TESMEC

Interim Financial Report at March 31, 2023

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Registered Office: Piazza Sant'Ambrogio, 16 – 20123 Milan
Fully paid-up share capital as at 31 March 2023 Euro 15,702,162
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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

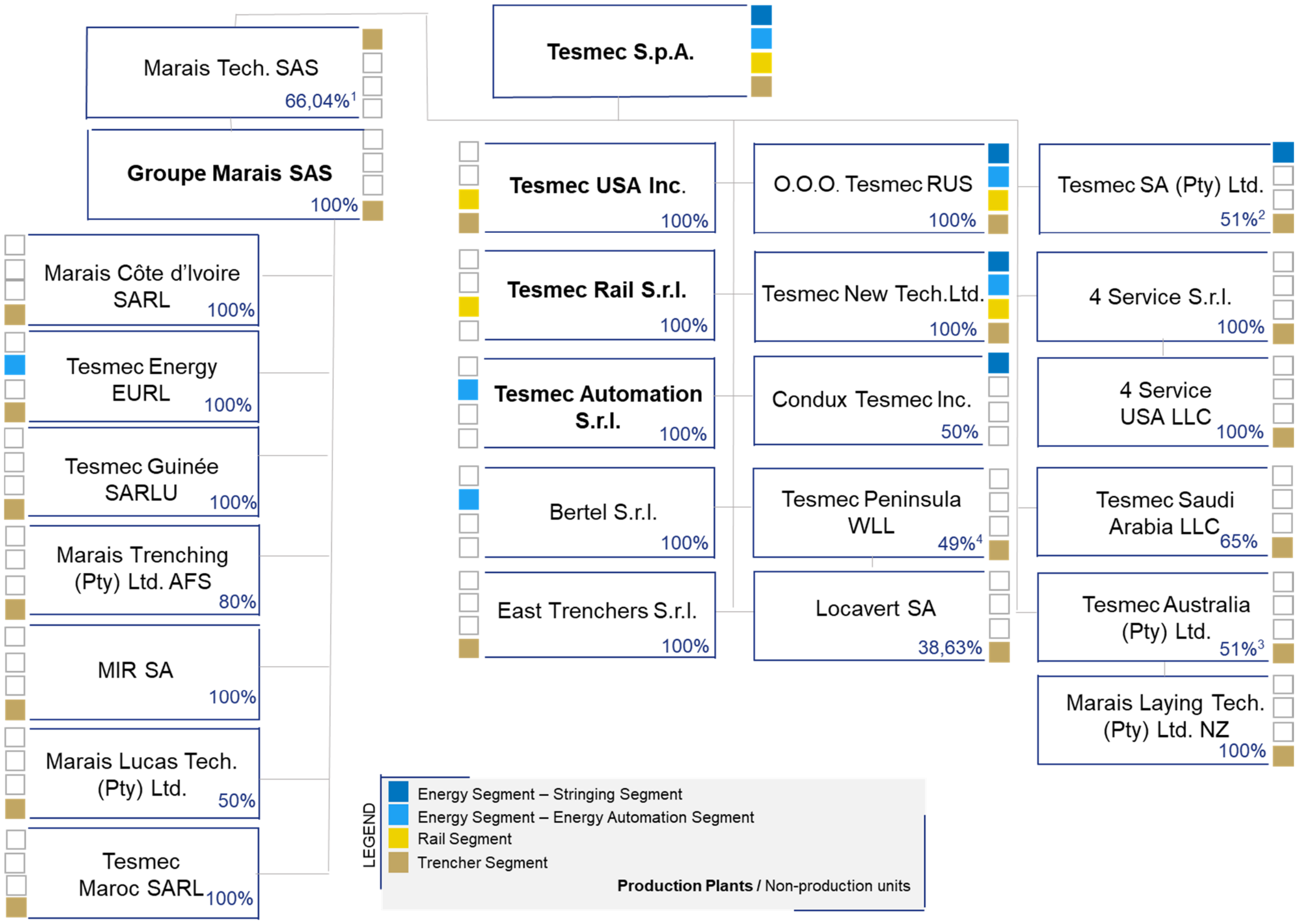
Members of the Remuneration and Appointments Committee (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2024)

Chairman	Emanuela Teresa Basso Petrino
Members	Antongiulio Marti 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.

EMARKET SDIR CERTIFIED

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.

(4) The remaining 51% is held by Fusion Middle East Services WLL. By virtue of de facto control for accounting purposes, the equity investment in Tesmec Peninsula WLL is consolidated at 99%.

INTERIM CONSOLIDATED REPORT ON OPERATIONS

(Not audited by the Independent Auditors)

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, Côte d'Ivoire 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);
- The 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 Strategic and economic/financial framework as at 31 March 2023

After a 2022 characterised by strong growth in revenues and operating margins (such as to move the consolidated revenue baseline from approx. Euro 200 million in 2019-2021 to the new level of just under Euro 250 million), for 2023 the Tesmec Group has planned further momentum in the growth of Revenues and income statement and statement of financial position results. This expectation, which is estimated to bring Revenues at the end of 2023 to the Euro 280-290 million range, is based:

(i) on the order backlog outstanding as at 31 December 2022, of more than Euro 400 million;

(ii) the commercial development underway in all of the Group's Business Units, both for the Trencher segment (with expected growth in the areas of North America and the Arabian Peninsula), for the Rail segment (due to the expected acquisition of new orders, particularly in the diagnostics segment), and for the Energy segment (with a special reference to the Energy Automation segment, also based on the positive effects of the RRP).

In line with this vision, the Group's Budget for the current year envisages:

- in the first half of the year:
    - (a) in terms of the Income Statement, the substantial consolidation of the significant growth in Revenues achieved in the first half of 2022, with an acceleration from June onwards. Operating results are expected to be initially below 2022 due to the 'full year' impact of inflation rates in 2022, on the one hand, and the strengthening of the commercial and business development structure that has started in 2022, on the other, and then to experience a gradual growth towards the end of the first half of the year;
    - (b) in terms of the Balance Sheet, a peak in Working Capital as at 30 June, due to the completion of the major production programme started at the Group's factories; and
- in the second half of the year:
    - (a) in terms of the Income Statement, a strong growth in Revenues and operating results, especially in North America and the Arabian Peninsula for the Trencher segment and in Italy for the Energy segment (as mentioned, also thanks to the contribution of RRP);
    - (b) in terms of the Balance Sheet, a progressive reduction in Working Capital and, specularly, in the Net Financial Position.

With regard to the economic results for the first quarter of the year, the Group worked to implement its commercial, production and strategic development programmes, with a marginal growth in Revenue for the period compared to 2022 (+3%), mainly due to the Energy and Trencher segments. From the point of view of the operating results:

- consolidated EBITDA was a positive Euro 7.0 million, which is seasonally lower than Euro 8.3 million in the first quarter of 2022, mainly due to the aforementioned and expected "full-year" effects of inflation (with a slightly increasing progressive trend in 2022) and higher fixed costs of commercial and business development. It should be noted that the Energy segment grew by approximately Euro 0.4 million compared to 2022, benefiting from a better mix and price recovery, while the Trencher segment, where structural increases are concentrated, recorded a seasonal reduction of Euro 1.3 million, with the Rail segment slightly below 2022, mainly due to a question of mix and inflationary effects;
- Consolidated EBIT was a positive Euro 1.4 million, down Euro 1.5 million from 2022, reflecting the seasonal reduction in EBITDA;
- the Net result was a negative Euro 2.6 million, due to higher financial expenses and a negative, largely unrealised exchange rate effect (compared to a positive contribution in 2022, also largely unrealised).

With reference to balance sheet figures, Invested Capital as at 31 March 2023 increased by approximately Euro 7.7 million, of which Euro 8.0 million was Net Working Capital, while Net Fixed Capital decreased slightly. At the same time, the Net Financial Position was just under Euro 140 million, with an increase of approximately Euro 11.1 million, of which Euro 8.0 million was due to the aforementioned higher seasonal Working Capital commitments and Euro 3.1 million to a negative operating balance excluding changes in Working Capital, which depended on the level of investments in the period not fully covered by the quarterly cash flow.

With specific reference to the Net Financial Position, it should be noted that it consists of:

- Euro 80.6 million of Operating Debt, entirely against consolidated Working Capital;
- Euro 22.4 million of debt items in accordance with IFRS 16. It should be noted that this principle implies that multi-year costs (such as rents) are included in financial liabilities, but does not allow for the inclusion of future margins from orders acquired;
- Euro 28.5 million of Industrial Debt for the portion of Fixed Assets (excluding the asset component related to IFRS 16) not directly covered by Shareholders' Equity.

Shareholders' Equity stood at Euro 79.9 million with a Debt/Equity ratio of 1.7, including the effects of IFRS 16. However, if we were to look at this ratio on the basis of industrial debt alone, it would be 0.4, demonstrating that there is ample room to reduce the net financial position as working capital decreases.

Finally, with reference to the continuation of the financial year, the Tesmec Group continues to work on the implementation of the 2021-2023 Business Plan and confirms its expectations, for the entire financial year, of a turnover level for the 12 months in the range of Euro 280-290 million, with an EBITDA margin of approximately 17%, and, by the end of the financial year, of an improvement in the NFP compared to the value at the end of 2022, thanks to the progressive return of Working Capital, especially in the second half of the year.

2. Macroeconomic Framework[1]

More than a year after the invasion of Ukraine, the global economy continues to be affected by high uncertainty, which impacts the volatility of commodity prices and dampens production activity and international trade. In the early months of the year, the global economy and international trade continued to be weak, owing to the longstanding geopolitical uncertainty and persistently high inflation in the main advanced economies. For 2023, the international institutions anticipate a slowdown in global growth. Uncertainty about the global outlook is compounded by the possibility of repercussions deriving from recent bank failures. According to the projections released in March by the OECD, global GDP growth will be 0.4% points higher than estimated four months ago and is expected to stand at an average of 2.6% in 2023 (from 3.2% in 2022). There remains a risk of less favourable developments, linked to the continuation of the war in Ukraine, to persistently high inflation rates and the resulting restrictive stance of monetary policies in the leading economies, and to the repercussions on global financial conditions of the recent bank failures in the United States and Switzerland. After remaining stable in the first two months of the year, Brent crude oil prices fell in March, partly as a result of the recent financial turmoil, to then start rising again in early April. Since mid-January, the TTF price of natural gas used as reference for European markets has continued to fall, to around 45 €/Mwh, influenced by high stockpile levels and by mild temperatures. The stance of monetary policies, aimed at countering ongoing high inflation, remains restrictive. The Federal Reserve decided on new increases in their policy rates in their February and March meetings. Global financial market conditions had tightened since mid-January, reflecting expectations of a more restrictive monetary policy stance. Risk aversion and volatility have increased abruptly since 10 March, following the failures of some regional banks in the United States and the Credit Suisse crisis. The US dollar has remained broadly stable against the euro but has resumed its appreciation against the other major currencies. The cost of loans to firms and households rose further, following the increase in key interest rates in place since last July.

Economic activity in the euro area started to grow again, if slightly, at the start of the year. The available indicators point to a slight expansion in economic activity in the early months of 2023. The March ECB staff projections, drawn up prior to the financial tensions linked to disruptions at some international banks, indicate a slowdown in GDP in 2023 (to 1.0%, against 3.5% last year), followed by an acceleration in 2024-25 (to 1.6% in each of the two years). Compared with December 2022, the estimates for 2023 have been revised upwards by 0.5%, due to both the drop in energy prices and the greater resilience of economies in recent months; GDP estimates for 2024-25 have instead been revised downwards (by about 0.3 points on average), mainly because of the impact of monetary policy tightening. In March, twelve-month consumer price inflation fell for the fifth consecutive month, to 6.9%, reflecting the marked slowdown in the prices of energy products. Inflation in the prices of food products increased to 15.4% and the core component also continued to rise, to 5.7%, buoyed by rising prices for services. According to the ECB staff projections published in March, in the baseline scenario, euro-area consumer price inflation is expected to decline from an average of 8.4% in 2022 to 5.3% in 2023, to 2.9% in 2024 and to 2.1% in 2025. The forecasting profile has been revised upwards for 2023, given the greater wage pressures, and downwards for the following year, reflecting the gradual impact on demand of the restrictive monetary policy. The ECB Governing Council increased its key interest rates, therefore standing at 3.0%. The Council also announced that it will continue to closely monitor the ongoing tensions on the financial markets and stands ready to act where necessary to preserve price stability and financial stability in the euro area.

At the end of 2022, the expansion of the Italian economy came to a halt, mainly owing to the contraction in household spending. Bank of Italy’s models suggest a rebound in GDP in the first quarter of 2023, as a result of falling energy prices and a normalization of supply conditions along the value chains. After having declined for two consecutive quarters, manufacturing activity appears to have resumed its expansion in the first three months of 2023. According to the surveys conducted by the Bank of Italy between February and March, opinions on the general state of the economy continued to improve, buoyed by the assessments of demand and the easing of the difficulties associated with energy prices and the supply of raw materials and intermediate inputs. In the early months of 2023, goods exports appear to have slowed, while increasing more than imports. Employment rose in the fourth quarter of 2022, and labour demand grew again in the early months of this year, despite the weak economic situation. Wage growth remained moderate overall. The majority of the bargaining agreements in the manufacturing sector will remain in force through 2023 and expire between the end of this year and the end of 2024: the raises envisaged by these contracts are in line with the expectations of modest inflation at the time when they were signed (2020-21). Over the first quarter of 2023, harmonized consumer price inflation diminished progressively, to 8.2% in March, from its highest value of 12.6% reached in the autumn. This can be mainly attributed to a reduction in electricity and gas prices, which in turn was driven by lower wholesale energy prices (now back at the levels recorded before the invasion of Ukraine) and by the economy boosting measures approved by the 2023 Budget Law. Food prices continued to rise sharply (12.0% in March), largely driven by the pass-through of energy price increases recorded in recent months. In line with developments in the euro area as a whole, Italy’s core inflation rose in the quarter on average, again driven by the pass-through of past energy price increases, which account for just over half of the rise. Between November and February, the growth rate of bank loans decreased sharply, particularly for loans to firms, reflecting higher funding costs and tighter credit standards. Key interest rate

[1] Source: Banca d’Italia – Economic Bulletin Number 2/2023 – April

hikes continue to pass through to the cost of lending. According to Italian banks, firms' demand for credit appeared to have been negatively affected by generally higher interest rates and lower financing needs for investment purposes; by contrast, demand for working capital likely increased. The average interest rate on new bank loans to firms rose by approximately 60 basis points from November to February, to 3.6%. The cost of funding increased further, mostly as a result of the rise in money market interest rates. After rising in January and February, government bond yields and share prices fell sharply amid the first signs of instability in the international banking sector. While yield spreads between Italian ten-year government bonds and the corresponding German Bunds held stable, equity prices soared in January and, to a lesser extent, in February, following better than expected earnings for the fourth quarter of 2022 and indicators signalling an economic slowdown less severe than anticipated.

The ratio of general government net borrowing to GDP decreased by 1% last year, to 8.0%. The debt-to-GDP ratio decreased to 144.4%, from 149.9% in 2021. In the first quarter of this year, the cash flow data pointed to a deterioration, in large part owing to extraordinary factors and calendar effects: the state sector borrowing requirement amounted to about € 54 billion, up by around € 24 billion compared with the first quarter of 2022. In the first quarter the Government intervened on fiscal incentives for the construction sector and also approved a draft enabling law to review several aspects of the tax system. The primary measures include: the reorganization of tax expenditure and the personal income tax (IRPEF) bands, the gradual replacement of the regional tax on production (IRAP) with an IRES surcharge, and a reform of the system of sanctions and rules aimed at preventing and reducing tax evasion and avoidance. With Decree Law 34/2023, the Government adopted new temporary measures to buffer the effects of rising energy costs on firms' and households' budgets. They extend, until the end of June, the VAT cuts and the reduced tax rates for gas system charges, the provision of 'social bonuses' for gas and electricity consumption and the availability of tax credits, all intended to partially offset firms' higher energy costs. In order to allow further analysis of the implementation and eligibility of certain measures, the Government has reached an agreement with the European Commission to extend by one month, until the end of April, the phase for assessing the achievement of the 55 milestones and targets relating to the second half of 2022 required for the disbursement of the third instalment of funds under the Recovery and Resilience Facility (€ 19 billion net of the pre-financing portion). Almost € 67 billion in grants and loans have been paid so far out of the € 192 billion earmarked for Italy.

3. Significant events during the period

No significant events occurred during the period.

4. Activity, reference market and operating performance for the first three months of 2023

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 2022. The following table shows the Group's major economic indicators of the first three months of 2023 and the financial indicators as at 31 March 2023 compared with the same period of 2022 and with 31 December 2022.

	OVERVIEW OF RESULTS	
31 March 2022	**Key income statement data** (Euro in millions)	**31 March 2023**
55.9	Operating Revenues	57.5
8.3	EBITDA	7.0
2.9	Operating Income	1.4
0.8	Foreign exchange gains/losses	(1.6)
2.0	Group Net Profit	(2.5)
957	Number of employees	1,007
31 December 2022	**Key financial position data** (Euro in millions)	**31 March 2023**
211.7	Net Invested Capital	219.4
83.4	Shareholders' Equity	79.9
128.4	Net Financial Indebtedness	139.5

31.9	Investments in property, plant and equipment, intangible assets and rights of use	5.8

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 intercompany transactions.

Main subsidiaries:

- 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 quarter of 2023, it generated revenues of Euro 11,770 thousand. The presence in the United States is completed through the subsidiary 4 Service USA, Inc., also based in Alvarado (Texas) and operating in the trencher rental business together with 4 Service S.r.l., a wholly-owned subsidiary of Tesmec S.p.A., based in Milan. During the third quarter of 2023, the two trencher rental companies generated revenue to third parties of Euro 11,803 thousand.

- Tesmec Rail S.r.l., a 100% subsidiary of Tesmec S.p.A., with registered office in Monopoli (BA), operates in the Rail sector. During the 2023 quarter, it generated revenues of Euro 10,394 thousand.

- Groupe Marais SAS, with registered office in Durtal (France), indirectly controlled by Tesmec S.p.A., through the holding company Marais Technologies SAS, company 66.04% owned by Tesmec S.p.A. and 33.96% by Simest S.p.A. as at 31 March 2023. The French company is a leader in the construction of machines for infrastructures and in services for telecommunications, electricity and gas. During the 2023 financial year, it generated revenues of Euro 5,209 thousand.

- Tesmec Automation S.r.l., a company 100% owned by Tesmec S.p.A., with registered office in Grassobbio (BG), specialised in the design and sale of integrated fault detectors and measurement sensors and devices for medium voltage power lines. During the 2023 financial year, it generated revenues of Euro 4,444 thousand.

Joint Ventures

- 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 during the 2023 quarter generated revenues totalling Euro 4,916 thousand.

5. Income statement and balance sheet situation as at 31 March 2023

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 "ESMA 32- 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 2023 with those as at 31 March 2022.

The main accounting figures for the first three months of 2023 and 2022 are presented in the table below:

	Quarter ended 31 March			
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**
Revenues from sales and services	**57,487**	**100.0%**	**55,865**	**100.0%**
Cost of raw materials and consumables	(22,529)	-39.2%	(23,832)	-42.7%
Costs for services	(13,150)	-22.9%	(9,667)	-17.3%
Payroll costs	(16,247)	-28.3%	(14,719)	-26.3%
Other operating costs/revenues, net	(2,170)	-3.8%	(1,164)	-2.1%
Amortisation and depreciations	(5,605)	-9.8%	(5,326)	-9.5%
Development costs capitalised	3,180	5.5%	1,768	3.2%
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	476	0.8%	15	0.0%
Total operating costs	**(56,045)**	**-97.5%**	**(52,925)**	**-94.7%**
Operating income	**1,442**	**2.5%**	**2,940**	**5.3%**
Net financial income/expenses	(2,417)	-4.2%	(1,194)	-2.1%
Foreign exchange gains/losses	(1,570)	-2.7%	779	1.4%
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	-	0.0%	27	0.0%
Pre-tax profit/(loss)	**(2,545)**	**-4.4%**	**2,552**	**4.6%**
Income tax	(5)	0.0%	(553)	-1.0%
Net profit/(loss) for the period	**(2,550)**	**-4.4%**	**1,999**	**3.6%**
Profit/(loss) attributable to non-controlling interests	(86)	-0.1%	1	0.0%
Group profit/(loss)	**(2,464)**	**-4.3%**	**1,998**	**3.6%**

Revenues

Total revenues as at 31 March 2023, compared to the corresponding period of the previous year, recorded an increase of 2.9%.

	Quarter ended 31 March				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Sales of products	49,577	86.24%	37,673	67.44%	11,904
Changes in work in progress	(6,385)	-11.11%	5,427	9.71%	(11,812)
Services rendered	14,295	24.87%	12,765	22.85%	1,530
Total revenues from sales and services	**57,487**	**100.00%**	**55,865**	**100.00%**	**1,622**

Services rendered mainly concern the trencher segment and are represented by the machine rental business carried out in the United States, France, Africa and Oceania.
The negative change in work in progress is entirely attributable to the invoicing in the first quarter of 2023 of approximately Euro 12 million related to the Rail segment, an amount that had instead been included in work in progress at the end of 2022, with a consequent reclassification to trade receivables.

Revenues by geographic area

In the first quarter of 2023, approximately 78% of the Group's turnover was realised on foreign markets, compared to approximately 70% in the same period of 2022, thus confirming the international vocation of the Tesmec Group.
The revenue analysis by geographic area is indicated below with a comparison of the figures for the first quarter of 2023 with those for the first quarter of 2022. It should be noted that the percentage drop in sales in Italy was due to the Trencher and Rail segments, for which the foreign component had a greater weight during the period.
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.

	Quarter ended 31 March	
(Euro in thousands)	**2023**	**2022**
Italy	12,921	16,777
Europe	10,977	12,679
Middle East	7,720	4,356
Africa	2,862	3,203
North and Central America	14,236	9,962
BRIC and Others	8,771	8,888
Total revenues	**57,487**	**55,865**

Operating costs net of depreciation and amortisation

	Quarter ended 31 March			
(Euro in thousands)	**2023**	**2022**	**2023 vs 2022**	**% change**
Cost of raw materials and consumables	(22,529)	(23,832)	1,303	-5.5%
Costs for services	(13,150)	(9,667)	(3,483)	36.0%
Payroll costs	(16,247)	(14,719)	(1,528)	10.4%
Other operating costs/revenues, net	(2,170)	(1,164)	(1,006)	86.4%
Development costs capitalised	3,180	1,768	1,412	79.9%
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	476	15	461	3073.3%
Operating costs net of depreciation and amortisation	**(50,440)**	**(47,599)**	**(2,841)**	**6.0%**

The table shows an increase in operating costs of Euro 2,841 thousand (6.0%). This increase in cost reflects:

- with regard to raw materials, consumables and services, the increase in sales, with different product mix;
- with regard to labour costs, the impact of inflation, remuneration policy and increase in the workforce;
- with regard to other operating costs/revenues, lower public contributions to research and development costs;
- with regard to increases in fixed assets, higher internal investments in research and development;
- with regard to results from Joint Ventures, the positive performance of the associate Condux Tesmec Inc.

EBITDA

As a result of the foregoing, EBITDA amounted to Euro 7,047 thousand, down on the figure recorded in the first quarter of 2022 when it was equal to Euro 8,266 thousand.

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

	Quarter ended 31 March				
(Euro in thousands)	2023	% of revenues	2022	% of revenues	2023 vs 2022
Operating income	1,442	2.5%	2,940	5.3%	(1,498)
+ Amortisation and depreciations	5,605	9.8%	5,326	9.5%	279
EBITDA	**7,047**	**12.3%**	**8,266**	**14.8%**	**(1,219)**

As previously mentioned, the reduction in seasonally adjusted gross operating margins was mainly due to the "full-year" effect of inflation (which slightly increased during 2022) and higher fixed costs for sales and business development.

Financial Management

	Period ended 31 March	
(Euro in thousands)	2023	2022
Net financial income/expenses	(2,316)	(1,462)
Foreign exchange gains/losses	(1,570)	779
Fair value adjustment of derivative instruments	(101)	268
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	-	27
Total net financial income/expenses	**(3,987)**	**(388)**

The net financial management result decreased compared to the same period in the previous financial year by a total of Euro -3,599 thousand, due to:

- a negative impact from higher exchange losses of Euro -2,349 thousand, resulting from the unfavourable trend of exchange rates as at 31 March 2023 compared to 31 December 2022, which resulted in net losses totalling Euro 1,570 thousand in the first quarter of 2023 (largely unrealised) compared to net gains of Euro 1,462 thousand in the first quarter of 2022 (also largely unrealised);
- worsening of the fair value adjustment of financial instruments of Euro -369 thousand;

5.3 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 31 March 2023 compared to those as at 31 March 2022, broken down by the three operating segments.

	Quarter ended 31 March				
(Euro in thousands)	2023	% of revenues	2022	% of revenues	2023 vs 2022
Energy	13,935	24.2%	12,672	22.7%	1,263
Trencher	33,503	58.3%	32,805	58.7%	698
Rail	10,049	17.5%	10,388	18.6%	(339)
Total Revenues	**57,487**	**100.0%**	**55,865**	**100.0%**	**1,622**

In the first three months of 2023, the Group recorded consolidated revenues of Euro 57,487 thousand, an increase of Euro 1,622 thousand (2.9%) compared to Euro 55,865 thousand in the same period of the previous year.

With regard to the Energy segment, revenues amounted to Euro 13,935 thousand, up by approximately 10.0% compared to the figure of Euro 12,672 thousand as at 31 March 2022. More specifically, it should be noted that the Energy Stringing segment achieved Revenues of Euro 9,435 thousand in the first quarter of 2023 compared to Euro 8,233 thousand in the same period of 2022 (+14.5%), while the Energy-Automation segment achieved Revenues of Euro 4,500 thousand, compared to Euro 4,439 thousand as at 31 March 2022 (+1%).

In detail, the turnover of the Trencher segment as at 31 March 2023 was Euro 33,503 thousand, slightly up compared to Euro 32,805 thousand as at 31 March 2022. The sales trend was positively impacted by the recovery of the American market in particular and more generally by the start of development and recovery plans in the countries where the Group operates.

The Rail segment recorded revenues of Euro 10,049 thousand, slightly down compared to Euro 10,388 thousand as at 31 March 2022. It should be noted that the Group did not acquire any new orders in the first quarter of 2023, but continued with the orders already acquired as at 31 December 2022. In this regard, it should be noted that Tesmec expects to acquire further significant orders, especially in international markets, related to high value-added projects for energy diagnostic/transition products.

EBITDA by segment

The tables below show the income statement figures as at 31 March 2023 compared to those as at 31 March 2022, broken down by the three operating segments:

	Quarter ended 31 March				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Energy	2,019	14.5%	1,591	12.6%	428
Trencher	3,167	9.5%	4,548	13.9%	(1,381)
Rail	1,861	18.5%	2,127	20.5%	(266)
EBITDA	**7,047**	**12.3%**	**8,266**	**14.8%**	**(1,219)**

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

- Energy: EBITDA increased from a value of Euro 1,591 thousand as at 31 March 2022 to a value of Euro 2,019 thousand as at 31 March 2023, this increase reflects the positive trend in sales for the period, together with a better product mix/recovery of inflationary effects on prices;
- Trencher: EBITDA decreased from Euro 4,548 thousand as at 31 March 2022 to Euro 3,167 thousand as at 31 March 2023. This decrease was due to a different seasonal mix of sales compared to the first quarter of 2022, whose margins were lower than the increase in costs for the period deriving from the full-year effect from 2022 of inflation dynamics and the development of commercial costs and of business; with reference to the latter aspect, it should be noted that starting from the second half of 2022 the Group had made investments in strengthening its structure, against a program of significant growth in turnover;
- Rail: the slight decrease in EBITDA, from Euro 2,127 thousand in the first quarter of 2022 to Euro 1,861 thousand in 2023, is mainly attributable to a different seasonal mix of revenues and "full-year" inflationary effects.

5.4 Balance sheet and financial profile

Information is provided below on the Group's main equity indicators as at 31 March 2023 compared to 31 December 2022. In particular, the following table shows the reclassified funding sources and uses of the consolidated balance sheet as at 31 March 2023 and as at 31 December 2022:

(Euro in thousands)	**As at 31 March 2023**	**As at 31 December 2022**
USES		
Net working capital	88,633	80,631
Fixed assets	111,473	111,658
Other long-term assets and liabilities	19,292	19,452
Net invested capital	**219,398**	**211,741**
SOURCES		
Net financial indebtedness	139,461	128,364
Shareholders' equity	79,937	83,377
Total sources of funding	**219,398**	**211,741**

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A) Net working capital

The table below shows a breakdown of “Net Working Capital” as at 31 March 2023 and 31 December 2022:

(Euro in thousands)	As at 31 March 2023	As at 31 December 2022
Trade receivables	56,860	56,229
Work in progress contracts	19,991	24,973
Inventories	109,723	101,411
Trade payables	(79,438)	(74,178)
Other current assets/(liabilities)	(18,503)	(27,804)
Net working capital	**88,633**	**80,631**

Net working capital amounted to Euro 88,633 thousand, marking an increase of Euro 8,002 thousand (equal to 9.9%) compared to 31 December 2022. This trend is mainly attributable to the increase in the item "Inventories" for Euro 8,312 thousand, against the important production program launched by the Group, which will also continue during the second quarter, based both on the backlog and on sales forecasts, and expectations of further important growth in turnover starting from the second half of the year. It should be noted that the sharp decrease in Other current assets/liabilities is to be read together with the changes in Contract work in progress and Trade receivables; this following the closure in the first quarter of 2023 of the progress of the works relating to a Rail segment order and its simultaneous invoicing to the customer, with the consequent accounting reclassification which led to a decrease in work in progress of 12 million euros, an increase of trade receivables for 5 million euros and a decrease in other current liabilities for 7 million euros (against the invoiced portion subject to previous advance collection).

B) Fixed assets

The table below shows a breakdown of “Fixed assets” as at 31 March 2023 and 31 December 2022:

(Euro in thousands)	As at 31 March 2023	As at 31 December 2022
Intangible assets	33,997	32,293
Property, plant and equipment	51,334	51,759
Rights of use	20,295	21,939
Equity investments in associates	5,819	5,639
Other equity investments	28	28
Fixed assets	**111,473**	**111,658**

The total of *fixed assets* recorded a net decrease of Euro 185 thousand compared to 31 December 2022.

C) Net financial indebtedness

The table below shows a breakdown of "Net financial indebtedness" as at 31 March 2023 and 31 December 2022:

(Euro in thousands)	As at 31 March 2023	*of which with related parties and group*	As at 31 December 2022	*of which with related parties and group*
Cash and cash equivalents	(30,219)		(50,987)	
Current financial assets	(20,573)	*(2,519)*	(17,163)	*(2,596)*
Current financial liabilities	72,055	*1,563*	80,086	*4,144*
Current financial liabilities from rights of use	7,137		7,280	
Current portion of derivative financial instruments	-		-	
Current financial indebtedness	**28,400**	***(956)***	**19,216**	***1,548***

Non-current financial liabilities	95,836	*1,899*	92,376	-
Non-current financial liabilities from rights of use	15,225		16,772	
Non-current portion of derivative financial instruments	-		-	
Trade payables and other payables (non-current)	-		-	
Non-current financial indebtedness	**111,061**	***1,899***	**109,148**	**-**
Net financial indebtedness pursuant to ESMA 32-382-1138 Communication	**139,461**	***943***	**128,364**	***1,548***
Trade payables and other payables (non-current)	-		-	
Group net financial indebtedness	**139,461**	***943***	**128,364**	***1,548***

In the first three months of 2023, the Group's net financial indebtedness increased by compared to the figure as at 31 December 2022 of Euro 11,097 thousand. This change is due to the increase in net working capital of Euro 8,002 thousand and to the negative cash flow for the period of Euro 3,095 thousand including changes in financial items related to the application of IFRS 16.

The net financial indebtedness prior to the application of IFRS 16, as at 31 March 2023, is equal to Euro 117,099 thousand with an increase of Euro 12,787 thousand compared to the end of 2022.

With reference to cash and cash equivalents as at 31 March 2023, they amounted to Euro 30,219 thousand, a decrease of Euro 20,768 thousand compared to the value of Euro 50,987 thousand as at 31 December 2022, due to both the repayment of medium/long-term loans for the period and the financing of working capital requirements for the period. At the same time, current financial liabilities decreased from Euro 80,086 thousand at 31 December 2022 to Euro 72,055 thousand as at 31 March 2023, while non-current financial liabilities amounted to Euro 95,836 thousand as at 31 March 2023, a slight increase from Euro 92,376 thousand, due to new medium/long-term lines obtained in the quarter, net of the amount reclassified among current liabilities for repayments in the next 12 months.

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 2022, 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 2023 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 2023, including the employees of companies that are fully consolidated, is 1,007 persons compared to 957 in 2022.

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 20 April 2023, the Ordinary Shareholders' Meeting of Tesmec S.p.A. met electronically in a single call and approved the Financial Statements as at 31 December 2022 and the allocation of the Net Profit. During the Shareholders' Meeting, the Consolidated Financial Statements as at 31 December 2022 of the Tesmec Group and the related reports were presented, including the Consolidated Non-Financial Statement.

- on 2 May 2023, the Group unveiled its new corporate identity with a new logo to better reflect the Group's mission based on technological innovation and sustainability.
  A development that underlines the long history of growth of the Group - founded in the fifties as C.R.F. - Officina Meccanica di Precisione S.p.A., a company specialised in high-precision machining of mechanical parts - and today a true tech company, a leader in innovability, i.e. in projects that combine innovation and sustainability. The ability to combine the development of digital and integrated solutions with the historical mechanical and technological component has contributed to the development and diversification of the Group's innovation paradigm and the achievement of global growth targets: in this way, Tesmec has evolved from an Italian company rooted in an area rich in excellence and expertise, to an international player successfully meeting the challenges of digitalisation and the energy transition. Therefore, the new Corporate Identity is a further step along this process and is intended to provide a clear and unambiguous identification tool for all Group companies, through a single logo representing all Business Units and subsidiaries that also strengthens the internal sense of belonging.

Business outlook

Tesmec forecasts revenues for 2023 at the top end of the 2021-2023 Business Plan range, i.e. between Euro 280 million and Euro 290 million, a margin of between 16% and 17% and an improvement in Net Financial Indebtedness compared to the end of the 2022 financial year.

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CONSOLIDATED FINANCIAL STATEMENTS

(Not audited by the Independent Auditors)

Consolidated statement of financial position as at 31 March 2023 and as at 31 December 2022

(Euro in thousands)	31 March 2023	31 December 2022
NON-CURRENT ASSETS		
Intangible assets	33,997	32,293
Property, plant and equipment	51,334	51,759
Rights of use	20,295	21,939
Equity investments in associates evaluated using the equity method	5,819	5,639
Other equity investments	28	28
Financial receivables and other non-current financial assets	9,627	10,549
Derivative financial instruments	652	753
Deferred tax assets	17,273	16,349
Non-current trade receivables	2,370	1,754
Other non-current assets	1,204	1,204
TOTAL NON-CURRENT ASSETS	**142,599**	**142,267**
CURRENT ASSETS		
Work in progress contracts	19,991	24,973
Inventories	109,723	101,411
Trade receivables	56,860	56,229
of which with related parties:	*2,317*	*2,027*
Tax receivables	2,432	2,412
Financial receivables and other current financial assets	20,573	17,163
of which with related parties:	*2,519*	*2,596*
Other current assets	15,109	12,252
Cash and cash equivalents	30,219	50,987
TOTAL CURRENT ASSETS	**254,907**	**265,427**
TOTAL ASSETS	**397,506**	**407,694**
SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
Share capital	15,702	15,702
Reserves/(deficit)	64,310	57,290
Group net profit/(loss)	(2,464)	7,862
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**77,548**	**80,854**
Capital and reserves/(deficit) attributable to non-controlling interests	2,475	2,469
Net profit/(loss) for the period attributable to non-controlling interests	(86)	54
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**2,389**	**2,523**
TOTAL SHAREHOLDERS' EQUITY	**79,937**	**83,377**
NON-CURRENT LIABILITIES		
Medium/long-term loans	94,590	91,130
of which with related parties:	*1,899*	-
Bond issue	1,246	1,246
Non-current financial liabilities from rights of use	15,225	16,772
Employee benefit liability	4,046	3,958
Deferred tax liabilities	7,788	7,199
TOTAL NON-CURRENT LIABILITIES	**122,895**	**120,305**
CURRENT LIABILITIES		

Interest-bearing financial payables (current portion)	69,574	76,369
of which with related parties:	*1,563*	*4,144*
Current bond issue	2,481	3,717
Current financial liabilities from rights of use	7,137	7,280
Trade payables	79,438	74,178
of which with related parties:	*964*	*1,177*
Advances from customers	6,947	12,574
Income taxes payable	4,649	4,421
Provisions for risks and charges	3,698	3,759
Other current liabilities	20,750	21,714
TOTAL CURRENT LIABILITIES	**194,674**	**204,012**
TOTAL LIABILITIES	**317,569**	**324,317**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**397,506**	**407,694**

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Consolidated income statement for the quarter ended 31 March 2023 and 2022

	Quarter ended 31 March	
(Euro in thousands)	**2023**	**2022**
Revenues from sales and services	**57,487**	**55,865**
of which with related parties:	*2,835*	*1,039*
Cost of raw materials and consumables	(22,529)	(23,832)
of which with related parties:	*(194)*	*(8)*
Costs for services	(13,150)	(9,667)
of which with related parties:	*(14)*	*(8)*
Payroll costs	(16,247)	(14,719)
Other operating costs/revenues, net	(2,170)	(1,164)
of which with related parties:	*37*	*58*
Amortisation and depreciations	(5,605)	(5,326)
Development costs capitalised	3,180	1,768
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	476	15
Total operating costs	**(56,045)**	**(52,925)**
Operating income	**1,442**	**2,940**
Financial expenses	(4,428)	(2,795)
of which with related parties:	*(105)*	*(116)*
Financial income	441	2,380
of which with related parties:	*17*	*22*
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	-	27
Pre-tax profit/(loss)	**(2,545)**	**2,552**
Income tax	(5)	(553)
Net profit/(loss) for the period	**(2,550)**	**1,999**
Profit/(loss) attributable to non-controlling interests	(86)	1
Group profit/(loss)	**(2,464)**	**1,998**
Basic and diluted earnings/(losses) per share	**(0.0041)**	**0.0033**

Consolidated statement of comprehensive income for the quarter ended 31 March 2023 and 2022

	Quarter ended 31 March	
(Euro in thousands)	**2023**	**2022**
NET PROFIT/(LOSS) FOR THE PERIOD	**(2,550)**	**1,999**
Other components of comprehensive income:		
Exchange differences on conversion of foreign financial statements	(890)	1,171
Total other income/(losses) after tax	**(890)**	**1,171**
Total comprehensive income (loss) after tax	**(3,440)**	**3,170**
Attributable to:		
Shareholders of Parent Company	(3,306)	3,160
Non-controlling interests	(134)	10

Statement of consolidated cash flows for the quarter ended 31 March 2023 and 2022

	Quarter ended 31 March	
(Euro in thousands)	**2023**	**2022**
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	(2,550)	1,999
Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:		
Amortisation and depreciations	5,605	5,326
Provisions for employee benefit liability	463	450
Provisions for risks and charges/inventory obsolescence/doubtful accounts	387	240
Employee benefit payments	(375)	(515)
Payments of provisions for risks and charges	(111)	(16)
Net change in deferred tax assets and liabilities	(335)	(61)
Change in fair value of financial instruments	101	(374)
Change in current assets and liabilities:		
Trade receivables	(7,215)	(11,550)
of which with related parties:	*(290)*	*146*
Inventories and work in progress contracts	(3,531)	1,728
Trade payables	5,260	6,588
of which with related parties:	*(213)*	*(293)*
Other current assets and liabilities	(3,613)	(2,210)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**(5,914)**	**1,605**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(2,890)	(2,945)
Investments in intangible assets	(3,570)	(2,251)
Investments in rights of use	(270)	(343)
(Investments)/disposals of financial assets	(2,766)	721
of which with related parties:	*77*	*1,392*
Proceeds from sale of property, plant and equipment, intangible assets and rights of use	903	2,454
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(8,593)**	**(2,364)**
NET CASH FLOW FROM FINANCING ACTIVITIES		
Disbursement of medium/long-term loans	11,976	3,675
of which with related parties:	*1,899*	*(3,263)*
Recognition of financial liabilities from rights of use	270	161
Repayment of medium/long-term loans	(14,298)	(1,471)
Repayment of financial liabilities from rights of use	(1,962)	(3,520)
Net change in short-term financial debt	(2,247)	(5,863)
of which with related parties:	*(2,581)*	*3,330*
NET CASH FLOW GENERATED BY/(USED IN) FINANCING ACTIVITIES (C)	**(6,261)**	**(7,018)**
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)	**(20,768)**	**(7,777)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)	-	133
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	50,987	50,189
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**30.219**	**42,545**
Additional information:		
Interest paid	3,212	1,581
Income tax paid	326	54

Statement of changes in consolidated shareholders' equity for the quarter ended 31 March 2023 and 2022

(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 2023	**15,702**	**2,141**	**39,215**	**(2,341)**	**3,873**	**14,402**	**7,862**	**80,854**	**2,523**	**83,377**
Profit/(loss) for the period	-	-	-	-	-	-	(2,464)	(2,464)	(86)	(2,550)
Other profits/(losses)	-	-	-	-	(842)	-	-	(842)	(48)	(890)
Total comprehensive income/(loss)							**(2,464)**	**(3,306)**	**(134)**	**(3,440)**
Allocation of the result for the period	-	-	-	-	-	7,862	(7,862)	-	-	-
Balance as at 31 March 2023	**15,702**	**2,141**	**39,215**	**(2,341)**	**3,031**	**22,264**	**(2,464)**	**77,548**	**2,389**	**79,937**

(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**
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)	-	-	-
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**

Explanatory notes

Accounting policies adopted in preparing the interim consolidated report on operations as at 31 March 2023

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 31 March 2023 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 2022.

The accounting standards adopted in preparing this interim consolidated report on operations as at 31 March 2023 are those adopted for preparing the consolidated financial statements as at 31 December 2022 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 2023 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 2023 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 2022 for the statement of financial position and the first quarter of 2022 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 2022.

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 2023.

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 2023. The accounting standards and consolidation methods adopted in preparing this interim consolidated report on operations as at 31 March 2023 are those adopted for preparing the consolidated financial statements as at 31 December 2022 to which reference is made for full details.

As at 31 March 2023, no changes have taken place in the consolidation area in comparison with 31 December 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 quarter ended 31 March		End-of-period exchange rate as at 31 March	
	2023	2022	2023	2022
US Dollar	1.07	1.12	1.09	1.11
Russian Rouble	78.40	88.40	83.76	117.20
Qatari Riyal	3.91	4.08	3.96	4.04
South African Rand	19.06	17.08	19.33	16.17
Renminbi	7.34	7.12	7.48	7.04
Australian Dollar	1.57	1.55	1.63	1.48
Algerian Dinar	146.30	158.08	147.38	158.16
New Zealand Dollar	1.70	1.66	1.74	1.60
Tunisian Dinar	3.33	3.26	3.33	3.28
CFA Franc	655.96	655.96	655.96	655.96
GNF Franc	9,157.95	10,020.97	9,247.70	9,770.32
Saudi Riyal	4.02	4.21	4.08	4.16
Moroccan Dinar	11.04	10.63	11.10	10.71

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							
	2023				2022			
(Euro in thousands)	Energy	Trencher	Rail	Consolidated	Energy	Trencher	Rail	Consolidated
Revenues from sales and services	13,935	33,503	10,049	57,487	12,672	32,805	10,388	55,865
Operating costs net of depreciation and amortisation	(11,916)	(30,336)	(8,188)	(50,440)	(11,081)	(28,257)	(8,261)	(47,599)
EBITDA	**2,019**	**3,167**	**1,861**	**7,047**	**1,591**	**4,548**	**2,127**	**8,266**
Amortisation and depreciations	(1,104)	(3,528)	(973)	(5,605)	(1,156)	(3,241)	(929)	(5,326)
Total operating costs	**(13,020)**	**(33,864)**	**(9,161)**	**(56,045)**	**(12,237)**	**(31,498)**	**(9,190)**	**(52,925)**

Operating income	**915**	**(361)**	**888**	**1,442**	**435**	**1,307**	**1,198**	**2,940**
Net financial income/(expenses)				(3,987)				(388)
Pre-tax profit/(loss)				**(2,545)**				**2,552**
Income tax				(5)				(553)
Net profit/(loss) for the period				**(2,550)**				**1,999**
Profit/(loss) attributable to non-controlling interests				(86)				1
Group profit/(loss)				**(2,464)**				**1,998**

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 2023 and as at 31 December 2022:

	As at 31 March 2023					As at 31 December 2022				
(Euro in thousands)	Energy	Trencher	Rail	Not allocated	Consolidated	Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	14,242	8,384	11,371	-	33,997	11,612	10,143	10,538	-	32,293
Property, plant and equipment	3,195	38,102	10,037	-	51,334	3,148	38,731	9,880	-	51,759
Rights of use	573	19,089	633	-	20,295	660	20,591	688	-	21,939
Financial assets	5,115	2,428	5,208	3,375	16,126	4,935	2,545	5,208	4,281	16,969
Other non-current assets	1,630	8,997	624	9,596	20,847	1,693	7,528	639	9,447	19,307
Total non-current assets	**24.755**	**77,000**	**27,873**	**12,971**	**142,599**	**22,048**	**79,538**	**26,953**	**13,728**	**142,267**
Work in progress contracts	3,149	-	16,842	-	19,991	2,908	-	22,065	-	24,973
Inventories	29,030	70,874	9,819	-	109,723	24,903	68,744	7,764	-	101,411
Trade receivables	12,493	38,285	6,082	-	56,860	9,270	37,700	9,259	-	56,229
Other current assets	2,247	8,311	14,695	12,861	38,114	1,646	9,021	10,436	10,724	31,827
Cash and cash equivalents	2,611	6,269	7,931	13,408	30,219	3,947	8,685	14,227	24,128	50,987
Total current assets	**49,530**	**123,739**	**55,369**	**26,269**	**254,907**	**42,674**	**124,150**	**63,751**	**34,852**	**265,427**
Total assets	**74,285**	**200,739**	**83,242**	**39,240**	**397,506**	**64,722**	**203,688**	**90,704**	**48,580**	**407,694**
Shareholders' equity attributable to parent company shareholders	-	-	-	**77,548**	**77,548**	-	-	-	**80,854**	**80,854**
Shareholders' equity attributable to non-controlling interests	-	-	-	**2,389**	**2,389**	-	-	-	**2,523**	**2,523**
Non-current liabilities	**2,371**	**16,933**	**13,203**	**90,388**	**122,895**	**2,983**	**19,414**	**8,338**	**89,570**	**120,305**
Current financial liabilities	6,292	4,027	10,641	51,095	72,055	3,158	5,397	13,950	57,581	80,086
Current financial liabilities from rights of use	225	4,185	157	2,570	7,137	263	4,210	142	2,665	7,280
Trade payables	20,140	45,866	13,432	-	79,438	21,760	39,611	12,807	-	74,178
Other current liabilities	1,827	7,045	13,700	13,472	36,044	1,662	8,668	18,613	13,525	42,468
Total current liabilities	**28,484**	**61,123**	**37,930**	**67,137**	**194,674**	**26,843**	**57,886**	**45,512**	**73,771**	**204,012**
Total liabilities	**30,855**	**78,056**	**51,133**	**157,525**	**317,569**	**29,826**	**77,300**	**53,850**	**163,341**	**324,317**
Total shareholders' equity and liabilities	**30,855**	**78,056**	**51,133**	**237,462**	**397,506**	**29,826**	**77,300**	**53,850**	**246,718**	**407,694**

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 2023					Quarter ended 31 March 2022				
(Euro in thousands)	**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.	-	-	-	-	-	13	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**-**
Joint Ventures:										
Condux Tesmec Inc.	2,533	(194)	(1)	69	17	562	-	-	46	4
Tesmec Peninsula	-	-	-	-	-	-	-	-	-	14
Subtotal	**2,533**	**(194)**	**(1)**	**69**	**17**	**562**	**-**	**-**	**46**	**18**
Related parties:										
Ambrosio S.r.l.	-	-	-	(1)	(1)	-	-	-	(1)	(1)
Dream Immobiliare S.r.l.	-	-	-	(35)	(74)	-	-	-	9	(94)
TTC S.r.l.	-	-	(8)	-	-	-	-	(7)	-	-
M.T.S. Officine meccaniche S.p.A.	302	-	(5)	4	(25)	444	(8)	(1)	4	(17)
RX S.r.l.	-	-	-	-	(5)	-	-	-	-	-
ICS Tech. S.r.l.	-	-	-	-	-	17	-	-	-	-
Comatel	-	-	-	-	-	3	-	-	-	-
Subtotal	**302**	**-**	**(13)**	**(32)**	**(105)**	**464**	**(8)**	**(8)**	**12**	**(112)**
Total	**2,835**	**(194)**	**(14)**	**37**	**(88)**	**1,039**	**(8)**	**(8)**	**58**	**(94)**

	31 March 2023					31 December 2022				
(Euro in thousands)	**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**
Associates:										
Locavert S.A.	-	-	-	-	-	11	-	-	-	1
Subtotal	**-**	**-**	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**1**
Joint Ventures:										
Condux Tesmec Inc.	2,217	775	-	-	-	1,284	1,725	-	-	14
Marais Lucas	-	794	-	-	-	-	794	-	-	
Subtotal	**2,217**	**1,569**	**-**	**-**	**-**	**1,284**	**2,519**	**-**	**-**	**14**
Related parties:										
Dream Immobiliare S.r.l.	-	77	-	-	760	-	77	-	-	990
Ambrosio S.r.l.	-	-	-	-	24	-	-	-	-	19
M.T.S. Officine meccaniche S.p.A.	99	873	1,686	682	104	650	-	-	3,050	72
RX S.r.l.	-	-	213	881	76	-	-	-	1,094	71
Triskell Conseil Partner	-	-	-	-	-	-	-	-	-	10
ICS Tech. S.r.l.	1	-	-	-	-	82	-	-	-	-
Subtotal	**100**	**950**	**1,899**	**1,563**	**964**	**732**	**77**	**-**	**4,144**	**1,162**
Total	**2,317**	**2,519**	**1,899**	**1,563**	**964**	**2,027**	**2,596**	**-**	**4,144**	**1,177**

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 31 March 2023.

2. We also certify that:

2.1 the Interim consolidated report on operations as at 31 March 2023:

- 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 2023

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

EMARKET SDIR CERTIFIED

TESMEC

draw the way forward

Tesmec S.p.A.

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