# Interim Consolidated Financial Report at September 30, 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 30 September 2022 Euro 15,702,162
Milan Register of Companies no. 314026
Tax and VAT code: 10227100152

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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<br>Lucia Caccia Dominioni<br>Paola Durante (*)<br>Simone Andrea Crolla (*)<br>Emanuela Teresa Basso Petrino (*)<br>Guido Luigi Traversa (*)<br>Antongiulio Marti<br>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<br>Laura Braga |
| Alternate auditors | Alice Galimberti<br>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)

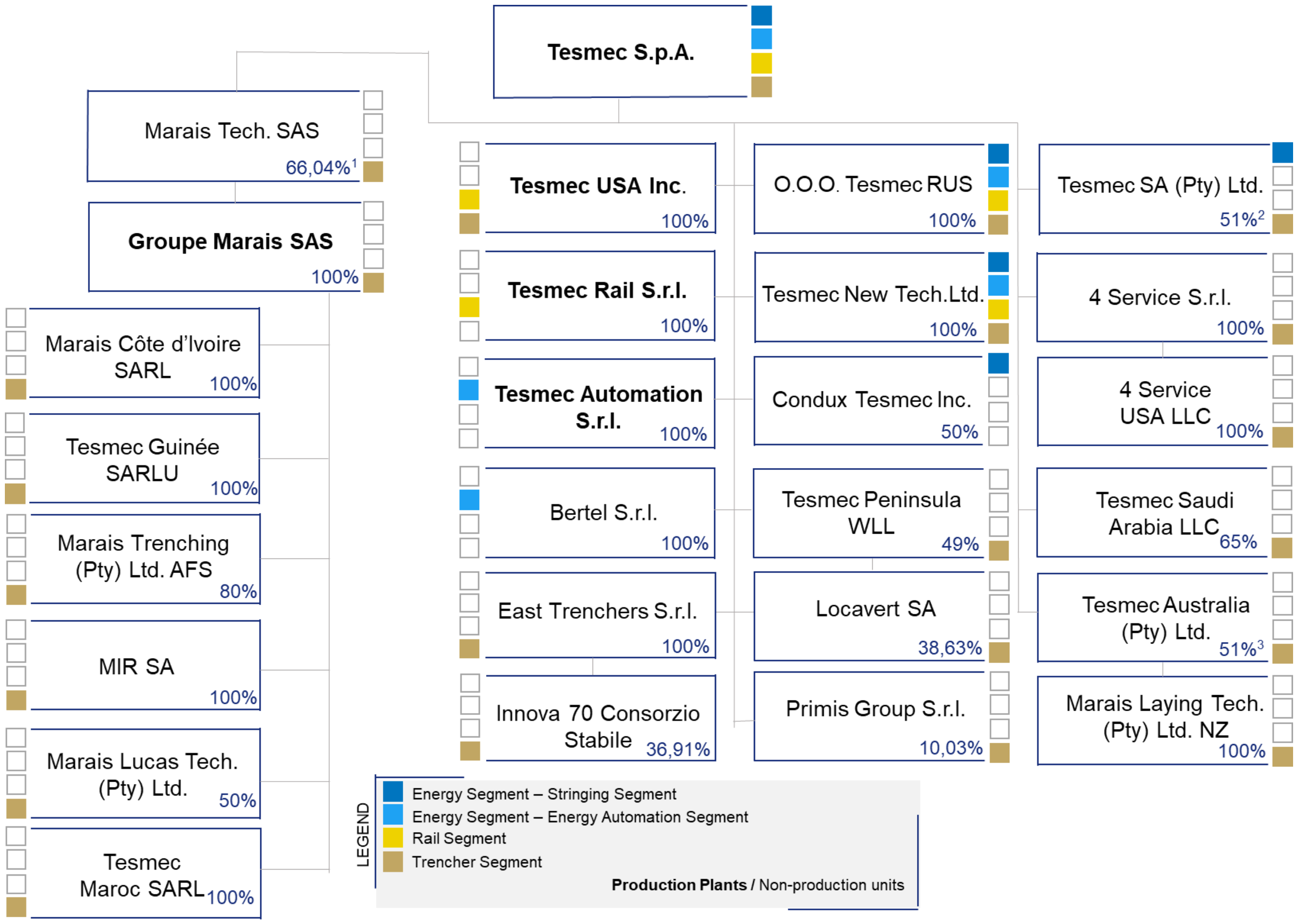
| | |
|---|---|
| Chairman | Emanuela Teresa Basso Petrino |
| Members | Simone Andrea Crolla<br>Guido Luigi Traversa |

**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<br>Simone Andrea Crolla |

| | |
|---|---|
| **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** | Ruggero Gambini |
| **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 of the subsidiary in Marais Technologies SAS is consolidated on a line-by-line 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 of the subsidiary Tesmec SA is consolidated on a line-by-line 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 of the subsidiary Tesmec Australia (Pty) Ltd is consolidated on a 100% basis.

# INTERIM CONSOLIDATED REPORT ON OPERATIONS

(Not audited by the Independent Auditors)

E-MARKET SDIR CERTIFIED

# 1. Introduction

## *1.1 The Tesmec Group*

The Parent Company Tesmec S.p.A. (hereinafter "Parent Company" or "Tesmec") 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 "Tesmec 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, 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), Sirone (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).
- Trencher 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.

## *1.2 Economic and financial framework as at 30 September 2022*

Although in an external context characterised by high volatility, the Tesmec Group is fully implementing its plans for the development of Revenues and the consequent significant growth in economic Results, also thanks to the balance between the various strategic business areas and product innovation. At the same time, the Group managed to contain the effects on Net financial indebtedness resulting from the significant growth in Working Capital - the latter increased due both to higher receivables backing higher sales and higher inventories against future sales (with backlog reaching Euro 300 million) and as a protection against uncertainties pertaining international supply-chain and logistics.

More specifically, the Group's Consolidated Revenues continued to grow in the third quarter of the year compared to 2021 (+27% in the third quarter and +20% in the nine months). This growth in turnover affected all business areas and, to a greater extent, the Trencher (+25% in the third quarter and +17 in the nine months) and Rail (+62% in the third quarter and +60% in the

nine months) segments, while it was more contained, but still positive, in the Energy segment (+10% in the third quarter and +4% in the nine months).
The above-mentioned growth took place in a contextual framework that led, especially in the third quarter:

- from the point of view of the *external* context, to an increase in costs of raw materials and energy, still not fully reflected in the weighted average costs as at 30 June, with expectations of stabilisation during the fourth quarter, as well as in transport costs, the upward trend of which had already become apparent in the first half-year figures;
- from the point of view of the *internal* context, to a boost in selling expenses in support of future business growth (for trade fairs and travels, in particular, as well as a further strengthening of the business structure, which is now at full capacity), the presence of charges related to the Saudi Arabian associate (the latter became a 65% subsidiary as from last September), provisions and lower contributions for research and development activities,

while the Group's policy of increasing sales prices in the meantime had not yet shown its effects as at 30 September.
As a combined effect of all of the above, in the first nine months of 2022 the Group was characterised by a significant growth in both EBITDA (+22% compared to 2021) and EBIT (doubled compared to 2021), although the EBITDA margin for the nine months of 2022 was only marginally higher than in 2021 and, in any case, slightly down compared to the percentage value recorded in the first six months of the current financial year, which, as mentioned, did not fully reflect the changed external scenario of higher costs of raw materials and energy.
Lastly, the consolidated net financial indebtedness as at 30 September 2022 improved by approximately Euro 7 million compared to 30 June, but was still higher than the one as at 31 December 2021, exclusively as a result of the increase in working capital backing the intervened business growth (while there was a decrease of the industrial debt, i.e. the portion of the net financial indebtedness against the balance of fixed assets not directly covered by Shareholders' Equity).

The results for the nine months of 2022, although necessarily affected by the contextual evolutions that have been taking place for several months now, demonstrate Tesmec's soundness and the resilience of its business model, while corroborating the Group's growth expectations.
Lastly, with reference to the forecasts for the current year, the Group confirms its objective of a turnover of more than Euro 240 million, with an improving net financial indebtedness, while EBITDA is expected to generate a profitability compared to sales between 15%-16% at the end of the year, compared to the previously communicated target of more than 16%. On the other hand, the company objectives for 2023 remain confirmed, both with respect to turnover (based on the backlog already acquired and to be acquired) and with respect to variable costs (expected to normalise from the fourth quarter onwards).

## 2. Macroeconomic Framework[1]

The global business cycle of the major advanced economies continued to be affected by exceptionally high inflation, worsening financial conditions, the uncertainty related to the conflict in Ukraine, the weakening of the activity in China and, to a lesser extent than at the beginning of the year, supply problems along value chains. There were different trends among the emerging economies: in China, lockdowns in some of the largest production centres and the unfavourable trend in the real-estate sector led to an abrupt weakening of activity, while in Russia, GDP contracted significantly as a result of the war and sanctions, albeit to a lesser extent than expected thanks to resilient energy exports. The price of natural gas in Europe - which reached almost Euro 340 per megawatt-hour at the end of August - fell to just over Euro 110 after the storage targets were reached. The European Commission proposed recently new measures to curb price rises, although futures still indicate high prices for the whole of next year, also due to the risks affecting the security of supplies. On the other hand, oil prices fell to around USD 90 per barrel - the lowest level since the start of the war in Ukraine - as a result of the worsening outlook in the major economies and the slowdown in demand from China. The G7 countries announced that they had reached an agreement to cap the price of crude oil from Russia but, nevertheless, prices rose again - remaining below early summer levels - following OPEC+'s announcement of further production cuts. For this resource, the curve of futures contracts indicates expectations of further declines over the next twelve months. The Federal Reserve approved two further significant increases in the interest rate of reference in July and September and confirmed the need to maintain a restrictive monetary policy until inflation is brought back in line with the target, even if this should weaken economic growth. Since the beginning of July, several other central banks of advanced economies introduced reference rate hikes. Overall, the International Monetary Fund confirmed its world GDP growth forecast for the current year of 3.2%, while it reduced its estimate for the year 2023 to 2.7%, with downward risks. Since the beginning of July, financial conditions in international markets have become more tense: government bond yields in the major advanced economies rose again, share prices fell overall in Europe (and to a greater extent in the United States) and volatility remained very high. The dollar also continued to appreciate against other major currencies, reflecting the more rapid normalisation of monetary policy in the United States.

[1] Source: Bank of Italy - Economic Bulletin, Issue 4/2022 - October.

The GDP of the Eurozone, after expanding in the first half of the year, would have stagnated in the summer months, mainly affected by new strong increases in energy commodity prices and the exacerbated uncertainty related to the prolonged war in Ukraine. According to the projections of ECB experts, GDP will grow by 3.1% this year, 0.9% in 2023 and 1.9% in 2024. Estimates were revised upwards for 2022 and downwards for the following two years, mainly due to tensions in energy supplies and the continuation of the strong trend in prices. Inflation rose to 9.9% in September, mainly due to the exceptional growth in energy prices. Also according to the experts' projections, the trend in prices in the area will average 8.1 % in 2022, then gradually decrease in 2023 and converge to just above the inflation target in the second half of 2024. To curb rising inflationary pressures, the Governing Council of the ECB decided on two increases in reference interest rates for a total of 1.25 percentage points, bringing them towards levels that would ensure a return of inflation to values consistent with the medium-term stability objective. The Council also confirmed that it will continue to reinvest the principal repaid on maturing securities under the Pandemic Emergency Purchase Programmes (PEPPs).

In Italy, GDP was reported to have declined marginally in the summer quarter, partly due to strong increases in energy costs and the uncertainty on the evolution of the war in Ukraine. Exports in volume increased, mainly to the Eurozone markets, while total imports grew more markedly as supply problems eased. The value of Italian exports of goods to Russia decreased significantly in the months following the military aggression, while Italian imports from Russia grew unabated, driven by rising prices of energy products. Bank loans to businesses accelerated in August, reflecting higher working capital requirements due to higher input costs. Banks are showing a restriction in supply policies, confirmed by the worsening of credit access conditions reported by companies. However, the rise in official interest rates was only partly reflected in the cost of credit to businesses and households, which remains on the whole at low levels. On the domestic demand side, household spending is held back by the loss of purchasing power due to high inflation. During the summer, consumer inflation further increased (9.4% in September), continuing to be affected by exceptional price increases in energy goods and their transmission to other goods and services. The most recent estimates of the Bank of Italy indicate that in a baseline scenario, GDP would grow by 3.3% in the current year as a whole, would slow down to 0.3% in 2023 and would grow by 1.4% in 2024. Consumer price inflation would be at 8.5% in 2022, falling to 6.5% in 2023, and then just above 2% the following year. However, these projections remain subject to strong downside risks: in an adverse scenario - assuming a halt in Russian gas supplies, a new rise in energy prices and a more marked slowdown in world trade - GDP would decline by more than 1.5% in 2023 and return to moderate growth in 2024; on the other hand, inflation would continue to rise next year, exceeding 9%, before falling sharply in 2024. At the end of September, the Government updated its estimates of public accounts for the current year and for the three-year period from 2023 to 2025, as well as those for the interventions related to the RRP. Net indebtedness is estimated at 5.1 per cent of GDP in 2022, about half a percentage point less than what was planned last April; the debt-to-GDP ratio is also expected to fall more than indicated in spring. In recent months, additional measures have been taken to counteract the effects of the increase in energy prices on household and business budgets, in line with the requests to increase the budget deficits authorised by Parliament. The measures taken by the government to mitigate the impact of price increases are estimated to have contained inflation by about 2 percentage points in the third quarter. Following the achievement of all the targets and objectives envisaged for the first half of 2022 by the RRP, the European Commission gave its favourable opinion for the disbursement of the second tranche of RRF funds to Italy at the end of September. A positive assessment of the implementation of the Plan, which has so far focused on the definition and approval of the reforms, as well as on the preparatory steps for the implementation of the investments, was provided, and by the end of this year, resources of around Euro 15 billion will be used. According to official forecasts, investments financed by the RRF resources will reach about 1.7 per cent of GDP in volume as from 2024.

## 3. Significant events during the period

The significant events occurred during the period are reported below:

- as from 24 February 2022, with the beginning of the Russian-Ukrainian conflict, Tesmec took all necessary actions to mitigate the impact of this conflict and therefore limited its operations on the Russian territory while preserving the operation of the branch and its essentially commercial management. Note that Tesmec, over the years, has developed a commercial presence and service offering through the subsidiary O.O.O. Tesmec RUS, which, due to its commercial essence, does not have fixed assets and, consequently, is not exposed to their risk of impairment. In fact, the Group, as part of its well-established offering of products and services, developed specific solutions and technologies for the Russian territory that nevertheless made a limited contribution to consolidated turnover in the last financial year 2021 (around 2%). However, Tesmec's management team is constantly monitoring the situation in order to be able to make assessments on the future operations of the Russian subsidiary in full compliance with EU and international rules (with respect to which there are no relations with sanctioned parties);

- on 13 April 2022, the subsidiary Tesmec Rail S.r.l. definitively acquired the business unit that was managed on a lease basis since July 2019 from the company Advanced Measuring Group S.r.l. (AMG). As this transaction had already been originally recognised in accordance with IFRS 3, the outright acquisition did not have any 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 was paid on 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 that will be called to approve the 2024 financial statements, composed of the Statutory Auditors Simone Cavalli (Chairman), Laura Braga and Attilio Massimo Franco Marcozzi and by the 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;
  - the Chief Executive Officer Ambrogio Caccia Dominioni as director in charge of the internal control and risk management system and, subordinately, the Vice Chairman Gianluca Bolelli;
  - the Independent Director Paola Durante as Lead Independent Director;
- on 30 May 2022, Cerved Rating Agency, the Italian rating agency specialised in assessing creditworthiness of non-financial companies, communicated the Company's "B1.2" solicited rating. The evaluation confirms the solvency of the Tesmec Group and its qualification as "investment grade" and is the result of an in-depth analysis process that combines rigorous quantitative models to forecast credit risk and accurate qualitative analyses by the Agency, which also considers the Company's competitive position in the industry;

- on 16 June 2022, the Board of Directors decided to appoint for the Remuneration and Appointments Committee:
  - Emanuela Teresa Basso Petrino as Chairman;
  - Antongiulio Marti;

- Simone Andrea Crolla;

- on 29 June 2022, Tesmec officially became part of the special register of historical trademarks of national interest established by the Italian Ministry of Economic Development;

- on 28 July 2022, Tesmec signed a loan agreement of Euro 10 million with Ver Capital. This loan has a duration of 6 years expiring on 3 August 2028, and bears an annual floating rate equal to the average of the 3-month and 6-month Euribor plus a 5.00% spread, with a pre-amortisation period of 3 years;

- on 1 August 2022, the subsidiary Tesmec Automation S.r.l. received the report on findings (PVC) from the Italian Inland Revenue at the end of the tax audit for the tax year 2018. The inspectors challenged the Company's undue utilisation of R&D tax receivables totalling Euro 1.1 million. The Company believes that it has operated correctly and has mandated its consultants to analyse the documentation and produce their own counterclaims;

- on 4 August 2022, the parent company Tesmec S.p.A. appointed Marco Paredi, former Group Chief Financial Officer, as Director of the Trencher Business Unit and Ruggero Gambini as the new Group Chief Financial Officer and Manager responsible for preparing the Company's financial statements. Paredi will continue to serve as Tesmec's Investor Relations Manager;

- on 8 September 2022, by virtue of a share capital increase, the parent company Tesmec S.p.A. increased its shareholding in Tesmec Saudi Arabia LLC to 65% of the share capital. Consequently, Tesmec Saudi Arabia LLC was consolidated on a line-by-line basis as from that date. The differential emerging from the acquisition of the original share, dating back to June 2021, and this last share capital increase were allocated to Goodwill in the total amount of Euro 3,014 thousand;

- on 29 September 2022, the Shareholders' Meeting of the subsidiary Tesmec Automation S.r.l. resolved to scrip issue by Euro 990 thousand. The new share capital of the subsidiary amounts to Euro 1 million;

- on 29 September 2022, the Shareholders' Meeting of the subsidiary Tesmec Rail S.r.l. resolved to scrip issue by Euro 1,990 thousand. The new share capital of the subsidiary amounts to Euro 2 million;

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

The consolidated financial statements of Tesmec have been prepared in accordance with International Financial Reporting Standards (hereinafter the "IFRS" or the "International Accounting Standards"), which were endorsed by the European Commission, in effect as at 30 September 2022. The following table shows the Group's major economic indicators of the first nine months of 2022 and the financial indicators as at 30 September 2022 compared with the same period of 2021 and with 31 December 2021.

| | **OVERVIEW OF RESULTS** | |
|---|---|---|
| **9 months 2021** | **Key income statement data** (Euro in millions) | **9 months 2022** |
| 144.2 | Operating Revenues | 173.5 |
| 21.2 | EBITDA | 25.9 |
| 4.8 | Operating Income | 9.7 |
| 2.0 | Group Net Profit | 9.2 |
| 945 | Number of employees | 967 |
| **31 December 2021** | **Key financial position data** (Euro in millions) | **30 September 2022** |
| 173.8 | Net Invested Capital | 215.0 |
| 69.4 | Shareholders' Equity | 89.2 |
| 121.0 | Group net financial indebtedness | 125.8 |
| 121.3 | ESMA Net financial indebtedness | 125.8 |
| 36.9 | Net investments in property, plant and equipment, intangible assets and rights of use | 16.3 |

### 4.1 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 and 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. Income statement

### 5.1 Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 30 September 2022 with those as at 30 September 2021.

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

| | As at 30 September | | | |
|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **% of revenues** | **2021** | **% of revenues** |
| **Revenues from sales and services** | **173,451** | **100.0%** | **144,184** | **100.0%** |
| Cost of raw materials and consumables | (69,204) | -39.9% | (58,116) | -40.3% |
| Costs for services | (34,531) | -19.9% | (26,412) | -18.3% |
| Payroll costs | (44,697) | -25.8% | (41,405) | -28.7% |
| Other operating costs/revenues, net | (5,369) | -3.1% | (2,720) | -1.9% |
| Amortisation and depreciation | (16,235) | -9.4% | (16,335) | -11.3% |
| Development costs capitalised | 6,826 | 3.9% | 5,393 | 3.7% |
| Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method | (553) | -0.3% | 252 | 0.2% |
| **Total operating costs** | **(163,763)** | **-94.4%** | **(139,343)** | **-96.6%** |
| **Operating income** | **9,688** | **5.6%** | **4,841** | **3.4%** |
| Financial expenses | (10,600) | -6.1% | (8,148) | -5.7% |
| Financial income | 14,841 | 8.6% | 6,535 | 4.5% |
| Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method | 44 | 0.0% | (6) | 0.0% |
| **Pre-tax profit/(loss)** | **13,973** | **8.1%** | **3,222** | **2.2%** |

| | | | | |
|---|---|---|---|---|
| Income tax | (4,730) | -2.7% | (1,167) | -0.8% |
| **Profit/(loss) for the period** | **9,243** | **5.3%** | **2,055** | **1.4%** |
| Profit/(loss) attributable to non-controlling interests | (5) | 0.0% | 15 | 0.0% |
| **Group profit/(loss)** | **9,248** | **5.3%** | **2,040** | **1.4%** |

**Revenues**

Total revenues as at 30 September 2022, compared to the corresponding period of the previous year, recorded an increase of 20.3%.

| | As at 30 September | | | | |
|---|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **% of revenues** | **2021** | **% of revenues** | **2022 vs 2021** |
| Sales of products | 111,275 | 64.2% | 91,569 | 63.5% | 19,706 |
| Services rendered | 43,802 | 25.3% | 38,970 | 27.0% | 4,832 |
| Changes in work in progress | 18,374 | 10.6% | 13,645 | 9.5% | 4,729 |
| **Total revenues from sales and services** | **173,451** | **100.0%** | **144,184** | **100.0%** | **29,267** |

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 70.2% and, in particular, in non-EU countries. The revenue analysis by geographic area is indicated below, compared with the first nine months of 2022 and the first nine months of 2021, which indicates the growth in the Italian and North and Central American markets, partially offset by lower sales in the European markets. It is emphasised that the segmentation by geographic area is determined by the country where the customer is located, regardless of where project activities/sales are organised.

| | As at 30 September | | | |
|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** | **2022 vs 2021** | **% change** |
| Italy | 51,633 | 35,726 | 15,907 | 44.5% |
| Europe | 32,826 | 37,943 | (5,117) | -13.5% |
| Middle East | 19,523 | 11,507 | 8,016 | 69.7% |
| Africa | 6,883 | 8,307 | (1,424) | -17.1% |
| North and Central America | 33,202 | 21,708 | 11,494 | 52.9% |
| BRIC and Others | 29,384 | 28,993 | 391 | 1.3% |
| **Total revenues** | **173,451** | **144,184** | **29,267** | **20.3%** |

**Operating costs net of depreciation and amortisation**

Operating costs net of depreciation and amortisation amounted to Euro 147,528 thousand and increased by 19.9% compared to the previous year - while growing at a marginally lower rate than the increase in revenues.

| | As at 30 September | | | |
|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** | **2022 vs 2021** | **% change** |
| Cost of raw materials and consumables | (69,204) | (58,116) | (11,088) | 19.1% |
| Costs for services | (34,531) | (26,412) | (8,119) | 30.7% |
| Payroll costs | (44,697) | (41,405) | (3,292) | 8.0% |
| Other operating costs/revenues, net | (5,369) | (2,720) | (2,649) | 97.4% |
| Development costs capitalised | 6,826 | 5,393 | 1,433 | 26.6% |
| Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method | (553) | 252 | (805) | -319.4% |

| | | | | |
|---|---|---|---|---|
| **Operating costs net of depreciation and amortisation** | **(147,528)** | **(123,008)** | **(24,520)** | **19.9%** |

In particular, note the increase in the items "Other operating costs/revenues, net" (resulting from higher provisions for the period, particularly with the associates, as well as lower allocations for grants for research and development activities) and results from operating joint ventures (which were negatively impacted, by 49%, by a negative performance of the Saudi Arabian associate in the period from January to August). Note that as from September 2022, the Saudi Arabian associate, which in the meantime became a 65% subsidiary, began to be consolidated on a line-by-line basis, whereas until 31 August 2022, when it was still a 49% subsidiary, it was consolidated using the equity method.

**EBITDA**

In terms of margins, EBITDA amounted to Euro 25,923 thousand, improving compared to what was recorded in the first nine months of 2021 when it was equal to Euro 21,176 thousand.

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

| | As at 30 September | | | | |
|---|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **% of revenues** | **2021** | **% of revenues** | **2022 vs 2021** |
| Operating income | 9,688 | 5.6% | 4,841 | 3.4% | 4,847 |
| + Amortisation and depreciation | 16,235 | 9.4% | 16,335 | 11.3% | (100) |
| **EBITDA** | **25,923** | **14.9%** | **21,176** | **14.7%** | **4,747** |

**Financial Management**

| | As at 30 September | | | |
|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** | **2022 vs 2021** | **% change** |
| Net financial income/expenses | (4,774) | (3,576) | (1,198) | 33.5% |
| Foreign exchange gains/losses | 8,199 | 1,948 | 6,251 | > 100% |
| Fair value adjustment of derivative instruments on exchange rates | 816 | 15 | 801 | > 100% |
| Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method | 44 | (6) | 50 | < 100% |
| **Total net financial income/expenses** | **4,285** | **(1,619)** | **5,904** | **< 100%** |

The net financial management increased compared to the same period in the previous financial year by Euro 5.904 thousand, with the following changes reported:

- improvement of Euro 6,251 thousand generated by the divergent trend in the exchange rates in the two reference periods, which resulted in recognising net profit totalling Euro 8,199 thousand (realised of Euro 1,761 thousand and unrealised of Euro 6,438 thousand) in the first nine months of 2022 against net profit of Euro 1,948 thousand in the first nine months of 2021;
- improvement in the fair value adjustment of financial instruments on interest rates of Euro 801 thousand, mainly due to the positive effect of the MtoM of IRS derivatives, a consequence of the current rate hike on the financial market.

### 5.2 Income Statement by segment

#### Revenues by segment

The table below shows the turnover figures for the first nine months of 2022 compared to 2021, broken down by the three operating segments in which the Tesmec Group operates.

| | As at 30 September | | | | |
|---|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **% of revenues** | **2021** | **% of revenues** | **2022 vs 2021** |
| Energy | 37,907 | 21.9% | 36,495 | 25.3% | 1,412 |
| Trencher | 99,076 | 57.1% | 84,908 | 58.9% | 14,168 |
| Rail | 36,468 | 21.0% | 22,781 | 15.8% | 13,687 |
| **Total Revenues** | **173,451** | **100.0%** | **144,184** | **100.0%** | **29,267** |

In the first nine months of 2021, the Group consolidated revenues of Euro 173,451 thousand, with an increase of Euro 29,267 thousand (equal to 20.3%) compared to Euro 144,184 thousand in the same period of the previous year.

The turnover of the Trencher segment as at 30 September 2022 was Euro 99,076 thousand, with an increase of 16.7% compared to Euro 84,908 thousand as at 30 September 2021. This growth took place thanks to the recovery of the American market and, more generally, to the start of development and recovery plans in the countries where the Group operates, despite an economic scenario characterised by difficulties in the procurement of materials (which led to the need to build up an adequate strategic stock), in the availability of transport by ship and the increase in purchase prices (not fully recovered in terms of sales price, but nevertheless offset in terms of mix).

The Rail segment recorded revenues of Euro 36,468 thousand, with an increase of 60.1% compared to the corresponding period of the previous year, when they amounted to Euro 22,781 thousand. Note that the Rail segment is benefiting from the know-how acquired in previous years and the development of the order portfolio, especially abroad. The growth confirms the trend of strengthening the business generated by higher value-added projects related to diagnostic products and energy transition, with a consequent improvement in product mix and profitability.

With reference to the Energy segment, revenues were Euro 37,907 thousand, with an increase of 3.9% compared to Euro 36,495 thousand as at 30 September 2021. In particular, the Energy-Automation segment achieved revenues of Euro 12,752 thousand, compared to Euro 12,194 thousand as at 30 September 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.

#### EBITDA by segment

The table below shows EBITDA figures as at 30 September 2022 compared to those as at 30 September 2021, broken down into three operating segments:

| | As at 30 September | | | | |
|---|---|---|---|---|---|
| *(Euro in thousands)* | **2022** | **% of revenues** | **2021** | **% of revenues** | **2022 vs 2021** |
| Energy | 5,159 | 13.6% | 6,624 | 18.2% | (1,465) |
| Trencher | 10,786 | 10.9% | 10,419 | 12.3% | 367 |
| Rail | 9,978 | 27.4% | 4,133 | 18.1% | 5,845 |
| **EBITDA** | **25,923** | **14.9%** | **21,176** | **14.7%** | **4,747** |

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

- Rail: the improvement of the EBITDA from Euro 4,133 thousand in the first nine months of 2021 to Euro 9,978 thousand in 2022 is due, on the one hand, to the recovery of full operations in the segment as described in the previous paragraph commenting on sales, and, on the other hand, to a strong improvement in the mix, now more oriented towards solutions with greater added value; moreover, the work progress in the third quarter benefited from significant cost and experience savings;
- Trencher: although sales increased, the EBITDA of the Trencher area increased only marginally in absolute terms, from a value of Euro 10,419 thousand as at 30 September 2021 to a value of Euro 10,786 thousand as at 30 September 2022, with

profitability compared to sales losing just under one and a half percentage points in the period compared to 2021. This decrease in the relative margins was due to the aforementioned effects of, on the one hand, higher cost of raw materials, transport and energy, with a still marginal contribution from the pursued policy of price increases, and, on the other hand, higher expenses related to provisions, trade fair and travel expenses, as well as the negative contribution of the Saudi Arabian subsidiary in particular;

- Energy: EBITDA decreased from a value of Euro 6,624 thousand as at 30 September 2021 to a value of Euro 5,159 thousand as at 30 September 2022, with reductions both in absolute and relative terms compared to turnover, motivated by a strong increase in the costs of materials and by slowdowns in the supply chain that, although in the presence of a solid backlog, were only partially mitigated by price adjustment actions at contracting authorities.

## 6. Summary of balance sheet figures as at 30 September 2022

Information is provided below on the Group's main equity indicators as at 30 September 2022 compared to 31 December 2021. In particular, the following table shows the reclassified funding sources and uses from the consolidated balance sheet as at 30 September 2022 and as at 31 December 2021:

| *(Euro in thousands)* | **As at 30 September 2022** | **As at 31 December 2021** |
|---|---|---|
| **USES** | | |
| Net working capital | 92,698 | 76,536 |
| Fixed assets | 106,190 | 102,946 |
| Other long-term assets and liabilities | 16,154 | 14,172 |
| **Net invested capital** | **215,042** | **193,654** |
| **SOURCES** | | |
| Net financial indebtedness | 125,811 | 121,012 |
| Shareholders' equity | 89,231 | 72,642 |
| **Total sources of funding** | **215,042** | **193,654** |

### A) Net working capital

The table below shows a breakdown of "Net Working Capital" as at 30 September 2022 and 31 December 2021:

| *(Euro in thousands)* | **As at 30 September 2022** | **As at 31 December 2021** |
|---|---|---|
| Trade receivables | 64,633 | 54,392 |
| Work in progress contracts | 13,753 | 15,691 |
| Inventories | 102,420 | 81,293 |
| Trade payables | (68,877) | (55,966) |
| Other current assets/(liabilities) | (19,231) | (18,874) |
| **Net working capital** | **92,698** | **76,536** |

Net working capital amounted to Euro 92,698 thousand, marking an increase of Euro 16,162 thousand (equal to 21.1%) compared to 31 December 2021. This trend was mainly attributable to the increase in the item "Inventories" of Euro 21,127 thousand (equal to 26.0%), net of the change in trade payables, due to an increase in inventories both from a strategic perspective (to build up a safety stock in a period of high volatility) and from an operational perspective (to meet the company's backlog and production and sales programmes), as well as the increase in Trade Receivables of Euro 10,241 thousand (or 18.8%), due to the strong growth in turnover.

### B) Fixed assets

The table below shows a breakdown of "Fixed assets" as at 30 September 2022 and 31 December 2021:

| (Euro in thousands) | As at 30 September 2022 | As at 31 December 2021 |
|---|---|---|
| Intangible assets | 29,318 | 23,896 |
| Property, plant and equipment | 49,994 | 47,607 |
| Rights of use | 21,344 | 23,352 |
| Equity investments in associates | 5,511 | 8,088 |
| Other equity investments | 23 | 3 |
| **Fixed assets** | **106,190** | **102,946** |

Total *fixed assets* recorded a net increase of Euro 3,244 thousand, largely due to the increase in the item "Intangible assets", which rose by Euro 5,422 thousand, in turn mainly related to the exposure of goodwill arising from the line-by-line consolidation of the company Tesmec Saudi Arabia LLC as from September 2022, an item previously included in "Equity investments in associates".

**C) Net financial indebtedness**

The table below shows a breakdown of "Net financial indebtedness" as at 30 September 2022 and 31 December 2021:

| *(Euro in thousands)* | As at 30 September 2022 | *of which with related parties and group* | As at 31 December 2021 | *of which with related parties and group* |
|---|---|---|---|---|
| Cash and cash equivalents | (36,431) | | (50,189) | |
| Current financial assets | (31,419) | *(4,489)* | (16,777) | *(9,270)* |
| Current financial liabilities | 77,157 | *6,672* | 59,220 | *2,620* |
| Current financial liabilities from rights of use | 6,935 | | 6,484 | |
| Current portion of derivative financial instruments | - | | 50 | |
| **Current financial indebtedness** | **16,242** | ***2,183*** | **(1,212)** | ***(6,650)*** |
| Non-current financial liabilities | 93,179 | - | 104,166 | *3,263* |
| Non-current financial liabilities from rights of use | 16,390 | | 18,009 | |
| Non-current portion of derivative financial instruments | - | | 49 | |
| Trade payables and other non-current payables | - | | 254 | |
| **Non-current financial indebtedness** | **109,569** | **-** | **122,478** | **3,263** |
| **Net financial indebtedness pursuant to ESMA 32-382-1138 communication** | **125,811** | ***2,183*** | **121,266** | ***(3,387)*** |
| Trade payables and other non-current payables | - | | (254) | |
| **Group net financial indebtedness** | **125,811** | ***2,183*** | **121,012** | ***(3,387)*** |

In the first nine months of 2022, the Group's net financial indebtedness increased by Euro 4,799 thousand compared to the figure at the end of 2021, to service the increase in net working capital. The financial indebtedness prior to the application of IFRS 16, as at 30 September 2022, amounts to Euro 102,486 thousand.

The table below shows the breakdown of the changes:

- increase in current financial indebtedness of Euro 17,454 thousand, mainly due to the short-term reclassification of the accrued portion of medium-/long-term loans to short-term, 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 12,909 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. The loan agreement of the subsidiary Tesmec USA, Inc. provides for financial covenants to be calculated quarterly on the combined financial statements of the Group's US subsidiaries. As at 30 September 2022, these parameters were met.

## 7. 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.

## 8. 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, we specify that no transactions took place with related parties of an atypical or unusual nature that are far removed from the company's normal 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.

## 9. Group Employees

The number of Group employees in the first nine months of 2022, including the employees of companies that are fully consolidated, is 967 persons compared to 945 in the first nine months of 2021.

## 10. Other information

**Events occurring after the end of the reporting period**

No price-sensitive events occurred after the end of the period.

**Business outlook**

The results for the nine months of 2022, although necessarily affected by the contextual evolutions that have been taking place for several months now, demonstrate Tesmec's soundness and the resilience of its business model, while corroborating the Group's growth expectations.
Lastly, with reference to the forecasts for the current year, the Group confirms its objective of a turnover of more than Euro 240 million, with an improving Net Financial Position, while EBITDA is expected to generate a profitability compared to sales between 15%-16% at the end of the year, compared to the previously communicated target of more than 16%. On the other hand, the company objectives for 2023 remain confirmed, both with respect to turnover (based on the backlog already acquired and to be acquired) and with respect to variable costs (expected to normalise from the fourth quarter onwards).

# CONSOLIDATED FINANCIAL STATEMENTS

(Not audited by the Independent Auditors)

## Consolidated statement of financial position as at 30 September 2022 and as at 31 December 2021

| *(Euro in thousands)* | 30 September 2022 | 31 December 2021 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Intangible assets | 29,318 | 23,896 |
| Property, plant and equipment | 49,994 | 47,607 |
| Rights of use | 21,344 | 23,352 |
| Equity investments in associates evaluated using the equity method | 5,511 | 8,088 |
| Other equity investments | 23 | 3 |
| Financial receivables and other non-current financial assets | 7,388 | 6,821 |
| Derivative financial instruments | 727 | 10 |
| Deferred tax assets | 17,516 | 15,839 |
| Non-current trade receivables | 2,418 | 1,761 |
| Other non-current assets | 1,266 | 1,266 |
| **TOTAL NON-CURRENT ASSETS** | **135,505** | **128,643** |
| **CURRENT ASSETS** | | |
| Work in progress contracts | 13,753 | 15,691 |
| Inventories | 102,420 | 81,293 |
| Trade receivables | 64,633 | 54,392 |
| *of which with related parties:* | *11,495* | *3,510* |
| Tax receivables | 2,357 | 1,782 |
| Other available-for-sale securities | - | 2 |
| Financial receivables and other current financial assets | 31,419 | 16,775 |
| *of which with related parties:* | *4,489* | *9,270* |
| Other current assets | 14,597 | 9,365 |
| Cash and cash equivalents | 36,431 | 50,189 |
| **TOTAL CURRENT ASSETS** | **265,610** | **229,489** |
| **TOTAL ASSETS** | **401,115** | **358,132** |
| **SHAREHOLDERS' EQUITY** | | |
| **SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS** | | |
| Share capital | 15,702 | 15,702 |
| Reserves/(deficit) | 61,721 | 55,670 |
| Group net profit/(loss) | 9,248 | 1,195 |
| **TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS** | **86,671** | **72,567** |
| Capital and reserves/(deficit) attributable to non-controlling interests | 2,565 | 61 |
| Net profit/(loss) for the period attributable to non-controlling interests | (5) | 14 |
| **TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS** | **2,560** | **75** |
| **TOTAL SHAREHOLDERS' EQUITY** | **89,231** | **72,642** |
| **NON-CURRENT LIABILITIES** | | |
| Medium/long-term loans | 90,690 | 100,439 |
| *of which with related parties:* | - | *3,263* |
| Bond issue | 2,489 | 3,727 |
| Non-current financial liabilities from rights of use | 16,390 | 18,009 |
| Derivative financial instruments | - | 49 |
| Employee benefit liability | 4,005 | 4,564 |
| Deferred tax liabilities | 9,156 | 6,707 |

| | | |
|---|---|---|
| Other long-term liabilities | - | 254 |
| **TOTAL NON-CURRENT LIABILITIES** | **122,730** | **133,749** |
| **CURRENT LIABILITIES** | | |
| Interest-bearing financial payables (current portion) | 74,683 | 56,753 |
| *of which with related parties:* | *6,672* | *2,620* |
| Bond issue | 2,474 | 2,467 |
| Current financial liabilities from rights of use | 6,935 | 6,484 |
| Derivative financial instruments | - | 50 |
| Trade payables | 68,877 | 55,966 |
| *of which with related parties:* | *1,392* | *1,310* |
| Advances from customers | 4,371 | 2,194 |
| Income taxes payable | 4,698 | 2,051 |
| Provisions for risks and charges | 4,554 | 3,171 |
| Other current liabilities | 22,562 | 22,605 |
| **TOTAL CURRENT LIABILITIES** | **189,154** | **151,741** |
| **TOTAL LIABILITIES** | **311,884** | **285,490** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **401,115** | **358,132** |

## Consolidated income statement as at 30 September 2022 and 30 September 2021

| | As at 30 September | |
|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** |
| **Revenues from sales and services** | **173,451** | **144,184** |
| *of which with related parties:* | *10,712* | *9,739* |
| Cost of raw materials and consumables | (69,204) | (58,116) |
| *of which with related parties:* | *(8)* | *(56)* |
| Costs for services | (34,531) | (26,412) |
| *of which with related parties:* | *(105)* | *(193)* |
| Payroll costs | (44,697) | (41,405) |
| Other operating costs/revenues, net | (5,369) | (2,720) |
| *of which with related parties:* | *188* | *139* |
| Amortisation and depreciation | (16,235) | (16,335) |
| Development costs capitalised | 6,826 | 5,393 |
| Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method | (553) | 252 |
| **Total operating costs** | **(163,763)** | **(139,343)** |
| **Operating income** | **9,688** | **4,841** |
| Financial expenses | (10,600) | (8,148) |
| *of which with related parties:* | *(364)* | *(40)* |
| Financial income | 14,841 | 6,535 |
| *of which with related parties:* | *92* | *60* |
| Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method | 44 | (6) |
| **Pre-tax profit/(loss)** | **13,973** | **3,222** |
| Income tax | (4,730) | (1,167) |
| **Profit/(loss) for the period** | **9,243** | **2,055** |
| **Profit/(loss) attributable to non-controlling interests** | **(5)** | **15** |
| **Group profit/(loss)** | **9,248** | **2,040** |
| **Basic and diluted earnings/(losses) per share** | **0.0152** | **0.0034** |

## Consolidated statement of comprehensive income as at 30 September 2022 and 30 September 2021

| | As at 30 September | |
|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** |
| **PROFIT/(LOSS) FOR THE PERIOD** | **9,243** | **2,055** |
| ***Other components of comprehensive income:*** | | |
| *Other components of comprehensive income that will be subsequently reclassified to net income/(loss) for the period:* | | |
| Exchange differences on conversion of foreign financial statements | 4,400 | 1,719 |
| *Other components of comprehensive income that will not be subsequently reclassified to net income/(loss) for the period:* | | |
| Actuarial profit/(loss) on defined benefit plans | 615 | 171 |
| Income tax | (148) | (42) |
| | 467 | 129 |
| **Total other income/(losses) after tax** | **4,867** | **1,848** |
| **Total comprehensive income (loss) after tax** | **14,110** | **3,903** |
| *Attributable to:* | | |
| Shareholders of Parent Company | 14,064 | (4,856) |
| Non-controlling interests | 46 | 17 |

## Statement of consolidated cash flows as at 30 September 2022 and 30 September 2021

| | As at 30 September | |
|---|---|---|
| *(Euro in thousands)* | **2022** | **2021** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit/(loss) for the period | 9,243 | 2,055 |
| *Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:* | | |
| Amortisation and depreciation | 16,235 | 16,335 |
| Provisions for employee benefit liability | 403 | 67 |
| Provisions for risks and charges/inventory obsolescence/doubtful accounts | 2,179 | 938 |
| Employee benefit payments | (347) | (157) |
| Payments of provisions for risks and charges | (117) | (161) |
| Net change in deferred tax assets and liabilities | 1,010 | (123) |
| Change in fair value of financial instruments | (816) | (16) |
| *Change in current assets and liabilities:* | | |
| Trade receivables | (13,852) | 390 |
| *of which with related parties:* | *(7,985)* | *(5,495)* |
| Inventories | (14,593) | (11,406) |
| Trade payables | 12,615 | (3,198) |
| *of which with related parties:* | *82* | *219* |
| Other current assets and liabilities | (3,367) | (3,421) |
| **NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)** | **8,593** | **1,303** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Investments in property, plant and equipment | (6,757) | (10,865) |
| Investments in intangible assets | (8,792) | (6,968) |
| Investments in Rights of use | (4,415) | (3,484) |
| (Investments)/disposals of financial assets | (14,323) | (2,407) |
| *of which with related parties:* | *4,781* | *(2,441)* |
| Change in the consolidation area | (3,632) | (2,462) |
| Proceeds from sale of property, plant and equipment, intangible assets and rights of | 7,317 | 9,342 |
| **NET CASH FLOW USED IN INVESTING ACTIVITIES (B)** | **(30,602)** | **(16,844)** |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Disbursement of medium/long-term loans | 15,316 | 27,530 |
| *of which with related parties:* | *(3,263)* | - |
| Recognition of financial liabilities from rights of use | 6,012 | 4,933 |
| Repayment of medium/long-term loans | (13,912) | (26,735) |
| Repayment of financial liabilities from rights of use | (7,179) | (5,029) |
| Net change in short-term financial debt | 4,125 | (7,145) |
| *of which with related parties:* | *4,052* | *(293)* |
| Paid increase of capital | 2,479 | - |
| Other changes | - | (132) |
| **NET CASH FLOW GENERATED BY/(USED IN) FINANCING ACTIVITIES (C)** | **6,841** | **(6,578)** |
| **TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)** | **(15,168)** | **(22,119)** |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E) | 1,410 | 202 |
| 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)** | **36,431** | **48,509** |
| **Additional information:** | | |
| Interest paid | 5,571 | 3,254 |
| Income tax paid | 584 | 971 |

## Statement of changes in consolidated shareholders' equity as at 30 September 2022 and 30 September 2021

| *(Euro in thousands)* | Share capital | Legal reserve | Share premium reserve | Reserve of treasury shares | Translation reserve | Other reserves | Profit/(loss) for the period | Total shareholders' equity attributable to Parent Company shareholders | Total shareholders' equity attributable to non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **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** |
| Net profit for the period | - | - | - | - | - | - | 9,248 | 9,248 | (5) | 9,243 |
| Other profits/(losses | - | - | - | - | 4,349 | 467 | | 4,816 | 51 | 4,867 |
| **Comprehensive income statement** | **-** | **-** | **-** | **-** | **4,349** | **467** | **9,248** | **14,064** | **46** | **14,110** |
| Change in the consolidation area | - | - | - | - | - | 40 | - | 40 | 2,439 | 2,479 |
| Allocation of profit for the period | - | - | - | - | - | 1,195 | (1,195) | - | - | - |
| **Balance as at 30 September 2022** | **15,702** | **2,141** | **39,215** | **(2,341)** | **8,235** | **14,471** | **9,248** | **86,671** | **2,560** | **89,231** |

| *(Euro in thousands)* | Share capital | Legal reserve | Share premium reserve | Reserve of treasury shares | Translation reserve | Other reserves | Profit/(loss) for the period | Total shareholders' equity attributable to Parent Company shareholders | Total shareholders' equity attributable to non-controlling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **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** |
| Net profit for the period | - | - | - | - | - | - | 2,040 | 2,040 | 15 | 2,055 |
| Other profits/(losses | - | - | - | - | 1,717 | 129 | - | 1,846 | 2 | 1,848 |
| **Comprehensive income statement** | **-** | **-** | **-** | **-** | **1,717** | **129** | **2,040** | **3,886** | **17** | **3,903** |
| Other changes | - | - | - | - | - | (263) | - | (263) | - | (263) |
| Allocation of profit for the period | - | - | - | - | - | (6,828) | 6,828 | - | - | - |
| **Balance as at 30 September 2021** | **15,702** | **2,141** | **39,215** | **(2,341)** | **3,526** | **12,727** | **2,040** | **73,010** | **78** | **73,088** |

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## Explanatory notes

## Accounting policies adopted in preparing the interim consolidated report on operations as at 30 September 2022

### 1. Company information

The Parent Company Tesmec S.p.A. (hereinafter "Parent Company" or "Tesmec") 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 "Tesmec Group") is in Milan, Piazza S. Ambrogio 16.

### 2. Reporting standards

The interim consolidated report on operations as at 30 September 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 30 September 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 30 September 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 third 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, except where specifically indicated.

Disclosure of the interim consolidated report on operations of the Tesmec Group for the period ended 30 September 2022 was authorised by the Board of Directors on 4 November 2022.

#### 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 Euro 1) are shown below:

| | Average exchange rates for the period ended 30 September | | End-of-period exchange rate as at 30 September | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| US Dollar | 1.064 | 1.196 | 0.975 | 1.158 |
| Russian Rouble | 75.069 | 88.534 | 55.406 | 84.339 |
| South African Rand | 16.952 | 17.423 | 17.535 | 17.563 |

| | | | | |
|---|---|---|---|---|
| Renminbi | 7.019 | 7.738 | 6.937 | 7.485 |
| Qatari Riyal | 3.872 | 4.354 | 3.548 | 4.215 |
| Algerian Dinar | 152.183 | 160.224 | 137.057 | 158.747 |
| Tunisian Dinar | 3.240 | 3.295 | 3.179 | 3.267 |
| Australian Dollar | 1.504 | 1.577 | 1.508 | 1.610 |
| New Zealand Dollar | 1.647 | 1.682 | 1.718 | 1.686 |
| Saudi Riyal | 3.989 | 4.486 | 3.656 | 4.342 |
| CFA Franc | 655.957 | 655.957 | 655.957 | 655.957 |
| GNF Franc | 9,300.010 | 11,802.972 | 8,386.382 | 11,237.184 |
| Moroccan Dinar | 10.580 | 10.680 | 10.714 | 10.476 |

## 3. Consolidation methods and area

As at 30 September 2022, the consolidation area changed as follows compared to 31 December 2021:

- the company R and E Contracting (Pty) Ltd., originally 20% owned by Tesmec SA (Pty) Ltd. has been removed from the consolidation area as it is in the process of being cancelled from the local register of companies;

- the company Tesmec Saudi Arabia LLC, following a share capital increase that increased its shareholding to 65%, is consolidated on a line-by-line basis as from September 2022.

## 4. New accounting standards, interpretations and amendments adopted by the Group

The accounting standards adopted for the preparation of the Interim consolidated report on operations are the same as those adopted for the preparation of the consolidated financial statements for the year ended 31 December 2021, with the exception of the adoption as of 1 January 2022 of the new standards and amendments. The Group has not adopted in advance any new standard, interpretation or amendment issued but not yet in force.
Several amendments are applied for the first time in 2022 but have no impact on the Group's interim condensed consolidated financial statements.

**Accounting standards, amendments and IFRS interpretations applied as from 1 January 2022**

The following accounting standards, amendments and IFRS interpretations were applied by the Group for the first time on 1 January 2022:

On 14 May 2020, the IASB published the following amendments called:

- ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework without this entailing changes to the provisions of the standard.
- ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of property, plant and equipment. Therefore, these sales revenues and the related costs will be recognised in the income statement.
- ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that all costs directly attributable to the contract must be considered in the estimate of the possible cost of a contract. Accordingly, the assessment of the possible cost of a contract includes not only incremental costs (such as, for example, the cost of direct material used in processing), but also all costs that the company cannot avoid in that it has entered into the contract (such as, for example, the portion of depreciation of machinery used for the performance of the contract).
- ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments did not have any effect on the Group’s consolidated financial statements.

**Accounting standards, amendments and IFRS interpretations approved by the European Union, not yet mandatorily applicable and not early adopted by the group as at 30 September 2022**

- On 18 May 2017, the IASB issued the standard IFRS 17 – Insurance Contracts that will replace standard IFRS 4 – Insurance Contracts.
  The aim of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from issued insurance contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single standard-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds.

  The new standard also includes presentation and disclosure requirements to improve comparability between entities in this sector.

  The new standard measures an insurance contract on the basis of a General Model, or its simplified version, called the Premium Allocation Approach ("PAA").

  The main features of the General Model are:
  - estimates and assumptions of future cash flows are always current;
  - the measurement reflects the time value of money;
  - the estimates envisage an extensive use of observable information on the market;
  - there is a current and explicit measurement of the risk;
  - the expected profit is deferred and aggregated in groups of insurance contracts at the time of initial recognition; and
  - the expected profit is recognised during the contractual hedging period, taking into account the adjustments resulting from changes in the assumptions relating to the cash flows for each group of contracts.

  The PAA approach involves measuring the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or received will occur within one year of the date on which the claim occurred.

  The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

  The standard is effective beginning on 1 January 2023 but earlier application is permitted only for entities applying IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this standard.
- On 12 February 2021, the IASB published two amendments called "***Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2***" *and* "***Definition of Accounting Estimates—Amendments to IAS 8***"*.* The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply beginning on 1 January 2023, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

**Accounting standards, amendments and IFRS interpretations not yet approved by the European Union**

As at the date of this document, the competent bodies of the European Union have not yet completed the approval process required for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment called "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The purpose of the document is to clarify how to classify payables and other short or long-term liabilities. The amendments are effective beginning on 1 January 2023; in any case, early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 7 May 2021, the IASB published an amendment called "***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***". The document clarifies how deferred taxes must be recognised on certain operations that can generate assets and liabilities of equal amounts, such as leases and dismantling obligations.

The amendments will apply beginning on 1 January 2023, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 9 December 2021, the IASB published an amendment called ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"***. The amendment is a transition option relating to comparative information on financial assets presented as at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus at improving the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 30 January 2014, the IASB published ***IFRS 14 – Regulatory Deferral Accounts***, which allows only those who adopt IFRS for the first time to continue to recognise amounts relating to Rate Regulation Activities in accordance with the previously adopted accounting standards. Since the Company/Group is not a first-time adopter, this standard is not applicable.

## 5. 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 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.

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

| | As at 30 September | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| *(Euro in thousands)* | Energy | Trencher | Rail | Consolidated | Energy | Trencher | Rail | Consolidated |
| Revenues from sales and services | 37,907 | 99,076 | 36,468 | 173,451 | 36,495 | 84,908 | 22,781 | 144,184 |
| Operating costs net of depreciation and amortisation | (32,748) | (88,290) | (26,490) | (147,528) | (29,871) | (74,489) | (18,648) | (123,008) |
| **EBITDA** | **5,159** | **10,786** | **9,978** | **25,923** | **6,624** | **10,419** | **4,133** | **21,176** |
| Amortisation and depreciation | (3,588) | (9,723) | (2,924) | (16,235) | (4,162) | (9,374) | (2,799) | (16,335) |
| **Total operating costs** | **(36,336)** | **(98,013)** | **(29,414)** | **(163,763)** | **(34,033)** | **(83,863)** | **(21,447)** | **(139,343)** |
| **Operating income** | **1,571** | **1,063** | **7,054** | **9,688** | **2,462** | **1,045** | **1,334** | **4,841** |
| Net financial income/(expenses) | | | | 4,285 | | | | (1,619) |
| **Pre-tax profit/(loss)** | | | | **13,973** | | | | **3,222** |

| | | |
|---|---|---|
| Income tax | (4,730) | (1,167) |
| **Profit/(loss) for the period** | **9,243** | **2,055** |
| Profit/(loss) attributable to non-controlling interests | (5) | 15 |
| **Group profit/(loss)** | **9,248** | **2,040** |

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 operating segment as at 30 September 2022 and as at 31 December 2021:

| | **As at 30 September 2022** | | | | | **As at 31 December 2021** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(Euro in thousands)* | **Energy** | **Trencher** | **Rail** | **Not allocated** | **Consolidated** | **Energy** | **Trencher** | **Rail** | **Not allocated** | **Consolidated** |
| Intangible assets | 10,964 | 9,322 | 9,032 | - | 29,318 | 10,062 | 5,833 | 8,001 | - | 23,896 |
| Property, plant and equipment | 3,122 | 37,856 | 9,016 | - | 49,994 | 2,980 | 36,554 | 8,073 | - | 47,607 |
| Rights of use | 762 | 19,881 | 701 | - | 21,344 | 817 | 21,945 | 590 | - | 23,352 |
| Financial assets | 4,792 | 1,168 | 3,293 | 4,396 | 13,649 | 3,858 | 4,334 | 3,293 | 3,437 | 14,922 |
| Other non-current assets | 1,982 | 9,191 | 595 | 9,432 | 21,200 | 1,936 | 6,595 | 727 | 9,608 | 18,866 |
| **Total non-current assets** | **21,622** | **77,418** | **22,637** | **13,828** | **135,505** | **19,653** | **75,261** | **20,684** | **13,045** | **128,643** |
| Work in progress contracts | 2,219 | - | 11,534 | - | 13,753 | 1,346 | - | 14,345 | - | 15,691 |
| Inventories | 25,332 | 67,725 | 9,363 | - | 102,420 | 17,766 | 59,542 | 3,985 | - | 81,293 |
| Trade receivables | 14,182 | 43,167 | 7,284 | - | 64,633 | 7,657 | 35,734 | 11,001 | - | 54,392 |
| Other current assets | 3,548 | 8,719 | 24,471 | 11,635 | 48,373 | 2,500 | 4,385 | 7,554 | 13,485 | 27,924 |
| Cash and cash equivalents | 3,276 | 7,244 | 4,505 | 21,406 | 36,431 | 5,205 | 9,807 | 7,135 | 28,042 | 50,189 |
| **Total current assets** | **48,557** | **126,855** | **57,157** | **33,041** | **265,610** | **34,474** | **109,468** | **44,020** | **41,527** | **229,489** |
| **Total assets** | **70,179** | **204,273** | **79,794** | **46,869** | **401,115** | **54,127** | **184,729** | **64,704** | **54,572** | **358,132** |
| **Shareholders' equity attributable to parent company shareholders** | - | - | - | **86,671** | **86,671** | - | - | - | **72,567** | **72,567** |
| **Shareholders' equity attributable to non-controlling interests** | - | - | - | **2,560** | **2,560** | - | - | - | **75** | **75** |
| **Non-current liabilities** | **2,462** | **18,542** | **7,842** | **93,884** | **122,730** | **2,983** | **19,414** | **8,338** | **103,014** | **133,749** |
| Current financial liabilities | 4,863 | 4,675 | 11,454 | 56,165 | 77,157 | 2,509 | 4,279 | 10,013 | 42,469 | 59,270 |
| Current financial liabilities from rights of use | 314 | 3,821 | 139 | 2,661 | 6,935 | 276 | 3,531 | 91 | 2,586 | 6,484 |
| Trade payables | 14,262 | 40,808 | 13,807 | | 68,877 | 14,351 | 33,089 | 8,526 | - | 55,966 |
| Other current liabilities | 2,492 | 10,679 | 13,119 | 9,895 | 36,185 | 1,324 | 8,779 | 11,588 | 8,330 | 30,021 |
| **Total current liabilities** | **21,931** | **59,983** | **38,519** | **68,721** | **189,154** | **18,460** | **49,678** | **30,218** | **53,385** | **151,741** |
| **Total liabilities** | **24,393** | **78,525** | **46,361** | **162,605** | **311,884** | **21,443** | **69,092** | **38,556** | **156,399** | **285,490** |
| **Total shareholders' equity and liabilities** | **24,393** | **78,525** | **46,361** | **251,836** | **401,115** | **21,443** | **69,092** | **38,556** | **229,041** | **358,132** |

## 6, 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:

| (Euro in thousands) | Half-year ended 30 September 2022 | | | | | Half-year ended 30 September 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 |
| ***Associates:*** | | | | | | | | | | |
| Locavert S,A, | 783 | - | - | - | - | 140 | - | - | - | - |
| **Subtotal** | **783** | **-** | **-** | **-** | **-** | **140** | **-** | **-** | **-** | **-** |
| ***Joint Ventures:*** | | | | | | | | | | |
| Condux Tesmec Inc, | 5,068 | - | (15) | 175 | 34 | 6,088 | - | - | 114 | 9 |
| Tesmec Saudi Arabia | - | - | - | - | - | 1,500 | - | - | - | - |
| Tesmec Peninsula | 3,327 | - | (55) | - | 50 | 263 | (55) | - | - | 39 |
| **Subtotal** | **8,395** | **-** | **(70)** | **175** | **84** | **7,851** | **(55)** | **-** | **114** | **48** |
| ***Related parties:*** | | | | | | | | | | |
| Ambrosio S,r,l, | - | - | - | (2) | (2) | - | - | - | (1) | - |
| TTC S,r,l, | - | - | (23) | - | - | - | - | (23) | - | - |
| Ceresio Tours S,r,l, | - | - | - | - | - | - | - | - | - | - |
| Dream Immobiliare S,r,l, | - | - | - | 5 | (266) | - | - | - | (12) | (4) |
| FI,IND | - | - | - | - | - | - | - | - | 29 | - |
| M,T,S, Officine meccaniche S,p,A, | 1,514 | (8) | (2) | 10 | (63) | 1,610 | (1) | (1) | 9 | (3) |
| ICS Tech, S,r,l, | 17 | - | - | - | - | 109 | - | - | - | - |
| COMATEL | 3 | - | - | - | - | 29 | - | - | - | - |
| Triskell Conseil Partner | - | - | (10) | - | - | - | - | (169) | - | - |
| RX S,r,l, | - | - | - | - | (25) | - | - | - | - | (21) |
| **Subtotal** | **1,534** | **(8)** | **(35)** | **13** | **(356)** | **1,748** | **(1)** | **(193)** | **25** | **(28)** |
| **Total** | **10,712** | **(8)** | **(105)** | **188** | **(272)** | **9,739** | **(56)** | **(193)** | **139** | **20** |

| (Euro in thousands) | 30 September 2021 | | | | | 31 December 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Trade receivables | Current financial receivables | Non-current financial payables | Current financial payables | Trade payables | Trade receivable s | Current financial receivables | Non-current financial payables | Current financial payables | Trade payables |
| ***Associates:*** | | | | | | | | | | |
| Locavert S,A, | 62 | - | - | - | - | 20 | - | - | - | - |
| Primis Group S,r,l, | 1 | - | - | - | 15 | - | - | - | - | - |
| **Subtotal** | **63** | **-** | **-** | **-** | **15** | **20** | **-** | **-** | **-** | **-** |
| ***Joint Ventures:*** | | | | | | | | | | |
| Condux Tesmec Inc, | 4,523 | 1,243 | - | - | 15 | 2,782 | 1,707 | - | - | 3 |
| Tesmec Peninsula | 6,591 | 2,375 | - | 2,078 | 59 | 12 | 2,044 | - | 1,089 | 4 |
| Tesmec Saudi Arabia | - | - | - | - | - | 441 | 4,648 | - | - | 7 |
| Marais Lucas | - | 794 | - | - | - | - | 794 | - | - | - |
| **Subtotal** | **11,114** | **4,412** | **-** | **2,078** | **74** | **3,235** | **9,193** | **-** | **1,089** | **14** |
| ***Related parties:*** | | | | | | | | | | |
| Ambrosio S,r,l, | - | - | - | - | 14 | - | - | - | - | 4 |
| Dream Immobiliare S,r,l, | - | 77 | - | - | 1,169 | - | 77 | - | - | 1,137 |
| TTC S,r,l, | - | - | - | - | - | - | - | - | - | 24 |
| M,T,S, Officine meccaniche S,p,A, | 236 | - | - | 3,050 | 57 | 123 | - | 3,050 | - | 63 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| ICS Tech, S,r,l, | 82 | - | - | - | - | 132 | - | 213 | 1,531 | 34 |
| COMATEL | - | - | - | - | - | - | - | - | - | 34 |
| RX S,r,l, | - | - | - | 1,544 | 63 | - | - | - | - | - |
| **Subtotal** | **318** | **77** | **-** | **4,594** | **1,303** | **255** | **77** | **3,263** | **1,531** | **1,296** |
| **Total** | **11,495** | **4,489** | **-** | **6,672** | **1,392** | **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 Ruggero Gambini, 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 30 September 2022,

2. We also certify that:

2,1 the Interim consolidated report on operations as at 30 September 2022:

   - correspond to the amounts shown in the Company's accounts, books and records;
   - gives a 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 nine 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 three 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, 4 November 2022

| Mr, Ambrogio Caccia Dominioni | Mr, Ruggero Gambini |
|---|---|
| Chief Executive Officer | Manager responsible for preparing the Company's financial statements |

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ATTRACTIVE TECHNOLOGIES

Tesmec S.p.A.

**Registered Office**
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20123 Milano - Italy

Share Capital Euro 15.702.162 fully paid
VAT identification code IT10227100152
Milan Register of companies no. 314026

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