down its activities on the Russian territory. This brought further tension and uncertainty to the markets, exacerbating the increase in energy and commodity prices. In relation to the emerging uncertainties regarding operations in Russia, note that Tesmec, over the years, has developed a commercial presence and service offering through the subsidiary OOO Tesmec RUS. In this regard, the Group invested and developed specific solutions and technologies for the territory but with a limited contribution to consolidated turnover in the last period (around 2%). Nevertheless, the Tesmec management team is constantly monitoring the situation in order to be able to make assessments in full compliance with EU and international rules (with respect to which there are no relations with parties subject to sanctions) and estimates possible impacts in the very short term, due to the currency trend and the execution of some orders in progress without, however, determining a significant impact for the Group on the result for the year 2022 and on the 2022-2024 Plan lines (the value of net assets attributable to operations in Russia amounted to a negative total of approximately Euro 1 million, including, however, an exposure of intra-group receivables claimed from the subsidiary OOO Tesmec RUS of approximately Euro 2.9 million);
- in March 2022, the Board of Directors of the subsidiary Tesmec Rail S.r.l. proposed the distribution of dividends based on the 2021 results.

4. Activity, reference market and operating performance for the first three months of 2022

The consolidated financial statements of Tesmec have been prepared in accordance with the International Financial Reporting Standards (hereinafter the "IFRS" or the "International Accounting Standards"), endorsed by the European Commission, in effect as at 31 December 2021. The following table shows the major economic and financial indicators of the Group in March 2022 compared to the same period in 2021.

OVERVIEW OF RESULTS		
31 March 2021	Key income statement data (Euro in millions)	31 March 2022
49.0	Operating Revenues	55.9
7.1	EBITDA	8.3
1.4	Operating Income	2.9
1.9	Foreign exchange gains/losses	0.8
1.1	Group Net Profit	2.0
938	Number of employees	957
31 December 2021	Key financial position data (Euro in millions)	31 March 2022
193.7	Net Invested Capital	195.2
72.6	Shareholders' Equity	75.8
121.0	Net Financial Indebtedness	119.4
22.9	Investments in property, plant and equipment, intangible assets and rights of use	(3.1)

The information on the operations of the main subsidiary and associated companies in the reference period is shown. In order to provide a clearer picture of the production volume of the individual subsidiaries, the following turnover values are reported at the aggregate level, also including inter-company transactions:

- Tesmec USA Inc., a company that is 100% owned by Tesmec S.p.A., is based in Alvarado (Texas) and operates in the Trencher segment and in the stringing equipment/rail segment. In the first three months, it generated revenues of Euro 7,329 thousand.
- Tesmec Rail S.r.l., a 100% subsidiary of Tesmec S.p.A., operates in the Rail sector. During the first three months, the company continued production activities related to contracts in progress, recording revenues of Euro 10,526 million.
- Marais Technologies SAS, with registered office in Durtal (France), 66.04% owned by Tesmec S.p.A., 33.96% by Simest S.p.A. Acquired on 8 April 2015, the French company is at the head of a leading international group in rental services and construction of machines for infrastructures in telecommunications, electricity and gas. During the first quarter, the Group generated revenues totalling Euro 14,482 thousand.
- Tesmec Automation S.r.l., a company 100% owned by Tesmec S.p.A., with registered office in Grassobbio (BG) and specialised in the design and sale of sensors, integrated fault detectors and measurement devices for medium voltage power lines. In the first three months, it generated revenues of Euro 4,353 thousand.
- Condux Tesmec Inc, a joint venture that is 50% owned by Tesmec S.p.A. and 50% by American shareholder Condux, based in Mankato (USA), has been active since June 2009 in selling products for the North American stringing equipment market. The company has been consolidated using the equity method and in the first three months of the year generated revenues totalling Euro 2,195 thousand.

5. Income statement and balance sheet situation as at 31 March 2022

5.1 Alternative performance measures

In this section, a number of Alternative Performance Measures not envisaged by IFRS (non-GAAP measures) and used by the directors in order to allow a better assessment of the Group's operating performance are illustrated. The Alternative Performance Measures are constructed exclusively from the Group's historical accounting data and are determined in accordance with the provisions of the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 as per CONSOB Communication no. 92543 of 3 December 2015.

The Alternative Performance Measures shown below are not audited and should not be interpreted as indicators of the Group's future performance:

- EBITDA: it is represented by the operating income including amortisation/depreciation and can be directly inferred from the consolidated income statement.
- Net working capital: it is calculated as current assets net of current liabilities excluding financial assets and financial liabilities and can be directly inferred from the consolidated income statement.
- Net invested capital: it is calculated as net working capital plus fixed assets and other long-term assets less non-current liabilities and can be directly inferred from the consolidated statement of financial position.
- Group net financial indebtedness: this is a good indicator of the Tesmec Group's financial structure. It is calculated as the sum of cash and cash equivalents, current financial assets, non-current financial liabilities (including right-of-use liabilities) and fair value of hedging instruments.
- Net financial indebtedness pursuant to ESMA 32-382-1138 communication: it corresponds to the Group's net financial indebtedness as defined above and also includes trade payables and other non-current payables, which have a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans (as defined in the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 with the "ESMA32- 382-1138" document and incorporated by CONSOB in its communication 5/21 of 29 April 2021).

5.2 Income statement

Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 31 March 2022 with those as at 31 March 2021.

The main accounting figures for the first three months of 2022 and 2021 are presented in the table below:

<i>(Euro in thousands)</i>	Quarter ended 31 March			
	2022	% of revenues	2021	% of revenues
Revenues from sales and services	55,865	100.0%	48,956	100.0%
Cost of raw materials and consumables	(23,832)	-42.7%	(21,510)	-43.9%
Costs for services	(9,667)	-17.3%	(6,774)	-13.8%
Payroll costs	(14,719)	-26.3%	(13,345)	-27.3%
Other operating costs/revenues, net	(1,164)	-2.1%	(1,460)	-3.0%
Amortisation and depreciations	(5,326)	-9.5%	(5,696)	-11.6%
Development costs capitalised	1,768	3.2%	1,464	3.0%
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	15	0.0%	(237)	-0.5%
Total operating costs	(52,925)	-94.7%	(47,558)	-97.1%
Operating income	2,940	5.3%	1,398	2.9%
Net financial income/expenses	(1,194)	-2.1%	(1,357)	-2.8%
Foreign exchange gains/losses	779	1.4%	1,885	3.9%
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	27	0.0%	57	0.1%
Pre-tax profit/(loss)	2,552	4.6%	1,983	4.1%
Income tax	(553)	-1.0%	(882)	-1.8%
Net profit/(loss) for the period	1,999	3.6%	1,101	2.2%
Profit/(loss) attributable to non-controlling interests	1	0.0%	7	0.0%
Group profit/(loss)	1,998	3.6%	1,094	2.2%

Revenues

Total revenues as at 31 March 2022, compared to the corresponding period of the previous year, recorded an increase of 14.1%.

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2022	% of revenues	2021	% of revenues	2022 vs 2021
Sales of products	37,673	67.44%	30,854	63.02%	6,819
Services rendered	12,765	22.85%	12,176	24.87%	589
Changes in work in progress	5,427	9.71%	5,926	12.10%	(499)
Total revenues from sales and services	55,865	100.00%	48,956	100.00%	6,909

Services rendered mainly concern the trencher segment and are represented by the machine rental business carried out in the United States, France, North Africa and Oceania.

Revenues by geographic area

The Group's turnover is produced abroad for 70% and, in particular, in non-EU countries. The revenue analysis by area is indicated below, comparing the first quarter of 2022 with the first quarter of 2021, showing that the Group maintains a percentage distribution of sales in line, with a focus on Italy and Europe. It is emphasised that the segmentation by geographic area is determined by the country where the customer is located, regardless of where project activities are organised.

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2022	2021
Italy	16,777	10,510
Europe	12,679	11,445

Middle East	4,356	5,054
Africa	3,203	3,650
North and Central America	9,962	8,857
BRIC and Others	8,888	9,440
Total revenues	55,865	48,956

Operating costs net of depreciation and amortisation

<i>(Euro in thousands)</i>	Quarter ended 31 March			
	2022	2021	2022 vs 2021	% change
Cost of raw materials and consumables	(23,832)	(21,510)	(2,322)	10.8%
Costs for services	(9,667)	(6,774)	(2,893)	42.7%
Payroll costs	(14,719)	(13,345)	(1,374)	10.3%
Other operating costs/revenues, net	(1,164)	(1,460)	296	-20.3%
Development costs capitalised	1,768	1,464	304	20.8%
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	15	(237)	252	-106.3%
Operating costs net of depreciation and amortisation	(47,599)	(41,862)	(5,737)	13.7%

The table shows an increase in operating costs of Euro 5,737 thousand (+13.7%). The cost items mainly include the increase in the cost items of services linked to the increase in energy costs related to the general national and international economic situation and more legal and strategic consulting.

EBITDA

In terms of margins, EBITDA amounted to Euro 8,266 thousand, up on the figure recorded in the first half of 2021 when it was equal to Euro 7,094 thousand.

A restatement of the income statement figures representing the performance of EBITDA is provided below:

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2022	% of revenues	2021	% of revenues	2022 vs 2021
Operating income	2,940	5.3%	1,398	2.9%	1,542
+ Amortisation and depreciations	5,326	9.5%	5,696	11.6%	(370)
EBITDA	8,266	14.8%	7,094	14.5%	1,172

Financial Management

<i>(Euro in thousands)</i>	Period ended 31 March	
	2022	2021
Net financial income/expenses	(1,462)	(1,387)
Foreign exchange gains/losses	779	1,885
Fair value adjustment of derivative instruments	268	30
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	27	57
Total net financial income/expenses	(388)	585

The net financial management decreased compared to the same period in the previous financial year by a total of Euro 973 thousand, with the following changes reported:

- decrease of Euro 1,106 thousand due to the different exchange rate trend in the two periods of reference that resulted in the recording of net profits totalling Euro 779 thousand in the first quarter of 2022 (Euro 229 thousand realised and Euro 550 thousand unrealised) against net profits of Euro 1,885 thousand in the first quarter of 2021;
- improvement in the fair value adjustment of financial instruments of Euro 238 thousand;

5.3 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 31 March 2022 compared to those at 31 March 2021, broken down by the three operating segments.

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2022	% of revenues	2021	% of revenues	2022 vs 2021
Energy	12,672	22.7%	10,813	22.1%	1,859
Trencher	32,805	58.7%	30,963	63.2%	1,842
Rail	10,388	18.6%	7,180	14.7%	3,208
Total Revenues	55,865	100.0%	48,956	100.0%	6,909

In the first three months of 2022, the Group recorded consolidated revenues of Euro 55,865 thousand, an increase of Euro 6,909 (14.1%) thousand compared to Euro 48,956 thousand in the same period of the previous year.

In detail, the turnover of the Trencher segment as at 31 March 2022 was Euro 33,805 thousand, up by 5.9% compared to Euro 30,963 thousand as at 31 March 2021. The result was positively impacted by the recovery of the American market and, more generally, by the start of development and recovery plans in the countries in which the Group operates, despite an economic scenario characterised by difficulties in finding materials and increased purchase prices.

With regard to the Energy segment, revenues amounted to Euro 12,672 thousand, up by 17.2% compared to the figure of Euro 10,813 thousand as at 31 March 2021. In particular, the Energy-Automation segment achieved revenues of Euro 4,439 thousand, compared to Euro 3,349 thousand as at 31 March 2021. Growth in this sector was also confirmed for the year but slowed down compared to initial estimates due to difficulties in sourcing electronic components and semiconductors from the Far East.

The Rail segment recorded revenues of Euro 10,388 thousand, up 44.7% compared to Euro 7,180 thousand as at 31 March 2021. The growth confirms the trend of strengthening the business generated by higher value-added projects related to diagnostic products and energy transition.

EBITDA by segment

The tables below show the income statement figures as at 31 March 2022 compared to those as at 31 March 2021, broken down by the three operating segments:

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2022	% of revenues	2021	% of revenues	2022 vs 2021
Energy	1,591	12.6%	1,707	15.8%	(116)
Trencher	4,548	13.9%	4,375	14.1%	173
Rail	2,127	20.5%	1,012	14.1%	1,115
EBITDA	8,266	14.8%	7,094	14.5%	1,172

This result is the combined effect of different trends in the three segments:

- Energy: EBITDA decreased from Euro 1,707 thousand as at 31 March 2021 to Euro 1,591 thousand as at 31 March 2022, due to the problems related to sourcing electronic components and semiconductors from the Far East;

- Trencher: EBITDA increased from Euro 4,375 thousand as at 31 March 2021 to Euro 4,548 thousand as at 31 March 2022. Difficulties in finding raw materials also affected margins in this sector, which nevertheless grew in absolute terms;
- Rail: the improvement of EBITDA from Euro 1,012 thousand in the first quarter of 2021 to Euro 2,127 thousand in 2022 is due to the recovery of full operations in the sector as described in the previous paragraph.

5.4 Balance sheet and financial profile

Information is provided below on the Group's main equity indicators as at 31 March 2022 compared to 31 December 2021. In particular, the following table shows the reclassified funding sources and uses of the consolidated balance sheet as at 31 March 2022 and as at 31 December 2021:

<i>(Euro in thousands)</i>	As at 31 March 2022	As at 31 December 2021
USES		
Net working capital	82,188	76,536
Fixed assets	101,668	102,946
Other long-term assets and liabilities	11,538	14,172
Net invested capital	195,214	193,654
SOURCES		
Net financial indebtedness	119,402	121,012
Shareholders' equity	75,812	72,642
Total sources of funding	195,214	193,654

A) Net working capital

The table below shows a breakdown of "Net Working Capital" as at 31 March 2022 and 31 December 2021:

<i>(Euro in thousands)</i>	As at 31 March 2022	As at 31 December 2021
Trade receivables	67,747	54,392
Work in progress contracts	13,185	15,691
Inventories	82,646	81,293
Trade payables	(62,726)	(55,966)
Other current assets/(liabilities)	(18,664)	(18,874)
Net working capital	82,188	76,536

Net working capital amounted to Euro 82,188 thousand, marking an increase of Euro 5,652 thousand (equal to 7.4%) compared to 31 December 2021. This trend is mainly due to the increase in "Trade receivables" of Euro 13,355 thousand (24.6%) as the sales of the first quarter were mainly concentrated at the end of the period offset by the increase in "Trade payables" of Euro 6,760 thousand (12.1%).

B) Fixed assets

The table below shows a breakdown of "Fixed assets" as at 31 March 2022 and 31 December 2021:

<i>(Euro in thousands)</i>	As at 31 March 2022	As at 31 December 2021
Intangible assets	24,301	23,896
Property, plant and equipment	46,938	47,607
Rights of use	21,973	23,352

Equity investments in associates	8,433	8,088
Other equity investments	23	3
Fixed assets	101,668	102,946

The total of *fixed assets* recorded a net decrease of Euro 1,278 thousand compared to 31 December 2021 as a result of depreciation/amortisation for the period.

C) Net financial indebtedness

The table below shows a breakdown of "Net financial indebtedness" as at 31 March 2022 and 31 December 2021:

<i>(Euro in thousands)</i>	As at 31 March 2022	<i>of which with related parties and group</i>	As at 31 December 2021	<i>of which with related parties and group</i>
Cash and cash equivalents	(42,545)		(50,189)	
Current financial assets	(19,170)	(7,878)	(16,777)	(9,270)
Current financial liabilities	61,790	5,950	59,220	2,620
Current financial liabilities from rights of use	6,456		6,484	
Current portion of derivative financial instruments	(25)		50	
Current financial indebtedness	6,506	(1,928)	(1,212)	(6,650)
Non-current financial liabilities	96,169	-	104,166	3,263
Non-current financial liabilities from rights of use	16,727		18,009	
Non-current portion of derivative financial instruments	-		49	
Trade payables and other payables (non-current)	250		254	
Non-current financial indebtedness	113,146	-	122,478	3,263
Net financial indebtedness pursuant to ESMA 32-382-1138 Communication	119,652	(1,928)	121,266	(3,387)
Trade payables and other payables (non-current)	(250)		(254)	
Group net financial indebtedness	119,402	(1,928)	121,012	(3,387)

In the first three months of 2022, the Group's net financial indebtedness decreased by Euro 1,610 thousand compared to the figure at the end of 2021. The net financial indebtedness prior to the application of IFRS 16, as at 31 March 2022, is equal to Euro 96,219 thousand with a decrease of Euro 300 thousand compared to the end of 2021.

The table below shows the breakdown of the changes:

- increase in current financial indebtedness of Euro 7,718 thousand due to the:
 - decrease in cash and cash equivalents and current financial assets of Euro 7,644 thousand;
 - increase in current financial liabilities of Euro 2,570 thousand, mainly due to the short-term reclassification of the short-term portions of medium/long-term loans to current financial liabilities, including the loan obtained in 2020 from the related parties TTC S.r.l. and MTS-Officine Meccaniche di Precisione S.p.A. of Euro 3,263 thousand due in 2023;
- decrease in medium/long-term financial indebtedness of Euro 9,332 thousand related to the reclassification in current financial indebtedness of the short-term portions of medium/long-term loans.

The existing loan agreements and bond issues contractually provide for the calculation of the financial covenants based on net financial indebtedness calculated on the consolidated financial statements as at 31 December and prior to the application of IFRS 16.

6. Management and types of financial risk

For the management of financial risks, please see the paragraph "Financial risk management policy" contained in the Explanatory Notes to the Annual Consolidated Financial Statements for 2021, where the Group's policies in relation to the management of financial risks are presented.

7. Atypical and/or unusual and non-recurring transactions with related parties

In compliance with the CONSOB communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, it should be noted that during the first quarter of the 2022 financial year, no transactions took place with related parties of an atypical or unusual nature, outside of normal company operations or such as to harm the profits, balance sheet or financial results of the Group.

For significant intercompany and related party information, please see the paragraph "Related party transactions" in the Explanatory Notes.

8. Group Employees

The number of Group employees in the first quarter of 2022, including the employees of companies that are fully consolidated, is 957 persons compared to 938 in 2021.

9. Other information

Events occurring after the end of the reporting period

In particular, the effects occurring after the close of the quarter include the following:

- on 13 April 2022, the subsidiary Tesmec Rail S.r.l. definitively acquired the business unit that was managed on a lease basis by the company Advanced Measuring Group S.r.l. (AMG) since July 2019. As this transaction had already been originally accounted for in accordance with IFRS 3, the outright acquisition will have no significant impact on the Group's statement of financial position.

On the same date, the Tesmec Rail S.r.l. Shareholders' Meeting approved the distribution of the 2021 dividends for the amount of Euro 1 million. The dividend will be paid as from 15 April 2022;

- on 21 April 2022, the Ordinary Shareholders' Meeting of Tesmec S.p.A. met electronically in a single call and approved the Financial Statements as at 31 December 2021 and the allocation of the Net Profit. During the Shareholders' Meeting, the Consolidated Financial Statements as at 31 December 2021 of the Tesmec Group and the related reports were presented, including the Consolidated Non-Financial Statement.

The Shareholders' Meeting also resolved favourably on the First Section of the Report on Remuneration and remuneration paid pursuant to article 123-ter of Italian Legislative Decree no. 58/1998 and article 84-quater of Consob Regulation no. 11971/1999 and authorised also the Board of Directors, for a period of 18 months, to purchase, on the regulated market, ordinary shares of Tesmec until 10% of the share capital of the Company and within the limits of the distributable profits and of the available reserves resulting from the last financial statements duly approved by the Company or the subsidiary company making the purchase.

The authorisation also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum number of shares purchasable and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by its subsidiaries, do not exceed the limit established by the authorisation. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations.

Today's authorisation replaces the last authorisation resolved by the Shareholders' Meeting on 22 April 2021 and expiring in October 2022. The resolution concerning authorisation to purchase treasury shares was passed with the favourable vote of the majority of the Tesmec shareholders at the shareholders' meeting other than the majority shareholder and therefore, pursuant to Article 44-bis of the Issuers' Regulation, the shares that the Issuer will purchase in executing this resolution will be included in the share capital of the Issuer, on which the significant equity investment for the purpose of Article 106, paragraphs 1, 1-bis, 1-ter and 3 letter b) of the TUF will be calculated;

- on 21 April 2022, the Shareholders' Meeting of Tesmec S.p.A. resolved to:

- appoint the new Board of Directors that will remain in office until the shareholders' meeting that will be called to approve the financial statements for the year ended 31 December 2024, composed of Gianluca Bolelli, Caterina Caccia Dominioni, Lucia Caccia Dominioni, Paola Durante, Simone Andrea Crolla, Emanuela Teresa Basso Petrino, Guido Luigi Traversa, Antongiulio Marti and Nicola Iorio as well as Ambrogio Caccia Dominioni who was confirmed as Chairman of the Board of Directors;
 - appoint the new Board of Statutory Auditors that will also remain in office until the shareholders' meeting called to approve the 2024 financial statements, composed of Statutory Auditors Simone Cavalli (Chairman), Laura Braga and Attilio Massimo Franco Marozzi and of Alternate Auditors Maurizio Parni and Alice Galimberti.
- on 21 April 2022, the Board of Directors confirmed Ambrogio Caccia Dominioni as the Chief Executive Officer and Gianluca Bolelli as Vice Chairman.

The Board of Directors decided to appoint:

- the directors Emanuela Teresa Basso Petrino (Chairman), Simone Andrea Crolla and Guido Traversa as members of the Control and Risk, Sustainability and Related Parties Transactions Committee;
- the directors Emanuela Teresa Basso Petrino (Chairman), Antongiulio Marti and Caterina Caccia Dominioni as members of the new Remuneration and Appointments Committee;
- Caterina Caccia Dominioni as director in charge of the internal control and risk management system;
- the Independent Director Paola Durante as Lead Independent Director.

Business outlook

Despite a macroeconomic context characterized by strong uncertainties and criticalities relating to geopolitical tensions in progress, evolution of the pandemic, increase of prices of raw materials and logistical tensions and in management of freight rates, which do not facilitate the estimation processes, Tesmec Group confirms its guidelines for the 2020-2023 Plan, supported by the performance of the first quarter and by the status of activities in the second quarter 2022. Tesmec is active in sectors that will benefit from new investments and development policies aimed at strengthening the key infrastructures of the main countries: the Group's business is concentrated in strategic sectors that are extremely lively and have significant growth prospects. In details, huge investments are planned in the Trencher segment to strengthen telecommunications networks and digitalization in addition to strong development in the mining sector. The Rail segment is benefiting from a significant increase in investments to reduce traffic congestion of road vehicles and increase sustainable mobility, as well as for the maintenance of lines with the aim of ensuring the safety of rail transport. In the Energy segment, the transition to the use of renewable energy sources is confirmed, with the power lines being adapted to the new requirements.

In the light of the above, the Group expects to achieve in the 2022 financial year: consolidated turnover exceeding Euro 240 million, EBITDA percentage higher than 16% and reduction of Net Financial Debt compared to the end of 2021.

The short-term objectives were developed according to the logic that there is no worsening of the macroeconomic conditions or a drift in the Russian-Ukrainian conflict.

The state of political and military tension generated, and the consequent economic sanctions adopted by the international community against Russia have determined significant effects and turbulence on the global markets. Note that Tesmec, over the years, has developed a commercial presence and service offering through a local company and that the Group invested and developed specific solutions and technologies for the territory but with a limited contribution to consolidated turnover in the last period (around 2%). Nevertheless, Tesmec's management team is constantly monitoring the situation in order to be able to make assessments in full compliance with EU and international rules. The Group's priority is to protect its employees across the Country and to maintain their employment as long as international and national conditions allow Tesmec to do so.

CONSOLIDATED FINANCIAL STATEMENTS

(Not audited by the Independent Auditors)

Consolidated statement of financial position as at 31 March 2022 and as at 31 December 2021

<i>(Euro in thousands)</i>	31 March 2022	31 December 2021
NON-CURRENT ASSETS		
Intangible assets	24,301	23,896
Property, plant and equipment	46,938	47,607
Rights of use	21,973	23,352
Equity investments in associates evaluated using the equity method	8,433	8,088
Other equity investments	23	3
Financial receivables and other non-current financial assets	3,458	6,821
Derivative financial instruments	260	10
Deferred tax assets	16,571	15,839
Non-current trade receivables	2,136	1,761
Other non-current assets	913	1,266
TOTAL NON-CURRENT ASSETS	125,006	128,643
CURRENT ASSETS		
Work in progress contracts	13,185	15,691
Inventories	82,646	81,293
Trade receivables	67,747	54,392
<i>of which with related parties:</i>	<i>3,364</i>	<i>3,510</i>
Tax receivables	1,972	1,782
Other available-for-sale securities	-	2
Financial receivables and other current financial assets	19,170	16,775
<i>of which with related parties:</i>	<i>7,878</i>	<i>9,270</i>
Other current assets	10,801	9,365
Derivative financial instruments	25	-
Cash and cash equivalents	42,545	50,189
TOTAL CURRENT ASSETS	238,091	229,489
TOTAL ASSETS	363,097	358,132
SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
Share capital	15,702	15,702
Reserves/(deficit)	58,027	55,670
Group net profit/(loss)	1,998	1,195
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	75,727	72,567
Capital and reserves/(deficit) attributable to non-controlling interests	84	61
Net profit/(loss) for the period attributable to non-controlling interests	1	14
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	85	75
TOTAL SHAREHOLDERS' EQUITY	75,812	72,642
NON-CURRENT LIABILITIES		
Medium/long-term loans	92,442	100,439
<i>of which with related parties:</i>	<i>-</i>	<i>3,263</i>
Bond issue	3,727	3,727
Non-current financial liabilities from rights of use	16,727	18,009
Derivative financial instruments	-	49
Employee benefit liability	4,499	4,564
Deferred tax liabilities	7,231	6,707

Other long-term liabilities	250	254
TOTAL NON-CURRENT LIABILITIES	124,876	133,749
CURRENT LIABILITIES		
Interest-bearing financial payables (current portion)	59,323	56,753
<i>of which with related parties:</i>	5,950	2,620
Current bond issue	2,467	2,467
Current financial liabilities from rights of use	6,456	6,484
Derivative financial instruments	-	50
Trade payables	62,726	55,966
<i>of which with related parties:</i>	1,017	1,310
Advances from customers	4,386	2,194
Income taxes payable	2,151	2,051
Provisions for risks and charges	3,180	3,171
Other current liabilities	21,720	22,605
TOTAL CURRENT LIABILITIES	162,409	151,741
TOTAL LIABILITIES	287,285	285,490
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	363,097	358,132

Consolidated income statement for the quarter ended 31 March 2022 and 2021

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2022	2021
Revenues from sales and services	55,865	48,956
<i>of which with related parties:</i>	1,022	2,220
Cost of raw materials and consumables	(23,832)	(21,510)
<i>of which with related parties:</i>	(8)	-
Costs for services	(9,667)	(6,774)
<i>of which with related parties:</i>	(8)	(8)
Payroll costs	(14,719)	(13,345)
Other operating costs/revenues, net	(1,164)	(1,460)
<i>of which with related parties:</i>	58	23
Amortisation and depreciations	(5,326)	(5,696)
Development costs capitalised	1,768	1,464
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	15	(237)
Total operating costs	(52,925)	(47,558)
Operating income	2,940	1,398
Financial expenses	(2,795)	(2,183)
<i>of which with related parties:</i>	(116)	(14)
Financial income	2,380	2,711
<i>of which with related parties:</i>	22	18
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	27	57
Pre-tax profit/(loss)	2,552	1,983
Income tax	(553)	(882)
Net profit/(loss) for the period	1,999	1,101
Profit/(loss) attributable to non-controlling interests	1	7
Group profit/(loss)	1,998	1,094
Basic and diluted earnings/(losses) per share	0.0033	0.0018

Consolidated statement of comprehensive income for the quarter ended 31 March 2022 and 2021

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2022	2021
NET PROFIT/(LOSS) FOR THE PERIOD	1,999	1,101
<i>Other components of comprehensive income:</i>		
Exchange differences on conversion of foreign financial statements	1,170	1,227
Total other income/(losses) after tax	1,170	1,227
Total comprehensive income (loss) after tax	3,169	2,328
<i>Attributable to:</i>		
Shareholders of Parent Company	3,168	2,321
Non-controlling interests	1	7

Statement of consolidated cash flows for the quarter ended 31 March 2022 and 2021

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	1,999	1,101
<i>Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:</i>		
Amortisation and depreciations	5,326	5,696
Provisions for employee benefit liability	450	382
Provisions for risks and charges/inventory obsolescence/doubtful accounts	240	576
Employee benefit payments	(515)	(330)
Payments of provisions for risks and charges	(16)	(5)
Net change in deferred tax assets and liabilities	(61)	621
Change in fair value of financial instruments	(374)	(30)
<i>Change in current assets and liabilities:</i>		
Trade receivables	(11,550)	(12,100)
<i>of which with related parties:</i>	146	(900)
Inventories and work in progress contracts	1,728	(9,058)
Trade payables	6,588	(1,466)
<i>of which with related parties:</i>	(293)	(319)
Other current assets and liabilities	(2,210)	(1,124)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	1,605	(15,737)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(2,945)	(1,548)
Investments in intangible assets	(2,251)	(2,397)
Investments in rights of use	(343)	(654)
(Investments)/disposals of financial assets	721	163
<i>of which with related parties:</i>	1,392	151
Proceeds from sale of property, plant and equipment, intangible assets and rights of use	2,454	3,579
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(2,364)	(857)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Disbursement of medium/long-term loans	3,675	2,232
<i>of which with related parties:</i>	(3,263)	-
Recognition of financial liabilities from rights of use	161	1,532
Repayment of medium/long-term loans	(1,471)	(2,370)
Repayment of financial liabilities from rights of use	(3,520)	(1,359)
Net change in short-term financial debt	(5,863)	(436)
<i>of which with related parties:</i>	3,330	72
NET CASH FLOW GENERATED BY/(USED IN) FINANCING ACTIVITIES (C)	(7,018)	(401)
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)	(7,777)	(16,995)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)	133	163
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	50,189	70,426
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	42,545	53,594
Additional information:		
Interest paid	1.581	601
Income tax paid	54	106

Statement of changes in consolidated shareholders' equity for the quarter ended 31 March 2022 and 2021

	Share capital	Legal reserve	Share premium reserve	Reserve of treasury shares	Translation reserve	Other reserves	Net profit/(loss) for the period	Total shareholders' equity attributable to Parent Company shareholders	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
<i>(Euro in thousands)</i>										
Balance as at 1 January 2022	15,702	2,141	39,215	(2,341)	3,886	12,769	1,195	72,567	75	72,642
Profit/(loss) for the period	-	-	-	-	-	-	1,998	1,998	1	1,999
Other profits/(losses)	-	-	-	-	1,162	-	-	1,162	9	1,171
Total comprehensive income/(loss)							1,998	3,160	10	3,170
Allocation of the result for the period	-	-	-	-	-	1,195	(1,195)	-	-	-
Change in the consolidation area	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	15,702	2,141	39,215	(2,341)	5,048	13,964	1,998	75,727	85	75,812

	Share capital	Legal reserve	Share premium reserve	Reserve of treasury shares	Translation reserve	Other reserves	Net profit/(loss) for the period	Total shareholders' equity attributable to Parent Company shareholders	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
<i>(Euro in thousands)</i>										
Balance as at 1 January 2021	15,702	2,141	39,215	(2,341)	1,809	19,689	(6,828)	69,387	61	69,448
Profit/(loss) for the period	-	-	-	-	-	-	1,094	1,094	7	1,101
Other profits/(losses)	-	-	-	-	1,224	-	-	1,224	3	1,227
Total comprehensive income/(loss)							1,094	2,318	10	2,328
Allocation of the result for the period	-	-	-	-	-	(6,828)	6,828	-	-	-
Balance as at 31 March 2021	15,702	2,141	39,215	(2,341)	3,033	12,861	2,188	74,023	81	74,104

Explanatory notes

Accounting policies adopted in preparing the interim consolidated report on operations as at 31 March 2022

1. Company information

The Parent Company Tesmec S.p.A. (hereinafter "Parent Company" or "Tescmec") is a legal entity organised in accordance with the legal system of the Italian Republic. The ordinary shares of Tesmec are listed on the MTA STAR Segment of the Milan Stock Exchange as from 1 July 2010. The registered office of the Tesmec Group (hereinafter "Group" or "Tescmec Group") is in Milan, Piazza S. Ambrogio 16.

2. Reporting standards

The interim consolidated report on operations as at 31 March 2022 was prepared in condensed form. Since the interim consolidated report on operations does not disclose all the information required in preparing the consolidated annual financial statements or interim financial statements in accordance with IAS 34, it must be read together with the consolidated financial statements as at 31 December 2021.

The accounting standards adopted in preparing this interim consolidated report on operations as at 31 March 2022 are those adopted for preparing the consolidated financial statements as at 31 December 2021 in compliance with IFRS, to which reference is made for full details. Note that the standards and interpretations approved by the European Union and that came into force for the first time on 1 January 2022 have no particular relevance for the Group. Moreover, the Group has not adopted in advance any other principle, interpretation or modification published but not yet in force.

The interim consolidated report on operations as at 31 March 2022 comprises the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, statement of consolidated cash flows. Comparative figures are disclosed (31 December 2021 for the statement of financial position and the first quarter of 2021 for the consolidated income statement, consolidated statement of comprehensive income, statement of changes in shareholders' equity and cash flow statement).

More precisely, the consolidated statement of financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows are drawn up in extended form and are in the same format adopted for the consolidated financial statements as at 31 December 2021.

The interim consolidated report on operations is presented in Euro. The balances in the financial statements and notes to the financial statements are expressed in thousands of Euro, unless specifically indicated.

Disclosure of the interim consolidated report on operations of the Tesmec Group for the period ended 31 March 2022 was authorised by the Board of Directors on 10 May 2022.

3. Consolidation methods and area

The interim consolidated report on operations comprise the interim report on operations of Tesmec S.p.A. and its subsidiaries as at 31 March 2022. The accounting standards and consolidation methods adopted in preparing this interim consolidated report on operations as at 31 March 2022 are those adopted for preparing the consolidated financial statements as at 31 December 2021 to which reference is made for full details.

As at 31 March 2022, no changes have taken place in the consolidation area in comparison with 31 December 2021.

Translation of foreign currency financial statements and of foreign currency items

The exchange rates used to determine the value in Euros of the financial statements of subsidiary companies expressed in foreign currency (exchange rate to 1 Euro) are shown below:

	Average exchange rates for the quarter ended 31 March		End-of-period exchange rate as at 31 March	
	2022	2021	2022	2021
US Dollar	1.12	1.20	1.11	1.17
Russian Rouble	88.40	89.67	117.20	88.32
Qatari Riyal	4.08	4.39	4.04	4.27
South African Rand	17.08	18.03	16.17	17.35
Renminbi	7.12	7.81	7.04	7.68
Australian Dollar	1.55	1.56	1.48	1.54
Algerian Dinar	158.08	160.29	158.16	157.09
New Zealand Dollar	1.66	1.68	1.60	1.68
Tunisian Dinar	3.26	3.28	3.28	3.28
CFA Franc	655.96	655.96	655.96	655.96
GNF Franc	10,020.97	12,106.50	9,770.32	11,675.72
Saudi Riyal	4.21	4.52	4.16	4.40
Moroccan Dinar	10.63	10.78	10.71	10.63

4. Segment Reporting

For management purposes, the Tesmec Group is organised into strategic business units identified based on the goods and services provided, and presents three operating segments for disclosure purposes:

Energy segment

- machines and integrated systems for overhead and underground stringing of power lines and fibre optic cables; integrated solutions for the streamlining, management and monitoring of low, medium and high voltage power lines (smart grid solutions).

Trencher segment

- high-efficiency crawler trenching machines for excavation with a set section for the construction of infrastructures for the transmission of data, raw materials and gaseous and liquid products in the various segments: energy, farming, chemical and public utilities, crawler machines for working in the mines, surface works and earth moving works (RockHawg);
- rental of the trenching machines;
- specialised consultancy and excavation services on customer request;
- multi-purpose site machinery (Gallmac).

Rail segment

- machines and integrated systems for the installation, maintenance and diagnostics of the railway catenary wire system, plus customised machines for special operations on the line.

No operating segment has been aggregated in order to determine the indicated operating segments that are the subject of the reporting.

	Quarter ended 31 March							
	2022				2021			
<i>(Euro in thousands)</i>	Energy	Trencher	Rail	Consolidated	Energy	Trencher	Rail	Consolidated
Revenues from sales and services	12,672	32,805	10,388	55,865	10,813	30,963	7,180	48,956
Operating costs net of depreciation and amortisation	(11,081)	(28,257)	(8,261)	(47,599)	(9,106)	(26,588)	(6,168)	(41,862)
EBITDA	1,591	4,548	2,127	8,266	1,707	4,375	1,012	7,094
Amortisation and depreciations	(1,156)	(3,241)	(929)	(5,326)	(1,450)	(3,220)	(1,026)	(5,696)
Total operating costs	(12,237)	(31,498)	(9,190)	(52,925)	(10,556)	(29,808)	(7,194)	(47,558)

Operating income	435	1,307	1,198	2,940	257	1,155	(14)	1,398
Net financial income/(expenses)				(388)				585
Pre-tax profit/(loss)				2,552				1,983
Income tax				(553)				(882)
Net profit/(loss) for the period				1,999				1,101
Profit/(loss) attributable to non-controlling interests				1				7
Group profit/(loss)				1,998				1,094

The directors monitor separately the results achieved by the business units in order to make decisions on resources, allocation and performance assessment. Segment performance is assessed based on operating income.

Group financial management (including financial income and charges) and income tax are managed at Group level and are not allocated to the individual operating segments.

The following table shows the consolidated statement of financial position by business segment as at 31 March 2022 and as at 31 December 2021:

<i>(Euro in thousands)</i>	As at 31 March 2022					As at 31 December 2021				
	Energy	Trencher	Rail	Not allocated	Consolidated	Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	10,482	5,948	7,871	-	24,301	10,062	5,833	8,001	-	23,896
Property, plant and equipment	3,003	35,710	8,225	-	46,938	2,980	36,554	8,073	-	47,607
Rights of use	862	20,534	577	-	21,973	817	21,945	590	-	23,352
Financial assets	4,241	4,292	3,293	348	12,174	3,858	4,334	3,293	3,437	14,922
Other non-current assets	1,495	6,884	615	10,626	19,620	1,936	6,595	727	9,608	18,866
Total non-current assets	20,083	73,368	20,581	10,974	125,006	19,653	75,261	20,684	13,045	128,643
Work in progress contracts	1,852	11,333	-	-	13,185	1,346	-	14,345	-	15,691
Inventories	17,601	59,708	5,337	-	82,646	17,766	59,542	3,985	-	81,293
Trade receivables	10,626	47,931	9,190	-	67,747	7,657	35,734	11,001	-	54,392
Other current assets	2,896	4,639	7,268	17,165	31,968	2,500	4,385	7,554	13,485	27,924
Cash and cash equivalents	3,999	8,598	13,307	16,641	42,545	5,205	9,807	7,135	28,042	50,189
Total current assets	36,974	132,209	35,102	33,806	238,091	34,474	109,468	44,020	41,527	229,489
Total assets	57,057	205,577	55,683	44,780	363,097	54,127	184,729	64,704	54,572	358,132
Shareholders' equity attributable to parent company shareholders	-	-	-	75,727	75,727	-	-	-	72,567	72,567
Shareholders' equity attributable to non-controlling interests	-	-	-	85	85	-	-	-	75	75
Non-current liabilities	2,892	18,057	9,663	94,264	124,876	2,983	19,414	8,338	103,014	133,749
Current financial liabilities	2,851	4,816	8,708	45,415	61,790	2,509	4,279	10,013	42,469	59,270
Current financial liabilities from rights of use	317	3,404	98	2,637	6,456	276	3,531	91	2,586	6,484
Trade payables	13,717	38,800	10,209	-	62,726	14,351	33,089	8,526	-	55,966
Other current liabilities	2,279	7,745	11,892	9,521	31,437	1,324	8,779	11,588	8,330	30,021
Total current liabilities	19,164	54,765	30,907	57,573	162,409	18,460	49,678	30,218	53,385	151,741
Total liabilities	22,056	72,822	40,570	151,837	287,285	21,443	69,092	38,556	156,399	285,490
Total shareholders' equity and liabilities	22,056	72,822	40,570	227,649	363,097	21,443	69,092	38,556	229,041	358,132

5. Related party transactions

The following table gives details of economic and equity transactions with related parties. The companies listed below have been identified as related parties as they are linked directly or indirectly to the current shareholders:

	Quarter ended 31 March 2022					Quarter ended 31 March 2021				
	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses
<i>(Euro in thousands)</i>										
Associates:										
Locavert S.A.	13	-	-	-	-	55	-	-	-	-
Subtotal	13	-	-	-	-	55	-	-	-	-
Joint Ventures:										
Condux Tesmec Inc.	562	-	-	46	4	1,538	-	-	31	2
Tesmec Peninsula	-	-	-	-	14	-	-	-	-	13
Subtotal	562	-	-	46	18	1,538	-	-	31	15
Related parties:										
Ambrosio S.r.l.	-	-	-	(1)	(1)	-	-	-	-	-
Dream Immobiliare S.r.l.	-	-	-	9	(94)	-	-	-	(11)	(2)
TTC S.r.l.	-	-	(7)	-	-	-	-	(8)	-	-
Fi.ind.	-	-	-	-	-	-	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	444	(8)	(1)	4	(17)	518	-	-	3	(1)
RX S.r.l.	-	-	-	-	-	-	-	-	-	(8)
ICS Tech. S.r.l.	17	-	-	-	-	109	-	-	-	-
Comatel	3	-	-	-	-	-	-	-	-	-
Subtotal	464	(8)	(8)	12	(112)	627	-	(8)	(8)	(11)
Total	1,039	(8)	(8)	58	(94)	2,220	-	(8)	23	4

	31 March 2022					31 December 2021				
	Trade receivables	Current financial receivables	Non-current financial payables	Current financial payables	Trade payables	Trade receivables	Current financial receivables	Non-current financial payables	Current financial payables	Trade payables
<i>(Euro in thousands)</i>										
Associates:										
Locavert S.A.	12	-	-	-	-	20	-	-	-	-
R&E Contracting (Pty) Ltd.	-	-	-	-	-	-	-	-	-	-
Subtotal	12	-	-	-	-	20	-	-	-	-
Joint Ventures:										
Condux Tesmec Inc.	2,426	180	-	-	-	2,782	1,707	-	-	3
Tesmec Peninsula	30	2,085	-	1,126	4	12	2,044	-	1,089	4
Tesmec Saudi Arabia	533	4,742	-	-	7	441	4,648	-	-	7
Marais Lucas	-	794	-	-	-	-	794	-	-	-
Subtotal	2,989	7,801	-	1,126	11	3,235	9,193	-	1,089	14
Related parties:										
Dream Immobiliare S.r.l.	-	77	-	-	949	-	77	-	-	1,137
Ambrosio S.r.l.	-	-	-	-	5	-	-	-	-	4
Fi.ind.	-	-	-	-	-	-	-	-	-	-
TTC S.r.l.	-	-	-	-	24	-	-	-	-	24
M.T.S. Officine meccaniche S.p.A.	206	-	-	3,050	13	123	-	3,050	-	63
RX S.r.l.	-	-	-	1,774	3	-	-	213	1,531	34
Triskell Conseil Partner	-	-	-	-	12	-	-	-	-	34
ICS Tech. S.r.l.	154	-	-	-	-	132	-	-	-	-
Comatel	3	-	-	-	-	-	-	-	-	-
Subtotal	363	77	-	4,824	1,006	255	77	3,263	1,531	1,296
Total	3,364	7,878	-	5,950	1,017	3,510	9,270	3,263	2,620	1,310

Certification pursuant to Article 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Ambrogio Caccia Dominioni and Marco Paredi, as the Chief Executive Officer and the Manager responsible for preparing the Company's financial statements of Tesmec S.p.A., respectively, hereby certify, also taking into consideration the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- the actual application

of the administrative and accounting procedures adopted to prepare the Interim consolidated report on operations as at 31 March 2022.

2. We also certify that:

2.1 the Interim consolidated report on operations as at 31 March 2022:

- correspond to the amounts shown in the Company's accounts, books and records;
- gives a current view of the financial position, the results of the operations and of the cash flows of the issuer and of its consolidated companies.

2.2 the interim report on operations refers to the important events that took place during the first three months of the financial period and their impact on the Interim consolidated report on operations, together with a description of the main risks and uncertainties for the nine remaining months of the financial period. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

Grassobbio, 10 May 2022

Mr. Ambrogio Caccia Dominioni

Chief Executive Officer

Mr. Marco Paredi

Manager responsible for
preparing the Company's
financial statements



ATTRACTIVE TECHNOLOGIES

Tesmec S.p.A.

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