INTERIM CONSOLIDATED FINANCIAL REPORT
AT 30 SEPTEMBER 2023

TESMEC
draw the way forward

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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 2023 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 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)

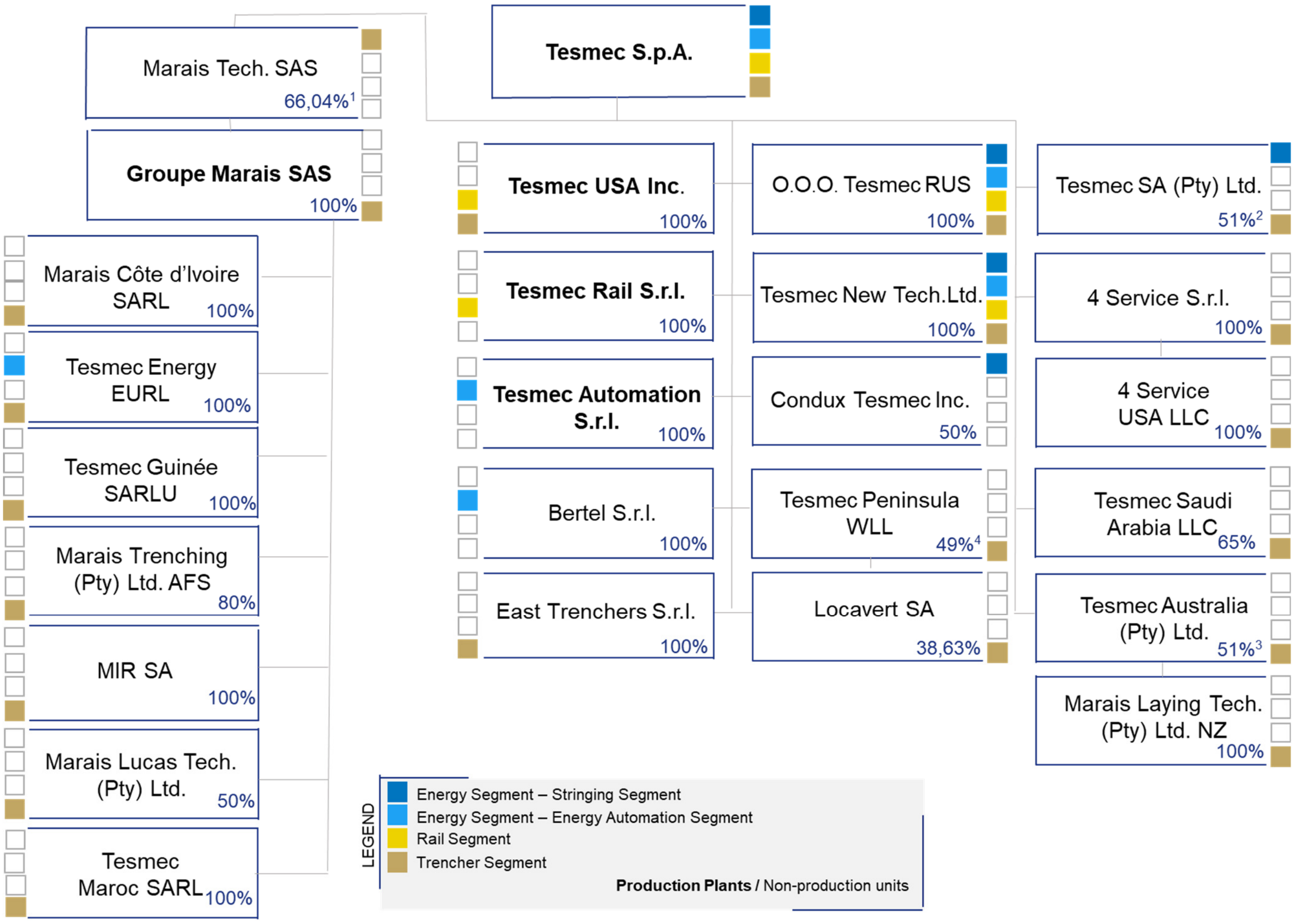
Chairperson	Emanuela Teresa Basso Petrino
Members	Simone Andrea Crolla Guido Luigi Traversa

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)

Chairperson	Emanuela Teresa Basso Petrino
Members	Antongiulio Marti Caterina Caccia Dominioni

Lead Independent Director	Paola Durante
Director in charge of the internal control and risk management system	Ambrogio Caccia Dominioni
Manager responsible for preparing the Company's financial statements	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 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 of the Tesmec Group as at 30 September 2023

A. <u>Forecast framework at the beginning of the year: "rationale" of the 2023 Budget</u>

In continuity with 2022, which was characterised by significant growth in revenues and operating margins, the Tesmec Group envisaged further momentum for 2023 in the growth of Revenues and economic and financial results, based on:

(i) the order backlog outstanding as at 31 December 2022, which for the first time exceeded the threshold of 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 work 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 NRRP).

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

- 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 were expected to be in the first period of the year below 2022 due to the "full year" impact of the strengthening of the commercial and business development structure that has started in 2022, and then to experience a gradual growth towards the end of the first half of the year;
    - (b) in terms of the Statement of financial position, 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 significant 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 the NRRP);
    - (b) in terms of the Balance Sheet, a progressive reduction in Working Capital and, specularly, in the Net Financial Position.

As described in more detail below, the final figures as at 30 September 2023 are expected to confirm the overall positive economic trend defined in the forecasts, while the reabsorption of working capital – and more specifically of stocks – has been slower than expected and is confirmed to continue in the fourth quarter of the current year.

B. <u>Final situation as at 30 September 2023: growing economic results in line with the Budget, positive cash flow excluding changes in Working capital, stock levels still high with NFP in line with 30 June.</u>

In 2023, the Group worked on the implementation of its strategic, technological, production and commercial development programmes, with the growth of Revenues accelerating from June and continuing in the third quarter, resulting in an increase in turnover for the first nine months of the year of approximately 12% compared to 2022, only slightly below the budget for the period.

This increase in Revenues as at 30 September was made possible by:

- the development of sales in the Energy segment, with the Stringing equipment and Energy Automation Business Units growing by a total of 30%, which was better than the budget for the period;
- a 7% growth in the Trencher segment, with a gradual recovery in the third quarter of the delays reported as at 30 June, thanks to the strong additional contribution from sales in the Arabian Peninsula and the expected recovery in the United States and South Africa, although in the latter two cases at levels below the budgets for the period;
- a 4% growth in the Rail segment, in line with the budget for the period, which envisaged the continued completion of work orders already acquired pending new tenders expected from the fourth quarter onwards.

The order backlog, an important indicator of the Group's medium-term business opportunities, stood at a level of just under Euro 412 million, also thanks to the Rail segment (where the proprietary technologies developed by Tesmec, in particular for the rail diagnostics segment, provide a powerful lever for international growth), and the Energy Automation segment, both of which are characterised by multi-year tenders. The Stringing equipment and Trencher segments, by their very nature, continue to be characterised by an order collection profile that is historically more focused on shorter time horizons.

In terms of operating results, consolidated EBITDA reached Euro 27.5 million, substantially in line with the budget for the period and up 6% compared to 2022, although affected, in relation to the latter, by a higher level of fixed costs of approximately 10% (originated from a strengthening of the commercial and business development structure, especially in the Trencher segment, the benefits of which in terms of higher sales/margins have yet to reach a steady state) and higher non-recurring expenses of approximately Euro 2.0 million (as already highlighted as at 30 June, mainly attributable to the Trencher segment due to the recognition of extra costs in Australia related to the completion of some work orders).

It should be noted that the aforementioned increase in EBITDA was positively impacted – as anticipated when commenting on the expectations for the second half of the year in the Report as at 30 June – by the expected acceleration of results in the third quarter of the year, which led to the reabsorption of the EBITDA gap with respect to 2022 recorded in the first half of the year. From this point of view, the achievement of an EBITDA margin of 18% in the July-September period, even if slightly lower than that foreseen in the budget for the third quarter but decidedly higher than that of the third quarter of 2022 (which was negatively influenced, as was the fourth quarter, by the inflationary dynamics in place at the time) corroborates the working hypothesis of an EBITDA margin target of 20% when fully operational, thanks to the progressive improvement of the sales mix and to the effect of operating leverage.

More precisely:

- the Trencher segment generated EBITDA of Euro 13.4 million (with an EBITDA margin of 12.7%), substantially in line with the budget for the period and up by Euro 2.6 million compared to Euro 10.8 million in the first nine months of 2022 (with an EBITDA margin of 10.9%). These improvements in EBITDA and EBITDA margin came about due to a significant improvement in the sales mix, which more than offset the already highlighted (a) non-recurring expenses and (b) the organisational strengthening of the sales and business development structures (especially in the United States and, due to changes in the scope of consolidation, in Arabia and Qatar);
- the Rail segment reported an EBITDA of Euro 6.8 million (with an EBITDA margin of 18.0%), substantially in line with the budget for the period and down by Euro 3.2 million compared to Euro 10.0 million as at 30 September 2022 (with an EBITDA margin of 27.4%). These reductions in EBITDA and EBITDA margin, already evident in the data as at 30 June, were also due to the lower margins of the old work orders being completed as at 30 September, while the new work orders with higher margins have not yet fully shown their contribution in terms of relative weight in the product mix;
- the Energy segment achieved an EBITDA of Euro 7.2 million (with an EBITDA margin of 14.6%), increasing compared to both the budget for the period and the value of Euro 5.2 million as at 30 September 2022 (with an EBITDA margin of 13.6%). These increases in EBITDA and EBITDA margin, already evident in the data as at 30 June, were made possible by (a) higher turnover, with a beneficial effect in terms of operating leverage, (b) an improved sales mix, associated with the efficiency measures of the supply chain, and (c) an increasing contribution from JV Condux Tesmec based in the United States;

In terms of financial management, the increased weighting of financial expenses already recorded as at 30 June was confirmed, with net interest expense rising from Euro 4.0 million in the first nine months of 2022 to Euro 8.0 million as at 30 September 2023; this increase was due to the higher cost of money resulting from the known base rate increases by the ECB, coupled with a still high level of inventories, which in turn resulted in a seasonally higher level of net financial payables than as previous 31 December. This increase in net financial payables was also accompanied by a negative effect, on a decreasing basis, of the result of exchange rate changes, which decreased from a gain of Euro 8.2 million as at 30 September 2022 to a loss of Euro 1.4 million (largely unrealised) as at 30 September 2023. Therefore, the decremental contribution to the income statement compared to 2022 deriving from financial management was equal to Euro -13.7 million, with a direct impact on the profit for the period before tax allocations.

As a direct effect of the above, the net result was a marginal profit of Euro 0.2 million, compared to the profit of Euro 9.2 million as at 30 September 2022. It is also worth noting the gradual improvement in the Net Result over the nine months, with a loss in the first quarter of 2023, a break-even in the second quarter and a strong recovery in the third quarter, elements that confirm the positive expectations for the fourth quarter of the financial period, historically the most important in terms of seasonal revenues and profitability.

With reference to the figures of the statement of financial position as at 30 September 2023, there were still significant values of inventories and work in progress to support the current and future growth of the business, which, together with the changes occurred in the other asset items, resulted in levels of invested capital and, symmetrically, of net financial position that were substantially in line with those recorded as at 30 June. In relation to this, management confirms its expectation of a significant and gradual replenishment of stock levels as at 31 December, both in terms of a reduction in material inventories (thanks to expected sales in the fourth quarter, with repurchases at lower levels than consumption), and of SAL levels (thanks to the achievement of invoicing milestones for work orders related to the Rail and Energy Automation segments).

More precisely:
- Net invested capital as at 30 September amounted to Euro 233 million, substantially in line with the amount reached as at 30 June last year (Euro 230 million) and up by Euro 21 million compared to the balance as at 31 December 2022 (Euro 212 million);
- Net working capital as at 30 September was Euro 106 million, compared to a value of the same amount as at 30 June and an increase of Euro 25 million compared to 31 December (Euro 81 million);
- Fixed Assets and Other medium to long-term assets and liabilities as at 30 September amounted to Euro 128 million, a level slightly lower than that as at 30 June and 31 December last year (both at Euro 131 million).

Symmetrically, the Net Financial Position as at 30 September 2023 amounted to Euro 149 million, marginally lower than the level of Euro 150 million as at 30 June last year, but higher than the level of Euro 128 million as at 31 December 2022, with an increase in the nine months of 2023 of Euro 21 million entirely due to working capital.

More specifically, in terms of free cash flow, in the first nine months of 2023, Tesmec generated:
- a positive free cash flow excluding changes in working capital of Euro 4.3 million;
- a negative free cash flow for changes in working capital of Euro -24.9 million;

therefore, for a total negative balance of -20.6 million.

With reference to Tesmec's financial structure, it is important to point out that the Net Financial Position as at 30 September of Euro 149.0 million consists of:

- Euro 105.6 million of Operating Debt, entirely against consolidated Working Capital;
- Euro 21.3 million of the portion in connection with IFRS 16, which, as is well known, requires the inclusion under financial payables of future costs deriving from medium/long-term contracts (such as leases for part of the machines in the fleet, which are then used in rental activities) but does not allow the inclusion of prospective margins deriving from work orders already acquired;
- Euro 22.1 million of Industrial Debt for the portion of the residual Fixed Assets not directly covered by Equity.

Moreover, it should be noted that:

- the duration of the Net Financial Position, which includes medium/long-term payables of approximately Euro 96 million, appears more than adequate compared to the duration of the Assets, whose portion of Fixed Assets and other medium/long-term Net Assets not covered by Shareholders' Equity amounts to approximately Euro 43.4 million;
- the Group had a liquidity level of Euro 35.4 million as at 30 September 2023, an increase of approximately Euro 10 million compared to Euro 25.6 million as at 30 June last year, able of guaranteeing full implementation of the development programmes underway;

C. Expectations for the entire year: confirmed growth in financial results with NFP down from September but at a higher level than initially estimated

Based on the positive economic performance of the first nine months of the financial year and the action of the management determined to accelerate the recovery of profitability and focused on cash generation, the Board of Directors of Tesmec, also in light of the well-known developments in the geopolitical and macro-economic/financial, updated the guidance for the whole of 2023, confirming an EBITDA margin in the previously indicated range of 16%-17%, despite expected revenues in the range of 270-280 million euros (compared to the range of 280-290 million euros previously communicated) and a reduction in Net Financial Debt compared to the figure at 30 September 2023 but increasing compared to 31 December 2022.

§ § §

In closing, it is specified that some of the Group's financing contracts provide for compliance as of 31 December with specific financial parameters relating to the ratio (a) between Net Financial Debt and Shareholders' Equity and (b) between Net Financial Debt and EBITDA. The amounts subject to covenants measured on a rolling 12-month basis as at 30 September would present values that are not yet in line with those contractually for: therefore, the Management prepared sensitivity analyses to assess compliance with these covenants as at 31 December 2023, the effective date of the contractual recognition. In light of these simulations and the related sensitivity analyses, the Board of Directors positively assessed the existence of the requirements relating to the covenants and therefore to the company's ability to continue as a going concern on the basis of which the Report as at 30 September 2023 was prepared and approved.

2. Macroeconomic Framework[1]

Global economic activity slowed down in the third quarter: the expansion in services slowed and the downturn in the manufacturing cycle continued. Growth remained solid in the United States but declined sharply in China. The post-pandemic change in the composition of global demand towards services and the tightening of monetary policies weighed on trade in goods. The restrictive stance of monetary policies in the major advanced economies, the slowdown of economic activity in China, and international tensions, related to the ongoing war in Ukraine and fuelled by the recent terrorist attacks in Israel, continue to weigh on global growth prospects. According to forecasts published by the International Monetary Fund in October, global GDP growth would slow from 3.5% in 2022 to just below 3% on average in the two-year period 2023-24, with the risks tilted mainly to the downside. In the third quarter, the reduction in oil supply led to an increase in prices; natural gas prices also increased, but in line with the usual seasonal trends. However, risks of price increases could come from the worsening of tensions in the Middle East and the potential for higher heating consumption should the coming winter be harsher than normal. In the third quarter, conditions in the international financial markets worsened, reflecting investors' revised expectations of rapid monetary easing. In the main advanced economies, yields on long-term government bonds rose while the increase in share prices observed in the first half of the year came to a halt as interest rates rose and the global growth prospects deteriorated. Between the end of June and the beginning of October, the euro depreciated against the US dollar due to the better prospects for growth in the United States than in the Eurozone, as well as the widening interest rate differential.

[1] Source: Bank of Italy – Economic Bulletin, Issue 4/2023 – October.

In the summer months, the cyclical weakness in the Eurozone that started at the end of 2022 continued, reflecting tighter financing conditions and the erosion of household incomes due to inflation. The development of economic activity was heterogeneous among the major countries: it grew in France and Spain, remained stagnant in Germany and declined in Italy. According to ECB experts' projections published in September, GDP will slow to 0.7% in 2023, accelerate to 1.0% in 2024 and 1.5% in 2025. In July and September, the Governing Council of the ECB raised policy rates by a total of 50 basis points, bringing the rate on central bank deposits to 4.0%. The Council currently believes that the reference rates have reached levels that, if maintained for a sufficiently long period, will make a substantial contribution to the timely return of inflation to the 2% objective. The Council also confirmed that it will continue to follow a data-driven approach in determining the appropriate level and duration of monetary restriction and that future decisions will ensure that reference interest rates are set at sufficiently restrictive levels for as long as necessary. In September, consumer and core inflation fell to 4.3% and 4.5%, respectively. Energy prices decreased and food prices slowed down. According to the ECB experts' projections, the trend in consumer prices are expected to decline by 5.6% this year, by 3.2% in 2024 and by 2.1% in 2025.

After a strong increase in the first quarter, in Italy GDP fell in the second quarter, reflecting the decline in value added in industry and the slowdown in the expansion of services. According to the Bank of Italy's assessments, after the decrease in the second quarter, the phase of weak economic activity continued and extended to both manufacturing and services. The indicators confirm the weakness of domestic demand, reflecting the worsening of credit access conditions, the erosion of household income due to inflation and the loss of strength in the labor market. The weakness in manufacturing activity is still attributable to the more energy-intensive sectors, where production levels remain well below pre-pandemic levels. Exports of goods in volume decreased again, reflecting the slowdown in world trade and the lack of dynamism in economic activity in the Eurozone. However, there has been a marked improvement in the delivery times of goods, suggesting that the supply chain difficulties are gradually, but not definitively, being overcome. According to surveys conducted by the Bank of Italy between August and September, the opinions of the companies on the general economic situation worsened as did their pessimism about their own operating situation. Companies also envisage a slowdown in capital expenditure this year due to difficulties in accessing credit. The ECB's rise in policy rates continues to be reflected in the cost of credit. Between May and August, the decrease in bank loans to businesses and households became more pronounced; the decline reflects both the marked weakness in demand for credit, held back by the increase in the cost of loans and lower liquidity requirements for investments, and the worsening of the supply criteria, mainly driven by the higher risk perceived by intermediaries. On the labor market, the participation rate remained high and the unemployment rate continued to fall. The positive trend in remuneration strengthened in the private sector, driven by some renewals and index-linking clauses envisaged by a limited number of collective agreements. While wages increase gradually, the prices of intermediate goods and energy show an overall decrease since the beginning of 2023, after the sharp increases of the previous two years. Consumer inflation rose slightly in September, affected by the increase in fuel prices. Food inflation decreased but remains high. Core inflation remained almost unchanged, at a level well below the peak reached in February. The conditions of the Italian financial markets worsened again as from August, affected by the weakening of the economic activity and the prospect of policy interest rates remaining at high levels for a prolonged period. Bond yields of Italian non-financial companies increased since the first ten days of July, while share prices in Italy decreased overall.

The Government updated its trend estimates and objectives for public accounts for the current year and the next three years. According to the new programmes, net indebtedness and debt are expected to be 5.3% and 140.2% of GDP, respectively, in 2023. Net indebtedness is expected to gradually decrease in the coming years to 3.6% of GDP in 2025 and 2.9% in 2026. At the beginning of August, the Government submitted a request for an overall amendment to the National Recovery and Resilience Plan, and on 9 October, our country received Euro 18.5 billion for the third tranche of funds, bringing the total resources to more than Euro 85 billion so far. In the baseline scenario of the Bank of Italy's forecast, GDP is expected to increase by 0.7% this year, by 0.8% in 2024 and by 1.0% in 2025. The macroeconomic scenario worsened compared to the second quarter and will continue to be affected by the tightening of the monetary and financial conditions and by the weak global trade in the coming year. Therefore, growth would suffer from tighter financing conditions and weak international trade, but would benefit from the effects of the NRRP measures and the gradual recovery of the household purchasing power. In fact, inflation is expected to fall to 2.4% in 2024 (from 6.1% in 2023) and 1.9% in 2025. However, these projections remain characterised by a high degree of uncertainty, with the deterioration of geopolitical tensions, the worsening of the Chinese economy and the greater rigidity of credit supply conditions in Italy posing downside risks to economic growth.

3. Significant events during the period

The significant events occurred during the period are reported below:

- 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. 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;

- on 6 May 2023, the subsidiary Tesmec Rail S.r.l. announced the start of works for the industrial and organisational strengthening of the Monopoli hub to respond to a constantly growing market. Thanks to this new project, the Tesmec Group will have a positive impact on the territory in terms of increased qualified employment, development of advanced technological skills, and strengthening of the local supply-side industries;

- on 29 May 2023, the Group announced, through its subsidiary Tesmec Rail and the Škoda Group, one of Europe's leading manufacturers of components such as electric driving systems and electric motors as well as public transport vehicles, the signing of a technology cooperation agreement in the field of railway works vehicles and diagnostic vehicles to develop high-performance and sustainable products with world-leading technology in the rail market.
  Tesmec's development strategy is increasingly driven by sustainable innovation with a focus on electrification of works vehicles to minimise environmental impact and on diagnostics & digitalisation to increase predictive maintenance and safety of railway lines.

4. Activity, reference market and operating performance for the first nine 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 and financial indicators of the first nine months of 2023 and the financial indicators as at 30 September 2023 compared with the same period of 2022 and with 31 December 2022.

	OVERVIEW OF RESULTS	
30 September 2022	**Key income statement data** (Euro in millions)	**30 September 2023**
173.5	Operating Revenues	193.5
25.9	EBITDA	27.5
9.7	Operating Income	10.3
9.2	Group Net Profit	(0.2)
967	Number of employees	1,019
31 December 2022	**Key financial position data** (Euro in millions)	**30 September 2023**
173.8	Net Invested Capital	233.4
69.4	Shareholders' Equity	84.4
128.4	Group net financial indebtedness	149.0
36.9	Net investments in property, plant and equipment, intangible assets and rights of use	14.5

5. Income statement

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 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 Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 30 September 2023 with those as at 30 September 2022.

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

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Revenues from sales and services	**193,507**	**100.0%**	**173,451**	**100.0%**	**20,056**
Cost of raw materials and consumables	(84,247)	-43.5%	(69,204)	-39.9%	(15,043)
Costs for services	(38,336)	-19.8%	(34,531)	-19.9%	(3,805)
Payroll costs	(47,374)	-24.5%	(44,697)	-25.8%	(2,677)
Other operating costs/revenues, net	(5,889)	-3.0%	(5,369)	-3.1%	(520)
Amortisation and depreciation	(17,168)	-8.9%	(16,235)	-9.4%	(933)
Development costs capitalised	9,033	4.7%	6,826	3.9%	2,207
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	787	0.4%	(553)	-0.3%	1,340
Total operating costs	**(183,194)**	**-94.7%**	**(163,763)**	**-94.4%**	**(19,431)**
Operating income	**10,313**	**5.3%**	**9,688**	**5.6%**	**625**
Financial expenses	(12,962)	-6.7%	(10,600)	-6.1%	(2,362)
Financial income	3,532	1.8%	14,841	8.6%	(11,309)
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	(14)	0.0%	44	0.0%	(58)
Pre-tax profit/(loss)	**869**	**0.4%**	**13,973**	**8.1%**	**(13,104)**

Income tax	(680)	-0.4%	(4,730)	-2.7%	4,050
Profit/(loss) for the period	**189**	**0.1%**	**9,243**	**5.3%**	**(9,054)**
Profit/(loss) attributable to non-controlling interests	438	0.2%	(5)	0.0%	443
Group profit/(loss)	**(249)**	**-0.1%**	**9,248**	**5.3%**	**(9,497)**

Revenues

Total revenues as at 30 September 2023, compared to the corresponding period of the previous year, recorded an increase of 11.6%.

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Sales of products	144,699	74.8%	111,275	64.2%	33,424
Services rendered	35,726	18.5%	43,802	25.3%	(8,076)
Changes in work in progress	13,082	6.8%	18,374	10.6%	(5,292)
Total revenues from sales and services	**193,507**	**100.0%**	**173,451**	**100.0%**	**20,056**

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 78.9% and, in particular, in non-EU countries. The revenue analysis by geographic area is indicated below with a comparison between the first nine months of 2023 and the same period 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.

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Italy	40,828	21.1%	51,633	29.8%	(10,805)
Europe	46,511	24.0%	32,826	18.9%	13,685
Middle East	28,417	14.7%	19,523	11.3%	8,894
Africa	8,049	4.2%	6,883	4.0%	1,166
North and Central America	37,694	19.5%	33,202	19.1%	4,492
BRIC and Others	32,008	16.5%	29,384	16.9%	2,624
Total revenues	**193,507**	**100.0%**	**173,451**	**100.0%**	**20,056**

Operating costs net of depreciation and amortisation

Operating costs net of depreciation and amortisation as at 30 September 2023, compared to the corresponding period of the previous year, recorded an increase of 12.5%.

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Cost of raw materials and consumables	(84,247)	-43.5%	(69,204)	-39.9%	(15,043)
Costs for services	(38,336)	-19.8%	(34,531)	-19.9%	(3,805)
Payroll costs	(47,374)	-24.5%	(44,697)	-25.8%	(2,677)
Other operating costs/revenues, net	(5,889)	-3.0%	(5,369)	-3.1%	(520)
Development costs capitalised	9,033	4.7%	6,826	3.9%	2,207

Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	787	0.4%	(553)	-0.3%	1,340
Operating costs net of depreciation and amortisation	**(166,026)**	**-85.8%**	**(147,528)**	**-85.1%**	**(18,498)**

The table shows an increase in operating costs of Euro 18,498 thousand. This increase in cost reflects:

- with regard to raw materials, consumables and services, the increase in sales, with different product mix;
- with regard to labor 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 27,481 thousand, up on the figure recorded in the first nine months of 2023 when it was equal to Euro 25,923 thousand.
A restatement of the income statement figures representing the performance of EBITDA is provided below:

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Operating income	10,313	5.3%	9,688	5.6%	625
+ Amortisation and depreciation	17,168	8.9%	16,235	9.4%	933
EBITDA	**27,481**	**14.2%**	**25,923**	**14.9%**	**1,558**

EBITDA amounted to Euro 27,481 thousand, up from Euro 25,923 thousand as at 30 September 2022 2022 and is positively impacted by commercial development on new international markets and by a better sales mix, in particular in the Trencher and Energy segment.

Financial Management

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Net financial income/expenses	(7,847)	-4.1%	(4,774)	-2.8%	(3,073)
Foreign exchange gains/losses	(1,403)	-0.7%	8,199	4.7%	(9,602)
Fair value adjustment of derivative instruments on exchange rates	(180)	-0.1%	816	0.5%	(996)
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	(14)	0.0%	44	0.0%	(58)
Total net financial income/expenses	**(9,444)**	**-4.9%**	**4,285**	**2.5%**	**(13,729)**

The net financial management result decreased compared to the same period in the previous financial year by a total of Euro -13,729 thousand, due to:

- a negative impact from higher exchange losses of Euro -9,602 thousand, resulting from the unfavourable trend of exchange rates as at 30 September 2023 compared to 31 December 2022, which resulted in net losses totalling Euro 1,403 thousand in the first nine months of 2023 (largely unrealised) compared to net gains of Euro 8,199 thousand in the first nine months of 2022 (also largely unrealised);

- worsening of the fair value adjustment of financial instruments of Euro -996 thousand.

5.3 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 30 June 2023 compared to those as at 30 June 2022, broken down into three operating segments.

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Energy	49,305	25.5%	37,907	21.9%	11,398
Trencher	106,164	54.9%	99,076	57.1%	7,088
Rail	38,038	19.7%	36,468	21.0%	1,570
Total Revenues	**193,507**	**100.0%**	**173,451**	**100.0%**	**20,056**

In the first nine months of 2023, the Group consolidated revenues of Euro 193,507 thousand, with an increase of Euro 20,056 thousand (equal to 11.6%) compared to Euro 173,451 thousand in the same period of the previous year. This result is the combined effect of different trends in the three segments:

- Energy: revenues amounted to Euro 49,305 thousand, up by approximately 30.1% compared to the figure of Euro 37,907 thousand as at 30 September 2022. More specifically, it should be noted that the Energy-Stringing segment achieved revenues of Euro 32,349 thousand in the first nine months of 2023 compared to Euro 25,155 thousand in the same period of 2022 (+28.6%), while the Energy-Automation segment achieved revenues of Euro 16,956 thousand, compared to Euro 12,752 thousand as at 30 September 2022 (+33.0%);

- Trencher: revenues of the Trencher segment as at 30 September 2023 was Euro 106,164 thousand, with an increase compared to Euro 99,076 thousand as at 30 September 2022. This growth is mainly driven by the performance of the Middle Eastern and American markets, offsetting a temporary contraction of the French market;

- Rail: revenues amounted to Euro 38,038 thousand, a slight increase compared to the figure of Euro 36,468 thousand as at 30 September 2022 and are mainly due to the execution timing of some job-orders.

EBITDA by segment

The table below shows EBITDA figures as at 30 September 2023 compared to those as at 30 September 2022, broken down into three operating segments:

	As at 30 September				
(Euro in thousands)	**2023**	**% of revenues**	**2022**	**% of revenues**	**2023 vs 2022**
Energy	7,210	14.6%	5,159	13.6%	2,051
Trencher	13,439	12.7%	10,786	10.9%	2,653
Rail	6,832	18.0%	9,978	27.4%	(3,146)
EBITDA	**27,481**	**14.2%**	**25,923**	**14.9%**	**1,558**

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

- the Energy segment reached an EBITDA of Euro 7,210 thousand (or 14.6% of sales), an increase of Euro 2,051 thousand compared to Euro 5,159 thousand in the first nine months of 2022. The segment recorded a better contribution thanks to the positive contribution of the Energy-Stringing sector. Specifically, the Energy-Stringing sector reported an EBITDA of Euro 4,344 thousand, up Euro 1,864 thousand compared to Euro 2,480 thousand in the same period of 2022 and the Energy-Automation sector recorded an EBITDA of Euro 2,866 thousand, up Euro 187 thousand compared to Euro 2,679 thousand in the first nine months of 2022;

- The Trencher segment generated an EBITDA of Euro 13,439 thousand (or 12.7% of Revenues), up Euro 2,653 thousand compared to Euro 10,786 thousand in the first nine months of 2022. This segment is positively impacted, compared to the first nine months of the previous year, by a better sales mix;

- the Rail segment had an EBITDA of Euro 6,832 thousand (or 18.0% of Revenues), down Euro 3,146 thousand from Euro 9,978 thousand as at 30 September 2022. The segment generated lower margins compared to the first nine months of the previous year, due to a contingent situation of a different order mix, expected to improve starting from the next quarters.

6. Summary of financial position statement figures as at 30 September 2023

Information is provided below on the Group's main equity indicators as at 30 September 2023 compared to 31 December 2022. In particular, the following table shows the reclassified funding sources and uses from the consolidated statement of financial position as at 30 September 2023 and as at 31 December 2022:

(Euro in thousands)	**As at 30 September 2023**	**As at 31 December 2022**
USES		
Net working capital	105,562	80,631
Fixed assets	109,457	111,658
Other long-term assets and liabilities	18,362	19,452
Net invested capital	**233,381**	**211,741**
SOURCES		
Net financial indebtedness	148,994	128,364
Shareholders' equity	84,387	83,377
Total sources of funding	**233,381**	**211,741**

A) Net working capital

The table below shows a breakdown of “Net Working Capital” as at 30 September 2023 and 31 December 2022:

(Euro in thousands)	**As at 30 September 2023**	**As at 31 December 2022**
Trade receivables	60,195	56,229
Work in progress contracts	29,694	24,973
Inventories	117,521	101,411
Trade payables	(85,792)	(74,178)
Other current assets/(liabilities)	(16,056)	(27,804)
Net working capital	**105,562**	**80,631**

Net working capital amounted to Euro 105,562 thousand, marking an increase of Euro 24,931 thousand (equal to 30.9%) compared to 31 December 2022. This trend is mainly due to the increase in the item "Inventories" of Euro 16,110 thousand, this value represents the peak of working capital whose reabsorption - and more precisely of stocks - proceeded more slowly than expected, but which is also confirmed to continue in the fourth quarter of the current financial year.

B) Fixed assets

The table below shows a breakdown of “Fixed assets” as at 30 September 2023 and 31 December 2022:

(Euro in thousands)	**As at 30 September 2023**	**As at 31 December 2022**
Intangible assets	36,163	32,293
Property, plant and equipment	47,867	51,759

Rights of use	19,110	21,939
Equity investments in associates	6,276	5,639
Other equity investments	41	28
Fixed assets	**109,457**	**111,658**

The total of fixed assets recorded a net decrease of Euro 2,201 thousand compared to 31 December 2022.

C) Net financial indebtedness

The table below shows a breakdown of "Net financial indebtedness" as at 30 September 2023 and 31 December 2022:

(Euro in thousands)	**As at 30 September 2023**	***of which with related parties and group***	**As at 31 December 2022**	***of which with related parties and group***
Cash and cash equivalents	(35,369)		(50,987)	
Current financial assets	(27,711)	*(1,580)*	(17,163)	*(2,596)*
Current financial liabilities	94,693	*1,081*	80,086	*4,144*
Current financial liabilities from rights of use	8,082		7,280	
Current portion of derivative financial instruments	-		-	
Current financial indebtedness	**39,695**	***(499)***	**19,216**	***1,548***
Non-current financial liabilities	96,100	*1,899*	92,376	-
Non-current financial liabilities from rights of use	13,199		16,772	
Non-current portion of derivative financial instruments	-		-	
Non-current financial indebtedness	**109,299**	***1,899***	**109,148**	**-**
Net financial indebtedness pursuant to CONSOB Communication no. DEM/6064293/2006	**148,994**	***1,400***	**128,364**	***1,548***
Trade payables and other non-current payables	-		-	
Group net financial indebtedness	**148,994**	***1,400***	**128,364**	***1,548***

In the first nine months of 2023, the Group’s net financial indebtedness increased by Euro 20,630 thousand compared to the figure as at 31 December 2022 and it decreased compared to the amount recorded as at 30 June 2023 (Euro 150,317 thousand). This change is due to the increase in net working capital of Euro 24,931 thousand and to the negative cash flow for the period of Euro 4,301 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 30 September 2023, is equal to Euro 127,713 thousand with an increase of Euro 104,312 thousand compared to the end of 2022.

With reference to cash and cash equivalents as at 30 September 2023, they amounted to Euro 35,369 thousand, a decrease of Euro 15,618 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. Current financial liabilities increased from Euro 80,086 thousand at 31 December 2022 to Euro 94,693 thousand as at 30 September 2023, while non-current financial liabilities amounted to Euro 96,100 thousand as at 30 September 2023, a slight increase from Euro 92,376 thousand, due to new medium/long-term lines obtained in the period, 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. 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 2023, these parameters were met. Please refer to the foregoing discussion on the forward-looking assessment carried out to assess the Group's ability to meet its contractually agreed financial parameters as at 31 December 2023.

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 2022, 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 2023, including the employees of companies that are fully consolidated, is 1,019 persons compared to 967 in the first nine months of 2022.

10. Other information

Events occurring after the end of the reporting period

The following significant events occurred after the end of the period:

- on 11 October 2023 Tesmec Rail obtained from ANSFISA (National Agency for the Safety of Railways and Road and Motorway Infrastructures) the “AISM - Authorisation to place on the market” for the new integrated diagnostic vehicle OCPD002-E, which represents a major significant milestone as it equates the vehicle to the most modern passenger trains, allowing it to run on open line traffic on any route of the national network;

- on 6 November 2023, the Board of Directors appoints Fjorela Puce as Investor Relations Manager of the Company, replacing Marco Paredi who will focus on his role as Director of the Trencher Business Unit.

Business outlook

In the first nine months of 2023, Tesmec continued its growth path, thanks to the ability to adapt to external challenges and anticipate market trends. The Group diversified its activities geographically and sectorally, further invested in strategic, high vitality and with growing prospective businesses, such as Trencher, with solutions for the digitalization and construction of telecommunications networks, as well as for the development of the mining sector. In addition, through its U.S. subsidiary, Tesmec can benefit from the new U.S. IRA Plan - Inflation Reduction Act - which should further favor US-based production, contributing to the 2023 financial year performance. In the Railway sector, investments to reduce congestion in road vehicles, to increase sustainable mobility, and to diagnose and maintain lines with the aim of ensuring the safety of rail transport, are yielding excellent results. In the Energy sector, the growing shift towards renewable energy sources is confirmed, with the consequent adaptation of electricity grids to new needs.

Given the positive performance of the first nine months of the year and the Management's action to accelerate the recovery of profitability and focus on cash generation, the Board of Directors of Tesmec, also considering the known developments in the geopolitical and macroeconomic/financial framework, has updated its guidance for the entire 2023 as follows:

- Expected Revenues in the range of Euro 270-280 million, compared to the range of Euro 280-290 million previously communicated;
- Confirmed EBITDA margin in the 16%-17% range previously communicated;
- Net Financial Position improving compared to 30 September 2023 but higher than 31 December 2022, as against the previously communicated indication of an improved Net Financial Position compared to 2022 year-end.

CONSOLIDATED FINANCIAL STATEMENTS

(Not audited by the Independent Auditors)

Consolidated statement of financial position as at 30 September 2023 and as at 31 December 2022

(Euro in thousands)	**30 September 2023**	**31 December 2022**
NON-CURRENT ASSETS		
Intangible assets	36,163	32,293
Property, plant and equipment	47,867	51,759
Rights of use	19,110	21,939
Equity investments in associates evaluated using the equity method	6,276	5,639
Other equity investments	41	28
Financial receivables and other non-current financial assets	7,774	10,549
Derivative financial instruments	573	753
Deferred tax assets	18,705	16,349
Non-current trade receivables	2,788	1,754
Other non-current assets	1,211	1,204
TOTAL NON-CURRENT ASSETS	**140,508**	**142,267**
CURRENT ASSETS		
Work in progress contracts	29,694	24,973
Inventories	117,521	101,411
Trade receivables	60,195	56,229
of which with related parties:	*3,783*	*2,027*
Tax receivables	4,192	2,412
Financial receivables and other current financial assets	27,711	17,163
of which with related parties:	*1,580*	*2,596*
Other current assets	18,634	12,252
Cash and cash equivalents	35,369	50,987
TOTAL CURRENT ASSETS	**293,316**	**265,427**
TOTAL ASSETS	**433,824**	**407,694**
SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
Share capital	15,702	15,702
Reserves/(deficit)	65,952	57,290
Group net profit/(loss)	(249)	7,862
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**81,405**	**80,854**
Capital and reserves/(deficit) attributable to non-controlling interests	2,544	2,469
Net profit/(loss) for the period attributable to non-controlling interests	438	54
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**2,982**	**2,523**
TOTAL SHAREHOLDERS' EQUITY	**84,387**	**83,377**
NON-CURRENT LIABILITIES		
Medium/long-term loans	96,100	91,130
of which with related parties:	*1,899*	-
Bond issue	-	1,246
Non-current financial liabilities from rights of use	13,199	16,772
Employee benefit liability	4,077	3,958
Deferred tax liabilities	8,612	7,199
TOTAL NON-CURRENT LIABILITIES	**121,988**	**120,305**

CURRENT LIABILITIES		
Interest-bearing financial payables (current portion)	92,205	76,369
of which with related parties:	*1,081*	*4,144*
Bond issue	2,488	3,717
Current financial liabilities from rights of use	8,082	7,280
Derivative financial instruments		-
Trade payables	85,792	74,178
of which with related parties:	*1,216*	*1,177*
Advances from customers	8,626	12,574
Income taxes payable	4,551	4,421
Provisions for risks and charges	3,160	3,759
Other current liabilities	22,545	21,714
TOTAL CURRENT LIABILITIES	**227,449**	**204,012**
TOTAL LIABILITIES	**349,437**	**324,317**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**433,824**	**407,694**

Consolidated income statement as at 30 September 2023 and 30 September 2022

	As at 30 September	
(Euro in thousands)	2023	2022
Revenues from sales and services	**193,507**	**173,451**
of which with related parties:	*8,833*	*10,712*
Cost of raw materials and consumables	(84,247)	(69,204)
of which with related parties:	*(190)*	*(8)*
Costs for services	(38,336)	(34,531)
of which with related parties:	*54*	*(105)*
Payroll costs	(47,374)	(44,697)
Other operating costs/revenues, net	(5,889)	(5,369)
of which with related parties:	*98*	*188*
Amortisation and depreciation	(17,168)	(16,235)
Development costs capitalised	9,033	6,826
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	787	(553)
Total operating costs	**(183,194)**	**(163,763)**
Operating income	**10,313**	**9,688**
Financial expenses	(12,962)	(10,600)
of which with related parties:	*(301)*	*(364)*
Financial income	3,532	14,841
of which with related parties:	*55*	*92*
Portion of losses/(gains) from associated companies and non-operational Joint Ventures evaluated using the equity method	(14)	44
Pre-tax profit/(loss)	**869**	**13,973**
Income tax	(680)	(4,730)
Profit/(loss) for the period	**189**	**9,243**
Profit/(loss) attributable to non-controlling interests	**438**	**(5)**
Group profit/(loss)	**(249)**	**9,248**
Basic and diluted earnings/(losses) per share	**(0.0004)**	**0.0152**

EMARKET SDIR CERTIFIED

Consolidated statement of comprehensive income as at 30 September 2023 and 30 September 2022

	As at 30 September	
(Euro in thousands)	**2023**	**2022**
PROFIT/(LOSS) FOR THE PERIOD	**189**	**9,243**
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	693	4,400
Other changes	128	-
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
Income tax	-	(148)
	-	467
Total other income/(losses) after tax	**821**	**4,867**
Total comprehensive income (loss) after tax	**1,010**	**14,110**
Attributable to:		
Shareholders of Parent Company	551	14,064
Non-controlling interests	459	46

EMARKET SDIR CERTIFIED

Statement of consolidated cash flows as at 30 September 2023 and 30 September 2022

	As at 30 September	
(Euro in thousands)	**2023**	**2022**
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	189	9,243
Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:		
Amortisation and depreciation	17,168	16,235
Provisions for employee benefit liability	1,277	403
Provisions for risks and charges/inventory obsolescence/doubtful accounts	2,401	2,179
Employee benefit payments	(1,161)	(347)
Payments of provisions for risks and charges	(851)	(117)
Net change in deferred tax assets and liabilities	(1,166)	1,010
Change in fair value of financial instruments	180	(816)
Change in current assets and liabilities:		
Trade receivables	(10,026)	(13,852)
of which with related parties:	*(1,756)*	*(7,985)*
Inventories	(22,325)	(14,593)
Trade payables	13,399	12,615
of which with related parties:	*41*	*82*
Other current assets and liabilities	(7,279)	(3,367)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**(8,194)**	**8,593**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(8,323)	(6,757)
Investments in intangible assets	(10,035)	(8,792)
Investments in Rights of use	(2,987)	(4,415)
(Investments)/disposals of financial assets	(8,355)	(14,323)
of which with related parties:	*1,016*	*4,781*
Change in the consolidation area		(3,632)
Proceeds from sale of property, plant and equipment, intangible assets and rights of use	6,894	7,317
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(22,806)**	**(30,602)**
NET CASH FLOW FROM FINANCING ACTIVITIES		
Disbursement of medium/long-term loans	32,754	15,316
of which with related parties:	*(1,899)*	*(3,263)*
Recognition of financial liabilities from rights of use	3,311	6,012
Repayment of medium/long-term loans	(29,789)	(13,912)
Repayment of financial liabilities from rights of use	(6,047)	(7,179)
Net change in short-term financial debt	15,240	4,125
of which with related parties:	*(3,063)*	*4,052*
Change in the consolidation area	-	*2,479*
Other changes from comprehensive income statement	128	-
NET CASH FLOW GENERATED BY/(USED IN) FINANCING ACTIVITIES (C)	**15,597**	**6,841**
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)	**(15,403)**	**(15,168)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)	(215)	1,410
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)	**35,369**	**36,431**
Additional information:		
Interest paid	8,750	5,571
Income tax paid	1,138	584

Statement of changes in consolidated shareholders’ equity as at 30 September 2023 and 30 September 2022

(Euro in thousands)	Share capital	Legal reserve	Share premium reserve	Reserve of treasury shares	Translation reserve	Other reserves	Net profit/(loss) for the period	Total shareholders' equity attributable to Parent Company shareholders	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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	-	-	-	-	-	-	(249)	(249)	438	189
Other changes	-	-	-	-	128	-	-	128	-	128
Other profits/(losses)	-	-	-	-	672	-		672	21	693
Comprehensive income statement	**-**	**-**	**-**	**-**	**800**	**-**	**(249)**	**551**	**459**	**1,010**
Allocation of profit for the period	-	-	-	-	-	7,862	(7,862)	-	-	-
Balance as at 30 September 2023	**15,702**	**2,141**	**39,215**	**(2,341)**	**4,673**	**22,264**	**(249)**	**81,405**	**2,982**	**84,387**

(Euro in thousands)	Share capital	Legal reserve	Share premium reserve	Reserve of treasury shares	Translation reserve	Other reserves	Net profit/(loss) for the period	Total shareholders' equity attributable to Parent Company shareholders	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
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	-	-	-	-	-	-	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**

Explanatory notes

Accounting policies adopted in preparing the interim consolidated report on operations as at 30 September 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 30 September 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 30 September 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 30 September 2023 comprises the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows. Comparative figures are disclosed (31 December 2022 for the statement of financial position and the third 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 statement of comprehensive income, 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, except where specifically indicated.

Disclosure of the interim consolidated report on operations of the Tesmec Group for the period ended 30 September 2023 was authorised by the Board of Directors on 6 November 2023.

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	
	2023	**2022**	**2023**	**2022**
US Dollar	1.083	1.064	1.059	0.975
Russian Rouble	90.465	75.069	103.163	55.406
South African Rand	19.887	16.952	19.981	17.535

Renminbi	7.624	7.019	7.735	6.937
Qatari Riyal	3.943	3.872	3.856	3.548
Algerian Dinar	147.368	152.183	145.658	137.057
Tunisian Dinar	3.350	3.240	3.352	3.179
Australian Dollar	1.621	1.504	1.634	1.508
New Zealand Dollar	1.755	1.647	1.758	1.718
Saudi Riyal	4.062	3.989	3.973	3.656
CFA Franc	655.957	655.957	655.957	655.957
GNF Franc	9,224.179	9,300.010	8,991.354	8,386.382
Moroccan Dinar	10.961	10.580	10.917	10.714

3. Consolidation methods and area

As at 30 September 2023, the consolidation area did not change with respect to that as at 31 December 2022.

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

The accounting standards adopted for the preparation of the interim condensed consolidated financial statements are the same as those adopted for the preparation of the consolidated financial statements for the year ended 31 December 2022, with the exception of the adoption as of 1 January 2023 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 2023 but have no impact on the Group's interim consolidated financial report.

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new accounting standard for insurance contracts that considers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance and reinsurance), regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features; some exceptions apply with regard to the scope of application. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Contrary to the requirements of IFRS 4, which are largely based on maintaining previous local accounting standards, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adjustment for contracts with direct participation characteristics (the variable commission approach)
- A simplified approach (the premium allocation approach) mainly for short-term contracts.

These amendments are not relevant to the interim consolidated financial report of the Group.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments are not relevant to the interim consolidated financial report of the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to the disclosure of accounting standards. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and by adding guidance on how entities apply the concept of materiality in making accounting policy disclosure decisions.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to have an impact on the disclosure of accounting policies in the Group's consolidated annual financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and dismantling liabilities. These amendments are not relevant to the interim consolidated financial report of the Group.

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 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.

(Euro in thousands)	As at 30 September 2023 Energy	Trencher	Rail	Consolidated	2022 Energy	Trencher	Rail	Consolidated
Revenues from sales and services	49,305	106,164	38,038	193,507	37,907	99,076	36,468	173,451
Operating costs net of depreciation and amortisation	(42,095)	(92,725)	(31,206)	(166,026)	(32,748)	(88,290)	(26,490)	(147,528)
EBITDA	**7,210**	**13,439**	**6,832**	**27,481**	**5,159**	**10,786**	**9,978**	**25,923**
Amortisation and depreciation	(3,591)	(10,514)	(3,063)	(17,168)	(3,588)	(9,723)	(2,924)	(16,235)
Total operating costs	**(45,686)**	**(103,239)**	**(34,269)**	**(183,194)**	**(36,336)**	**(98,013)**	**(29,414)**	**(163,763)**
Operating income	**3,619**	**2,925**	**3,769**	**10,313**	**1,571**	**1,063**	**7,054**	**9,688**
Net financial income/(expenses)				(9,444)				4,285
Pre-tax profit/(loss)				**869**				**13,973**
Income tax				(680)				(4,730)
Profit/(loss) for the period				**189**				**9,243**
Profit/(loss) attributable to non-controlling interests				438				(5)
Group profit/(loss)				**(249)**				**9,248**

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 2023 and as at 31 December 2022:

(Euro in thousands)	As at 30 September 2023 Energy	Trencher	Rail	Not allocated	Consolidated	As at 31 December 2022 Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	14,001	10,653	11,509	-	36,163	11,612	10,143	10,538	-	32,293
Property, plant and equipment	3,460	34,334	10,073	-	47,867	3,148	38,731	9,880	-	51,759
Rights of use	845	17,715	550	-	19,110	660	20,591	688	-	21,939
Financial assets	5,585	4,283	4,796	-	14,664	4,935	2,545	5,208	4,281	16,969
Other non-current assets	1,622	19,969	1,113	-	22,704	1,693	7,528	639	9,447	19,307
Total non-current assets	**25,513**	**86,954**	**28,041**	-	**140,508**	**22,048**	**79,538**	**26,953**	**13,728**	**142,267**
Work in progress contracts	4,576	-	25,118	-	29,694	2,908	-	22,065	-	24,973
Inventories	30,668	78,039	8,814	-	117,521	24,903	68,744	7,764	-	101,411
Trade receivables	11,140	48,490	565	-	60,195	9,270	37,700	9,259	-	56,229
Other current assets	3,573	31,236	15,728	-	50,537	1,646	9,021	10,436	10,724	31,827
Cash and cash equivalents	3,216	6,845	8,074	17,234	35,369	3,947	8,685	14,227	24,128	50,987
Total current assets	**53,173**	**164,610**	**58,299**	**17,234**	**293,316**	**42,674**	**124,150**	**63,751**	**34,852**	**265,427**
Total assets	**78,686**	**251,564**	**86,340**	**17,234**	**433,824**	**64,722**	**203,688**	**90,704**	**48,580**	**407,694**
Shareholders' equity attributable to Parent Company shareholders	-	-	-	**81,405**	**81,405**	-	-	-	**80,854**	**80,854**
Shareholders' equity attributable to non-controlling interests	-	-	-	**2,982**	**2,982**	-	-	-	**2,523**	**2,523**
Non-current liabilities	**2,850**	**23,401**	**12,035**	**83,702**	**121,988**	**2,536**	**17,760**	**11,474**	**88,535**	**120,305**
Current financial liabilities	10,744	4,571	10,898	68,480	94,693	3,158	5,397	13,950	57,581	80,086
Current financial liabilities from rights of use	244	5,182	119	2,537	8,082	263	4,210	142	2,665	7,280

Trade payables	24,677	46,492	14,623	-	85,792	21,760	39,611	12,807	-	74,178
Other current liabilities	2,422	22,947	13,513	-	38,882	1,662	8,668	18,613	13,525	42,468
Total current liabilities	**38,087**	**79,192**	**39,153**	**71,017**	**227,449**	**26,843**	**57,886**	**45,512**	**73,771**	**204,012**
Total liabilities	**40,937**	**102,593**	**51,188**	**154,719**	**349,437**	**29,379**	**75,646**	**56,986**	**162,306**	**324,317**
Total shareholders' equity and liabilities	**40,937**	**102,593**	**51,188**	**239,106**	**433,824**	**29,379**	**75,646**	**56,986**	**245,683**	**407,694**

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:

	As at 30 September 2023					As at 30 September 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.	105	-	-	-	-	783	-	-	-	-
Subtotal	**105**	**-**	**-**	**-**	**-**	**783**	**-**	**-**	**-**	**-**
Joint Ventures:										
Condux Tesmec Inc.	7,698	(190)	(1)	208	53	5,068	-	(15)	175	34
Tesmec Peninsula	-	-	-	-	-	3,327	-	(55)	-	50
Subtotal	**7,698**	**(190)**	**(1)**	**208**	**53**	**8,395**	**-**	**(70)**	**175**	**84**
Related parties:										
Ambrosio S.r.l.	-	-	-	(3)	(2)	-	-	-	(2)	(2)
TTC S.r.l.	-	-	(41)	16	-	-	-	(23)	-	-
Dream Immobiliare S.r.l.	-	-	-	(151)	(220)	-	-	-	5	(266)
FI.IND	-	-	-	7	-	-	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	999	-	(12)	11	(60)	1,514	(8)	(2)	10	(63)
ICS Tech. S.r.l.	31	-	-	3	-	17	-	-	-	-
TCB Sport S.r.l.	-	-	-	2	-	-	-	-	-	-
COMATEL	-	-	-	-	-	3	-	-	-	-
Triskell Conseil Partner	-	-	-	-	-	-	-	(10)	-	-
RX S.r.l.	-	-	-	5	(17)	-	-	-	-	(25)
Subtotal	**1,030**	**-**	**(53)**	**(110)**	**(299)**	**1,534**	**(8)**	**(35)**	**13**	**(356)**
Total	**8,833**	**(190)**	**(54)**	**98**	**(246)**	**10,712**	**(8)**	**(105)**	**188**	**(272)**

(Euro in thousands)	30 September 2023					31 December 2022				
	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.	38	-	-	-	-	11	-	-	-	1
Primis Group S.r.l.	-	-	-	-	-	-	-	-	-	-
Subtotal	**38**	**-**	**-**	**-**	**-**	**11**	**-**	**-**	**-**	**1**
Joint Ventures:										
Condux Tesmec Inc.	3,197	709	-	-	-	1,284	1,725	-	-	14
Marais Lucas	-	794	-	-	-	-	794	-	-	-
Subtotal	**3,197**	**1,503**	**-**	**-**	**-**	**1,284**	**2,519**	**-**	**-**	**14**
Related parties:										
Ambrosio S.r.l.	-	-	-	-	34	-	-	-	-	19
Dream Immobiliare S.r.l.	-	77	-	-	1,008	-	77	-	-	990
Fi.ind.	9	-	-	-	-	-	-	-	-	-
TTC S.r.l.	-	-	-	-	24	-	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	490	-	1,686	200	63	650	-	-	3,050	72
ICS Tech. S.r.l.	43	-	-	-	-	82	-	-	-	-
COMATEL	-	-	-	-	-	-	-	-	-	-
RX S.r.l.	6	-	213	881	87	-	-	-	1,094	71
Triskell Conseil Partner	-	-	-	-	-	-	-	-	-	10
Subtotal	**548**	**77**	**1,899**	**1,081**	**1,216**	**732**	**77**	**-**	**4,144**	**1,162**
Total	**3,783**	**1,580**	**1,899**	**1,081**	**1,216**	**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 30 September 2023.

2. We also certify that:

2.1 the Interim consolidated report on operations as at 30 September 2023:

   - 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, 6 November 2023

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

EMARKET SDIR CERTIFIED

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