

INTERIM CONSOLIDATED FINANCIAL REPORT AT 31 MARCH 2024

TESMEC
draw the way forward



Investor Relator

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Tesmec S.p.A.

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

Fully paid-up share capital as at 31 March 2024 Euro 15,702,162

Milan Register of Companies no. 314026

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COMPOSITION OF THE CORPORATE BODIES

Board of Directors

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

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

(*) Independent Directors

Board of Statutory Auditors

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

Chairman	Simone Cavalli
Statutory auditors	Attilio Massimo Franco Marozzi
	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
	Simone Andrea Crolla

Lead Independent Director

Paola Durante

Director in charge of the internal internal and risk management

Ambrogio Caccia Dominioni

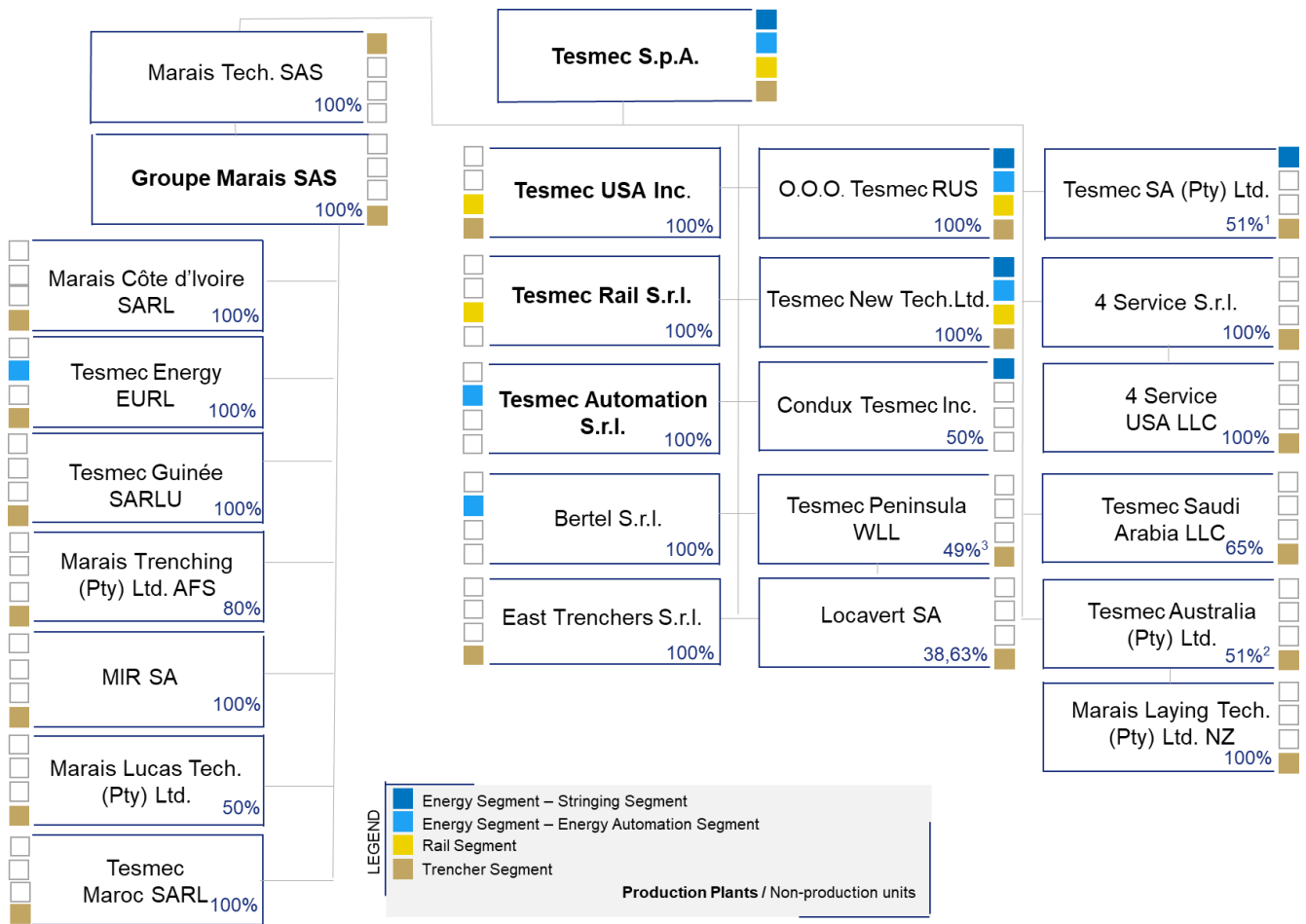
Manager responsible for preparing the Company's financial statements

Ruggero Gambini

Independent Auditors

Deloitte & Touche S.p.A.

GROUP STRUCTURE



- (1) The remaining 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.
- (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 Australia (Pty) Ltd. is consolidated on a 100% basis.
- (3) 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 The Tesmec Group

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

The Tesmec Group is a leader in the design, production and marketing of special products and integrated solutions for the construction, maintenance and streamlining of infrastructures relating to the transmission of electrical power, 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 1,000 employees and has production plants located in Grassobbio (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:

1.1 Energy segment

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

1.2 Trencher segment

- High-efficiency crawler trenching machines for excavation with a set section for the construction of infrastructures for the transport 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 said trenching machines.
- Specialised consultancy and excavation services on customer request.
- The Trencher segment also includes the excavation services for power networks and fibre optic cables.

1.3 Rail segment

- Works vehicles and integrated solutions for the installation, renewal and maintenance of the railway catenary wire system.
- Vehicles and systems for rail infrastructure diagnostics.

The know-how achieved in the development of specific technologies and innovative solutions and the presence of a team of highly-skilled engineers and technicians allow the Tesmec Group to directly manage the entire production chain: from the design, production and marketing or rental of machinery to the supply of know-how relating to the use of systems and optimisation of work, to all pre- and post-sales services related to machinery and the increase in site efficiency.

2 Reference context

2.1 Tesmec Group as at 31 March 2024

A. Results of first quarter of 2024

In the first quarter of 2024, Tesmec recorded an increase in Revenues of 3.2%, associated with a significant recovery in profitability, with EBITDA up by 20.5%, mainly thanks to a better sales mix, while the first effects of the efficiency

initiatives launched between the end of 2023 and the first two months of the new year are expected to show their contribution between the second and third quarter of the year. At the same time, inventory levels remained high due to purchases in the period in respect of expected turnover in the coming months, slightly lower than the consumption of the quarter: together with the increase in trade receivables at the end of March and the allocation of higher IFRS 16 items linked to new rents, this has ensured that the aforementioned profitability recoveries have not yet translated, in the first quarter, into a positive free cash flow, with NFP higher as at 31 March 2024 than the figure as at 31 December last. Moreover, Tesmec confirms that its primary objective is to improve its net indebtedness at the end of the year, mainly through significant reabsorption of working capital.

More specifically, consolidated revenues in the first quarter of 2024 reached Euro 59.3 million, up as mentioned by 3.2% compared to the same period of 2023, while consolidated EBITDA stood at Euro 9.0 million, up 20.5% compared to the first quarter of 2023. At the same time, the consolidated EBITDA margin went from 13.0% to 15.2%, an increase of more than 2 percentage points made possible by an improved Revenue mix, especially in the Energy and, to a lesser extent, the Trencher segments. In this regard, it should be noted that starting from the second and third quarter, the Group expects to benefit in terms of further efficiency recoveries thanks to specific initiatives launched at operational/industrial structure level between the end of 2023 and the first quarter of the current year, represented by:

- the transfer of the Engine plant and the concentration of Powerlines stringing work production activities at the Grassobbio plant, which has become this segment's global hub;
- the launch of a temporary lay-off scheme programme at the Sirone plant, dedicated to precision mechanics processing;
- the control of fixed operating charges and corporate governance actions at the Group's foreign companies in the USA and Australia which will not only lead to a more effective local management of the Group's commercial development activities, but also to a reduction in management costs.

With reference to the Revenues of the individual Business Units, in the first quarter of 2024:

- Revenues in the Energy division grew by 26.3% compared to the same period in 2023, driven by continued robust demand and the commercial success of the products and technology solutions developed by the Tesmec Group, especially in the Energy Automation segment; in the Energy segment, Tesmec continues to have a significant order backlog, of approximately Euro 117 million as at 31 March, of which approximately Euro 97 million related to the Energy Automation segment (with a multi-year duration, confirming expectations of further growth in this segment in the medium term), while the remainder is related to the Energy Stringing segment (traditionally with a short duration);
- Revenues from the Trencher division were up by 2.2%, reflecting the specific performance of certain markets at the start of the year, within an overall framework consistent with the Group's strategy of prioritising maximum profitability over volumes. More specifically, this growth was the result, on the one hand, of a slower start to the commercial season in France and the United States, more than offset by a positive performance in the Middle East and Africa. The backlog of the Trencher division stood at Euro 71 million as at 31 March 2024, with a rich portfolio of opportunities that, together with the order backlog itself, support expectations of a robust growth in Revenues for the rest of the year;
- Revenues in the Rail division decreased by 25.5%, following the gradual completion of older orders and a delay in obtaining new ones, but in a context of positive expectations for 2024, also in view of important investment programmes by major Italian and international players. As at 31 March 2024, the backlog of the Rail Division was approximately Euro 203 million, with a medium-term duration, which, together with the new order intake forecast, supports the expectation of a significant recovery in Revenues in the next quarters. In the last few years, the Rail segment developed cutting-edge technologies, not only in the maintenance segment, but also in the strategic and high-tech rail diagnostics segment, which continues to represent a powerful driver for the Group's future growth, in particular through international development.

On the basis of what is stated above, the overall backlog of the Tesmec Group as at 31 March 2024 stood at Euro 391 million, slightly below the figure of Euro 402 million as at 31 December 2023, while still at historically very significant values which, however, do not yet discount the acquisition of new orders, particularly in the railway and the Trencher segments for areas expected to experience the most rapid development (Africa and the Middle East).

Furthermore, at geographical level, Tesmec is confirmed as a group strongly oriented towards international markets, with 81% of consolidated revenues generated outside Italy, with a growing contribution of sales in the Middle East and Africa.

With reference to EBITDA performance at divisional level:

- the Energy segment achieved an EBITDA of Euro 2.9 million (with an EBITDA margin of 16.4%), up 34% from Euro 2.1 million in 2023 (when the EBITDA margin was 15.4%). These increases in EBITDA and EBITDA margin were

made possible by (a) the higher turnover for the period and the related effect in terms of operating leverage and (b) an improved sales mix, especially in the Automation segment, which, as a whole, have more than offset the lower contribution compared to 2023 of the JV Condux Tesmec, operating in the powerlines stringing works segment in the United States;

- the Trencher segment generated an EBITDA of Euro 4.7 million (with an EBITDA margin of 13.8%), up 40.2% from Euro 3.4 million in 2023 (when the EBITDA margin was 10.1%). These significant improvements in EBITDA and EBITDA margin occurred thanks to a significant improvement in the mix of machines sold as well as the progressive overcoming of the profitability issues experienced in 2023 in the Australian market, while the margins relating to sales on the New Zealand market, albeit improving, will only reach normalisation levels later in the year;
- the Rail segment had an EBITDA of Euro 1.4 million (with an EBITDA margin of 19.0%), down 28.1 million from Euro 2.0 million in 2023 (when the EBITDA margin was 19.7%). At operating results level, this reduction in EBITDA, with EBITDA margin at substantially the same level, reflects what has already been noted in relation to Revenues, with expectations of improvements starting in the next quarters, especially thanks to the development of the diagnostic vehicles strategic segment.

With reference to the operating result, EBIT in the first three months of 2024 reached Euro 3.1 million, up 62.1% compared to Euro 1.9 million in 2023, with a smaller increase in absolute terms compared to the growth recorded at EBITDA level following higher amortisation and depreciation charges for the period.

In terms of financial components, net financial charges amounted to Euro -4.1 million, a decrease of Euro 0.3 million compared to the value of Euro -4.4 million in the first quarter of 2023, due to:

- on the one hand, net interest expense of Euro -4.3 million, up by Euro -1.4 million compared to Euro -2.9 million in the first quarter of 2023, following the increase in rates, now fully operational, applied to a higher level of seasonal invested capital (and therefore of debt);
- on the other hand, income from changes in exchange rates for Euro 0.2 million, an improvement of Euro 1.7 million compared to exchange rates losses of approximately Euro -1.5 million in the first quarter of 2023.

As a direct effect of the aforementioned recovery of gross operating profitability and higher amortisation/depreciation/financial charges, together with allocations for tax components for the period, the net result for the first quarter of 2024 recorded a loss of Euro -1.1 million, an improvement compared to Euro -2.5 million in the first quarter of 2023.

With reference to the balance sheet results as at 31 March 2024, it should be noted that there are still significant values for inventories (to support the short-term business growth) and work in progress (linked to long-term contracts mainly in the railway segment), with purchases for the period only slightly lower than quarterly consumption, and an increase in trade receivables compared to 31 December last, mainly due to sales in March. In this regard, management confirms its expectations for a progressive and significant replenishment of stock levels in 2024, in terms of a reduction in inventories of materials (thanks to expected sales in the year, 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 segment - which in 2023 suffered delays in the issue of certifications for the release of milestones for collection purposes - and Energy Automation segment).

More specifically, the net invested capital as at 31 March 2024 amounted to Euro 245.7 million, an increase of Euro 14.0 million compared to 31 December 2023, generated by:

- for Euro 5.1 million, from the growth in working capital, mainly due to the increase in trade receivables relating to sales in the first quarter and from inventory levels slightly lower than as at 31 December;
- for Euro 8.9 million, from the growth in fixed capital, largely driven by the increase in assets relating to application of the IFRS 16 standard, up by approximately Euro 6.6 million compared to 31 December 2023. This increase relating to IFRS 16 items is attributable for approximately Euro 3.1 million to the adjustments of the rent accruals for the coming years of the Grassobbio site, where, in line with the Group's strategy, the production activities relating to the Stringing segment have been concentrated, for Euro 3.1 million in relation to Trencher machines subject to operating leases and for Euro 0.4 million to operating leases for other production assets.

Similarly, the Net Financial Position as at 31 March 2024 was Euro 167.1 million, an increase of Euro 13.6 million compared to the value of Euro 153.5 million as at 31 December 2023. With reference to this, however, in the first quarter of 2024, the Group continued to pursue operating leasing operations for part of its fleet, which contributed to the change in composition of the Net financial position. More specifically, in terms of free cash flow, in the first three months of 2024, Tesmec generated:

- an increase in financial items related to IFRS 16 of approximately Euro 7.0 million;
- a negative free cash flow for changes in Working Capital of Euro 5.1 million;

- a negative free cash flow excluding changes in working capital of Euro 1.5 million; for a total NFP change in balance of 13.6 million, as mentioned.

With reference to Tesmec's financial structure, the Net Financial Position as at 31 March 2024 can be broken down as follows:

- Euro 91.9 million of Operating Debt, entirely against consolidated Working Capital;
- Euro 46.2 million, the portion of which was due to IFRS 16 accounting standards, largely against leasing contracts for part of the Group's trencher machine fleet;
- Euro 29.0 million of Industrial Debt, the latter increased by Euro 1.5 million compared to the value as at 31 December 2023

Moreover, it should be noted that:

- the duration of the Net Financial Position, which includes medium/long-term payables of approximately Euro 83 million, together with lease contracts of Euro 46 million, appears more than adequate compared to the duration of the portion of medium/long-term Assets not directly covered by Shareholders' Equity, amounting to a total of approximately Euro 75 million.
- as at 31 March 2024, the Group's liquidity stood at Euro 26.7 million, a decrease compared to 31 December due, on the one hand, to invested capital dynamics and, on the other, to the gross stock of bank debt (reduced from Euro 234 million as at 31 December 2023 to Euro 223 million as at 31 March 2024) and leasing; this liquidity level is capable of guaranteeing, together with the cash generation expected in the rest of the year and with the ordinary business of negotiating and obtaining medium and long-term credit lines to partially replace those expiring, financial continuity over the next 12 months and the implementation of the development programmes underway.

B. Outlook for 2024

For the entire 2024 financial year, the Tesmec Group confirms its expectations of revenues growing by more than 10% compared to 2023, with an improving EBITDA margin and a decreasing Net Financial Position compared to 31 December 2023. These expectations are based on planned specific management, industrial and strategic initiatives, in part already launched and whose benefits will increasingly become apparent during the year, which reflect the management's objectives of increasing profitability, reducing financial debt and strengthening corporate governance.

3 Significant events during the period

The significant events that occurred during the period are reported below:

- on 4 March 2024, the Shareholders' Meeting of East Trenchers S.r.l. approved the distribution of dividends in the amount of Euro 50 thousand;
- on 4 March 2024, the Shareholders' Meeting of Bertel S.r.l. approved the distribution of dividends in the amount of Euro 700 thousand.

4 Activities, reference market and operating performance for the first three months of 2024

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 2023. The following table shows the Group's major economic and financial indicators for the first three months of 2024 and the financial indicators as at 31 March 2024 compared with the same period of 2023 and as at 31 December 2023.

OVERVIEW OF RESULTS		
31 March 2023	Key income statement data (Euro in millions)	31 March 2024
57.5	Operating Revenues	59.3
7.5	EBITDA	9.0
1.9	Operating Income	3.1
(1.6)	Foreign exchange gains/losses	0.2
(2.5)	Group Net Result	(1.1)

31 December 2023	Key financial position data (Euro in millions)	31 March 2024
1,007	Number of employees	1,042
231.7	Net Invested Capital	245.7
78.2	Shareholders' Equity	78.6
153.5	Group net financial indebtedness	167.1
31.9	Net investments in property, plant and equipment, intangible assets and rights of use	(13.0)

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 associated companies, 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 division. In the 2024 first quarter, it generated revenues of Euro 10,751 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. In the 2024 first quarter, the two trencher rental companies generated revenues of Euro 5,216 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. In the 2024 first quarter, it generated revenues of Euro 7,491 thousand.
- Groupe Marais SAS, with registered office in Durtal (France), indirectly controlled by Tesmec S.p.A., through the holding company Marais Technologies SAS, a company 100% owned by Tesmec S.p.A. The French company is a leader in the construction of machines for infrastructures and in services for telecommunications, electricity and gas. In the 2024 first quarter, it generated revenues of Euro 4,526 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. In the 2024 first quarter, it generated revenues of Euro 7,031 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 2024 first quarter, generated revenues totalling Euro 2,775 thousand.

5 Summary of income statement and balance sheet situation as at 31 March 2023

5.1 Restatement of the figures of the previous financial year

Starting from the end of the 2023 financial year, the Group recognises as financial expenses the costs incurred with credit institutions for the issue of guarantees required for the performance of multi-year work orders, previously shown as costs for services, as the Group believes that this classification more clearly represents the economic substance of the case, which is the financial commitment made by the Group for the completion of work orders in progress.

In order to allow an improved comparison of the financial statement data, in this document the data referring to the previous period (2023), when these costs were equal to Euro 453 thousand, have been reclassified.

5.2 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 statement of financial position.
- 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 from operations

Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 31 March 2024 with those as at 31 March 2023.

The main accounting figures for the first three months of 2024 and 2023 are presented in the table below:

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Revenues from sales and services	59,333	100.0%	57,487	100.0%	1,846
Cost of raw materials and consumables	(25,610)	-43.2%	(22,529)	-39.2%	(3,081)
Costs for services	(11,036)	-18.6%	(12,697)	-22.1%	1,661
Payroll costs	(15,434)	-26.0%	(16,247)	-28.3%	813
Other operating costs/revenues, net	(1,728)	-2.9%	(2,170)	-3.8%	442
Amortisation/Depreciation	(5,966)	-10.1%	(5,605)	-9.8%	(361)
Development costs capitalised	3,520	5.9%	3,180	5.5%	340
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	(7)	0.0%	476	0.8%	(483)
Total operating costs	(56,261)	-94.8%	(55,592)	-96.7%	(669)
Operating income	3,072	5.2%	1,895	3.3%	1,177
Net financial income/expenses	(4,303)	-7.3%	(2,870)	-5.0%	(1,433)
Net foreign exchange gains/losses	163	0.3%	(1,570)	-2.7%	1,733
Portion of losses/(gains) from valuation of the associated companies and non-operational Joint Ventures evaluated using the equity method	-	0.0%	-	0.0%	-
Pre-tax profit/(loss)	(1,068)	-1.8%	(2,545)	-4.4%	1,477
Income tax	(20)	0.0%	(5)	0.0%	(15)
Net profit/(loss) for the period	(1,088)	-1.8%	(2,550)	-4.4%	1,462

Profit/(loss) attributable to non-controlling interests	53	0.1%	(86)	-0.1%	139
Group profit/(loss)	(1,141)	-1.9%	(2,464)	-4.3%	1,323

Revenues (Turnover)

Total revenues as at 31 March 2024, compared to the corresponding period of the previous year, recorded an increase of 3.2%.

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023	% of revenues	2024 vs 2023
Sales of products	40,758	68.7%	49,577	86.2%	(8,819)
Services rendered	6,323	10.7%	14,295	24.9%	(7,972)
Changes in work in progress	12,252	20.6%	(6,385)	-11.1%	18,637
Total revenues from sales and services	59,333	100.0%	57,487	100.0%	1,846

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.

Revenues by geographic area

The Group's turnover is mainly produced abroad (80.8%) and in particular in non-EU countries. Growth was observed in the Middle Eastern and African markets thanks to the contribution of sales in the Trencher sector, while the Rail and Energy-Automation sectors remain the reference sectors for the Italian market. The revenue analysis by area is indicated below with the comparison of the figures for the first quarter of 2024 with those for the first quarter of 2023. It is emphasised that the segmentation by geographic area is determined by the country where the customer is located, regardless of where project activities/sales are organised.

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023	% of revenues	2024 vs 2023
Italy	11,386	19.2%	12,921	22.5%	(1,535)
Europe	16,692	28.1%	10,977	19.1%	5,715
Middle East	8,489	14.3%	7,720	13.4%	769
Africa	5,232	8.8%	2,862	5.0%	2,370
North and Central America	9,616	16.2%	14,236	24.8%	(4,620)
BRIC and Others	7,918	13.3%	8,771	15.3%	(853)
Total revenues	59,333	100.0%	57,487	100.0%	1,846

Operating costs net of depreciation and amortisation

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Cost of raw materials and consumables	(25,610)	-43.2%	(22,529)	-39.2%	(3,081)
Costs for services	(11,036)	-18.6%	(12,697)	-22.1%	1,661
Payroll costs	(15,434)	-26.0%	(16,247)	-28.3%	813
Other net operating costs/revenues	(1,728)	-2.9%	(2,170)	-3.8%	442
Development costs capitalised	3,520	5.9%	3,180	5.5%	340
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	(7)	0.0%	476	0.8%	(483)
Operating costs net of depreciation and amortisation	(50,295)	-84.8%	(49,987)	-87.0%	(308)

The table shows an increase in operating costs of Euro 308 thousand (0.6%). This increase in cost reflects:

- with regard to raw materials, consumables and services, the increase in sales, with different product mixes;

- with regard to results from Joint Ventures, the negative performance of the associate Condux Tesmec Inc.

EBITDA

As a result of the foregoing, EBITDA amounted to Euro 9,038 thousand, up compared to the figure recorded in the first quarter of 2023 when it was equal to Euro 7,500 thousand.

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

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Operating income	3,072	5.2%	1,895	3.3%	1,177
+ Amortisation/depreciation	5,966	10.1%	5,605	9.8%	361
EBITDA	9,038	15.2%	7,500	13.0%	1,538

The increase in EBITDA derives from the mix of favourable sales, with higher added-value sectors confirming their profitability, and from an improved and more efficient management of the projects that contributed to prevent occurrences of negative one-offs.

Financial Management

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Net financial income/expenses	(4,330)	-7.3%	(2,769)	-4.8%	(1,561)
Net foreign exchange gains/losses	163	0.3%	(1,570)	-2.7%	1,733
Fair value adjustment of financial instruments	27	0.0%	(101)	-0.2%	128
Portion of losses/(gains) from the valuation of equity investments using the equity method	-	0.0%	-	0.0%	-
Total net financial income/expenses	(4,140)	-7.0%	(4,440)	-7.7%	300

The net financial management result improved compared to the same period in the previous financial year by a total of Euro 300 thousand, reflecting:

- the negative impact of net financial income/expense of Euro 1,561 thousand due to the increase in rates together with a higher level of Group net financial indebtedness;
- a positive impact from exchange gains/losses of Euro 1,733 thousand, deriving from the favourable exchange rate trend as at 31 March 2024 compared to 31 December 2023, which resulted in net gains totalling Euro 163 thousand in the first quarter of 2024 (largely unrealised) compared to net losses of Euro 1,570 thousand in the first quarter of 2023 (also largely unrealised).

5.4 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 31 March 2024 compared to those as at 31 March 2023, broken down by the three operating segments.

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Energy	17,606	29.7%	13,935	24.2%	3,671
Trencher	34,244	57.7%	33,503	58.3%	741
Rail	7,483	12.6%	10,049	17.5%	(2,566)
Total Revenues	59,333	100.0%	57,487	100.0%	1,846

In the first three months of 2023, the Group recorded consolidated revenues of Euro 59,333 thousand, an increase of Euro 1,846 thousand (3.2%) compared to Euro 57,487 thousand in the same period of the previous year.

As regards the Energy sector, revenues amounted to Euro 17,606 thousand, an increase of approximately 26.3% compared to Euro 13,935 thousand recorded as at 31 March 2023 thanks to demand remaining positive in the Energy-Stringing segment and the significant increase in volumes in the Energy-Automation segment. More specifically, it should be noted that the Energy-Stringing segment achieved Revenues of Euro 10,583 thousand in the first quarter of 2024 compared to Euro 9,435 thousand in the same period of 2023 (+12.2%), while the Energy-Automation segment achieved Revenues of Euro 7,023 thousand, compared to Euro 4,500 thousand as at 31 March 2023 (+56.1%).

In detail, the turnover of the Trencher segment as at 31 March 2024 was Euro 34,244 thousand, slightly up compared to Euro 33,503 thousand as at 31 March 2023. This increase is mainly due to the positive performance in the Middle East and Africa, which more than offset the contraction recorded in the US and French markets.

The Rail segment recorded revenues of Euro 7,483 thousand, slightly down compared to Euro 10,049 thousand as at 31 March 2023. This result is mainly attributable to the gradual completion of older orders, while during the year new higher added-value orders will be implemented, delayed due to changes requested by the main Italian customer.

EBITDA by segment

The tables below show the income statement figures as at 31 March 2024 compared to those as at 31 March 2023, broken down by the three operating segments:

<i>(Euro in thousands)</i>	Quarter ended 31 March				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Energy	2,889	16.4%	2,149	15.4%	740
Trencher	4,724	13.8%	3,370	10.1%	1,354
Rail	1,425	19.0%	1,981	19.7%	(556)
EBITDA	9,038	15.2%	7,500	13.0%	1,538

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

- Energy: EBITDA went from Euro 2,149 thousand as at 31 March 2023 to Euro 2,889 thousand as at 31 March 2024; this increase was made possible by (a) the higher turnover for the period and the related effect in terms of operating leverage and (b) an improved sales mix, especially in the Energy-Automation segment, which as a whole more than offset the decreasing contribution compared to 2023 of the Condux Tesmec JV, operating in the Energy-Stringing segment in the United States;
- Trencher: EBITDA increased from Euro 3,370 thousand as at 31 March 2023 to Euro 4,724 thousand as at 31 March 2024. This important improvement took place thanks to a significant improvement in the mix of machines sold as well as the progressive resolution of the profitability issues experienced in 2023 on the Australian market, while the margins relating to sales in the New Zealand market, although improving, may reach normalisation levels only later in the year;
- Rail: slight reduction in EBITDA, from Euro 1,981 thousand in the first quarter of 2023 to Euro 1,425 thousand in 2024. In terms of operating results, this reduction reflects what has already been noted in relation to Revenues, with expectations of improvement starting from the upcoming quarters, especially thanks to the development of the strategic diagnostic vehicles segment.

5.5 Balance sheet and financial profile

Information is provided below on the Group's main equity indicators as at 31 March 2024 compared to 31 December 2023. In particular, the following table shows the reclassified funding sources and uses of the consolidated balance sheet as at 31 March 2024 and as at 31 December 2023:

<i>(Euro in thousands)</i>	As at 31 March 2024	As at 31 December 2023
USES		
Net working capital	91,946	86,835
Fixed assets	127,314	119,622
Other long-term assets and liabilities	26,454	25,284
Net invested capital	245,714	231,741
SOURCES		
Net financial indebtedness	167,097	153,497
Shareholders' equity	78,617	78,244
Total sources of funding	245,714	231,741

A) Net working capital

The table below shows the breakdown of "Net Working Capital" as at 31 March 2024 and 31 December 2023:

<i>(Euro in thousands)</i>	As at 31 March 2024	As at 31 December 2023
Trade receivables	65,312	45,643
Work in progress contracts	26,630	29,247
Inventories	112,137	110,621
Trade payables	(91,023)	(82,842)
Other current assets/(liabilities)	(21,110)	(15,834)
Net working capital	91,946	86,835

Net working capital amounted to Euro 91,946 thousand, marking an increase of Euro 5,111 thousand (equal to 5.9%) compared to 31 December 2023. This performance is mainly due to the increase in the item "Trade receivables" for Euro 19,669 thousand, mainly due to sales in March.

B) Fixed assets

The table below shows the breakdown of "Fixed assets" as at 31 March 2024 and 31 December 2023:

<i>(Euro in thousands)</i>	As at 31 March 2024	As at 31 December 2023
Intangible assets	41,370	39,348
Property, plant and equipment	43,871	45,081
Rights of use	35,422	28,868
Equity investments in associates	6,611	6,285
Other equity investments	40	40
Fixed assets	127,314	119,622

Total fixed assets recorded a net increase of Euro 7,692 thousand compared to 31 December 2023, mainly due to the increase in Rights of use of Euro 6,554 thousand.

C) Net financial indebtedness

The table below shows the breakdown of "Net financial indebtedness" as at 31 March 2024 and 31 December 2023:

	As at 31 March 2024	<i>of which with related parties and group</i>	As at 31 December 2023	<i>of which with related parties and group</i>
<i>(Euro in thousands)</i>				
Cash and cash equivalents	(26,681)		(53,680)	
Current financial assets	(30,495)	(3,230)	(27,888)	(2,605)
Current financial liabilities	95,238	1,081	103,811	1,081
Current financial liabilities from rights of use	11,199	3,029	9,398	1,794
Current portion of derivative financial instruments	-		-	
Current financial indebtedness	49,261	880	31,641	270
Non-current financial liabilities	82,795	1,899	92,007	1,899
Non-current financial liabilities from rights of use	35,041	6,136	29,849	4,154
Non-current portion of derivative financial instruments	-		-	
Trade payables and other non-current payables	-		-	
Non-current financial indebtedness	117,836	8,035	121,856	6,053
Net financial indebtedness pursuant to ESMA 32-382-1138 Communication	167,097	8,915	153,497	6,323
Trade payables and other non-current payables	-		-	
Group net financial indebtedness	167,097	8,915	153,497	6,323

The net financial indebtedness prior to the application of IFRS 16, as at 31 March 2024, is equal to Euro 120,857 thousand with an increase of Euro 6,607 thousand compared to the end of 2023. This change is attributable for Euro 5,111 thousand to a higher level of working capital (which grew mainly due to the increase in trade against sales for the period and for Euro 1.5 million to cash flow before changes in working capital and essentially corresponds to the loss for the period.

The net financial indebtedness of the Group as at 31 March 2024, including the effect of the application of the IFRS 16, increased by Euro 13,600 thousand compared to the end of 2023 attributable, in addition to what has already been commented previously, to the rent adjustment of the Grassobbio site, consistent with the strategy of concentrating production activities, and to Trenchers fleets' operating leases.

The details below show the breakdown of the changes:

- increase in current financial indebtedness of Euro 17,620 thousand due to the:
 - decrease in cash and cash equivalents and current financial assets of Euro 24,392 thousand;
 - decrease in current financial liabilities of Euro 8,573 thousand due to the effect of the short-term reclassification of the portions to be reimbursed in 2024 offset by the reimbursement of portions in the period;
- decrease in medium/long-term financial indebtedness of Euro 4,020 thousand relating to new leasing operations put in place on its own fleet, net of the short-term reclassification mentioned in the previous point.

Some existing loan agreements and bond issues contractually provide for the annual 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 Financial Report for 2023, 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 2024 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 2024, including the employees of companies that are fully consolidated, is 1,042 persons compared to 1,007 in 2023.

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 18 April 2024, the Ordinary Shareholders' Meeting of Tesmec S.p.A. met electronically in a single call and approved the Financial Statements as at 31 December 2023 and the allocation of the Net Profit. Therefore, during the Shareholders' Meeting, the Consolidated Financial Statements as at 31 December 2023 of the Tesmec Group and the related reports were presented, including the Consolidated Non-Financial Statement; in addition, in the extraordinary session, the amendments to Article 5 and Article 9 of the Articles of Association were approved for the purpose of introducing increased voting rights and the amendments relating to the "Shareholders' Meeting" chapter of the Articles of Association;
- on 16 April 2024, the Shareholders' Meeting of Tesmec Rail S.r.l. approved the distribution of dividends in the amount of Euro 2 million;
- on 16 April 2024, the Shareholders' Meeting of 4Service S.r.l. approved the distribution of dividends in the amount of Euro 500 thousand;

Business outlook

In the first quarter of 2024, Tesmec continued its strategy of geographic and sector diversification, in strategic markets with high vibrancy and growth prospects, through offering solutions for digitization and telecommunication network deployment, as well as mining development. In the Trencher sector, government measures are driving investment in infrastructure, including power grids and Fiber to the Home projects. In the Rail sector, investments in reducing congestion on road vehicles, increasing sustainable mobility, line diagnostics and maintenance with the aim of ensuring rail transport safety will increasingly be an important driver of prospective growth. In the Energy sector, the increasing shift to the use of renewable energy sources is confirmed, resulting in the adaptation of electricity grids to the new requirements.

For 2024, Tesmec Group confirms its expectations of growing revenues by more than 10% compared to 2023, with an improving EBITDA margin and a reduction of Net Financial Indebtness compared to December 31, 2023. These expectations are based on a plan of specific industrial and strategic initiatives, already launched and whose benefits will be seen during the year and which reflect Management's goal of increasing profitability, reducing financial debt and strengthening corporate governance.

CONSOLIDATED FINANCIAL STATEMENTS

(Not audited by the Independent Auditors)

Consolidated statement of financial position as at 31 March 2024 and as at 31 December 2023

<i>(Euro in thousands)</i>	31 March 2024	31 December 2023
NON-CURRENT ASSETS		
Intangible assets	41,370	39,348
Property, plant and equipment	43,871	45,081
Rights of use	35,422	28,868
Equity investments in associates evaluated using the equity method	6,611	6,285
Other equity investments	40	40
Financial receivables and other non-current financial assets	10,664	11,658
Derivative financial instruments	362	335
Deferred tax assets	22,708	21,939
Non-current trade receivables	4,082	2,575
Other non-current assets	717	717
TOTAL NON-CURRENT ASSETS	165,847	156,846
CURRENT ASSETS		
Work in progress contracts	26,630	29,247
Inventories	112,137	110,621
Trade receivables	65,312	45,643
<i>of which with related parties:</i>	964	2,926
Tax receivables	3,065	3,179
Financial receivables and other current financial assets	30,495	27,888
<i>of which with related parties:</i>	3,230	2,605
Other current assets	15,021	13,003
Cash and cash equivalents	26,681	53,680
TOTAL CURRENT ASSETS	279,341	283,261
TOTAL ASSETS	445,188	440,107
SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		
Share capital	15,702	15,702
Reserves/(deficit)	61,406	62,968
Group net profit/(loss)	(1,141)	(2,969)
TOTAL GROUP SHAREHOLDERS' EQUITY	75,967	75,701
Capital and reserves/(deficit) attributable to non-controlling interests	2,597	2,272
Net profit/(loss) for the period attributable to non-controlling interests	53	271
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2,650	2,543
TOTAL SHAREHOLDERS' EQUITY	78,617	78,244
NON-CURRENT LIABILITIES		
Medium/long-term loans	82,795	92,007
<i>of which with related parties:</i>	1,899	1,899
Non-current financial liabilities from rights of use	35,041	29,849
<i>of which with related parties:</i>	6,136	4,154
Employee benefit liability	4,159	4,110
Deferred tax liabilities	7,920	7,830
TOTAL NON-CURRENT LIABILITIES	129,915	133,796
CURRENT LIABILITIES		
Payables to banks and other lenders	93,992	102,565
<i>of which with related parties:</i>	1,081	1,081
Current bond loan	1,246	1,246
Current financial liabilities from rights of use	11,199	9,398
<i>of which with related parties:</i>	3,029	1,794
Trade payables	91,023	82,842
<i>of which with related parties:</i>	1,547	1,240
Advances from customers	11,046	2,611
Income taxes payable	3,624	3,051
Provisions for risks and charges	2,832	2,837

Other current liabilities	21,694	23,517
TOTAL CURRENT LIABILITIES	236,656	228,067
TOTAL LIABILITIES	366,571	361,863
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	445,188	440,107

Consolidated income statement for the quarter ended 31 March 2024 and 2023

	Quarter ended 31 March	
	2024	2023 restated
<i>(Euro in thousands)</i>		
Revenues from sales and services	59,333	57,487
<i>of which with related parties:</i>	1,255	2,835
Cost of raw materials and consumables	(25,610)	(22,529)
<i>of which with related parties:</i>	(203)	(194)
Costs for services	(11,036)	(12,697)
<i>of which with related parties:</i>	(34)	(14)
Payroll costs	(15,434)	(16,247)
Other net operating costs/revenues	(1,728)	(2,170)
<i>of which with related parties:</i>	(39)	37
Amortisation/Depreciation	(5,966)	(5,605)
Development costs capitalised	3,520	3,180
Portion of losses/(gains) from operational Joint Ventures evaluated using the equity method	(7)	476
Total operating costs	(56,261)	(55,592)
Operating income	3,072	1,895
Financial expenses	(5,157)	(4,881)
<i>of which with related parties:</i>	(150)	(105)
Financial income	1,017	441
<i>of which with related parties:</i>	30	17
Portion of losses/(gains) from valuation of the associated companies and non-operational Joint Ventures evaluated using the equity method	-	-
Pre-tax profit/(loss)	(1,068)	(2,545)
Income tax	(20)	(5)
Net profit/(loss) for the period	(1,088)	(2,550)
Profit/(loss) attributable to non-controlling interests	53	(86)
Group profit/(loss)	(1,141)	(2,464)
Basic and diluted earnings/(losses) per share	(0.0019)	(0.0041)

Consolidated statement of comprehensive income for the quarter ended 31 March 2024 and 2023

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2024	2023
NET PROFIT/(LOSS) FOR THE PERIOD	(1,088)	(2,550)
<i>Other components of comprehensive income:</i>		
Exchange differences on conversion of foreign financial statements	1,060	(890)
Other changes	401	-
Total other income/(losses) after tax	1,461	(890)
Total comprehensive income (loss) after tax	373	(3,440)
<i>Attributable to:</i>		
Shareholders of Parent Company	266	(3,306)
Non-controlling interests	107	(134)

Statement of consolidated cash flows for the quarters ended 31 March 2024 and 2023

<i>(Euro in thousands)</i>	Quarter ended 31 March	
	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) for the period	(1,088)	(2,550)
<i>Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:</i>		
Amortisation/Depreciation	5,966	5,605
Provisions for employee benefit liability	459	463
Allocations for risks and charges/inventory obsolescence/doubtful account provisions	586	387
Employee benefit payments	(411)	(375)
Payments for provisions for risks and charges	(5)	(111)
Net change in deferred tax assets and liabilities	(726)	(335)
Change in fair value of financial instruments	(27)	101
<i>Change in operating assets and liabilities:</i>		
Trade receivables	(12,735)	(7,215)
<i>of which with related parties:</i>	1,962	(290)
Inventories and work in progress contracts	1,544	(3,531)
Trade payables	7,892	5,260
<i>of which with related parties:</i>	307	(213)
Other current assets and liabilities	(3,143)	(3,613)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	(1,688)	(5,914)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(1,650)	(2,890)
Investments in intangible assets	(3,728)	(3,570)
Investments in rights of use	(10,934)	(270)
(Investments)/disposals of financial assets	(1,739)	(2,766)
<i>of which with related parties:</i>	(625)	77
Sale of property, plant and equipment, intangible assets and rights of use	3,356	903
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(14,695)	(8,593)
CASH FLOW FROM FINANCING ACTIVITIES		
Disbursement of medium/long-term loans	-	11,976
<i>of which with related parties:</i>	-	1,899
Recognition of financial liabilities from rights of use	12,897	270
<i>of which with related parties:</i>	1,982	(426)
Repayment of medium/long-term loans	(8,265)	(14,298)
Repayment of financial liabilities from rights of use	(5,904)	(1,962)
Net change in short-term financial debt	(9,801)	(2,247)
<i>of which with related parties:</i>	1,235	(2,658)
Other changes	401	-
NET CASH FLOW GENERATED BY /(USED IN) FINANCING ACTIVITIES (C)	(10,672)	(6,687)
TOTAL CASH FLOW FOR THE YEAR (D=A+B+C)	(27,055)	(21,194)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)	56	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (F)	53,680	50,987
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (G=D+E+F)	26,681	29,793
Additional information:		
Interest paid	4,010	3,212
Income tax paid	58	326

Statement of changes in consolidated shareholders' equity for the quarters ended 31 March 2024 and 2023

	Share capital	Legal reserve	Share premium reserve	Reserve of treasury shares	Translation reserve	Other reserves	Profit/(loss) for the period	Total Group shareholders' equity	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
<i>(Euro in thousands)</i>										
Balance as at 1 January 2024	15,702	2,348	39,215	(2,341)	2,132	21,614	(2,969)	75,701	2,543	78,244
Profit/(loss) for the year	-	-	-	-	-	-	(1,141)	(1,141)	53	(1,088)
Other profits/(losses)	-	-	-	-	1,407	-	-	1,407	54	1,461
Total comprehensive income/(loss)							(1,141)	266	107	373
Allocation of the result for the period	-	-	-	-	-	(2,969)	2,969	-	-	-
Change in the consolidation area	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2024	15,702	2,348	39,215	(2,341)	3,539	18,645	(1,141)	75,967	2,650	78,617
<i>(Euro in thousands)</i>										
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 year	-	-	-	-	-	-	(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

Explanatory notes

Accounting policies adopted in preparing the consolidated financial statements as at 31 March 2024

1 Company information

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

2 Reporting standards

The interim consolidated report on operations as at 31 March 2024 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 2023.

The accounting standards adopted in preparing this interim consolidated report on operations as at 31 March 2024 are those adopted for preparing the consolidated financial statements as at 31 December 2023 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 2024 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 2024 comprises the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity and statement of consolidated cash flows. The presentation of these statements report, as comparative figures, the figures as at 31 December 2023 for the statement of financial position and the first quarter of 2023 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 2023.

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 2023 was authorised by the Board of Directors on 10 May 2024.

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 2024. The accounting standards and consolidation methods adopted in preparing this interim consolidated report on operations as at 31 March 2024 are those adopted for preparing the consolidated financial statements as at 31 December 2023 to which reference is made for full details.

As at 31 March 2024, no changes have taken place in the consolidation area in comparison with 31 December 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 quarter ended 31 March		End-of-period exchange rate as at 31 March	
	2024	2023	2024	2023
	US Dollar	1.0858	1.0730	1.0811
Russian Rouble	98.4985	78.3952	99.5299	83.7639
Qatari Riyal	3.9523	3.9057	3.9352	3.9585
South African Rand	20.5069	19.0602	20.5226	19.3275
Renminbi	7.8048	7.3419	7.8144	7.4763
Australian Dollar	1.6511	1.5701	1.6607	1.6268
Algerian Dinar	146.0107	146.3013	145.6456	147.3818
New Zealand Dollar	1.7717	1.7040	1.8092	1.7392
Tunisian Dinar	3.3802	3.3284	3.3798	3.3257
CFA Franc	655.957	655.957	655.957	655.957
GNF Franc	9,236.2540	9,157.9459	9,193.6512	9,247.6988
Saudi Riyal	4.0717	4.0238	4.0541	4.0781
Moroccan dinar	10.884	11.044	10.965	11.104

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 powerlines stringing works and fibre optic cables.
- Integrated solutions for the streamlining, management, monitoring and automation 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.
- The Trencher segment also includes the excavation services for power lines and fibre optic cables.

Rail segment

- Works vehicles and integrated solutions for the installation, renewal and maintenance of the railway catenary wire system.
- Vehicles and systems for rail infrastructure diagnostics.

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

(Euro in thousands)	Quarter ended 31 March							
	2024				2023			
	Energy	Trencher	Rail	Consolidated	Energy	Trencher	Rail	Consolidated
Revenues from sales and services	17,606	34,244	7,483	59,333	13,935	33,503	10,049	57,487

Operating costs net of depreciation and amortisation	(14,717)	(29,520)	(6,058)	(50,295)	(11,786)	(30,133)	(8,068)	(49,987)
EBITDA	2,889	4,724	1,425	9,038	2,149	3,370	1,981	7,500
Amortisation/Depreciation	(1,345)	(3,708)	(913)	(5,966)	(1,104)	(3,528)	(973)	(5,605)
Total operating costs	(16,062)	(33,228)	(6,971)	(56,261)	(12,890)	(33,661)	(9,041)	(55,592)
Operating income	1,544	1,016	512	3,072	1,045	(158)	1,008	1,895
Net financial income/(expenses)				(4,140)				(4,440)
Pre-tax profit/(loss)				(1,068)				(2,545)
Income tax				(20)				(5)
Net profit/(loss) for the period				(1,088)				(2,550)
Profit/(loss) attributable to non-controlling interests				53				(86)
Group profit/(loss)				(1,141)				(2,464)

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 2024 and as at 31 December 2023:

<i>(Euro in thousands)</i>	As at 31 March 2024					As at 31 December 2023				
	Energy	Trencher	Rail	Not allocated	Consolidated	Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	15,826	11,645	13,899	-	41,370	14,942	11,165	13,241	-	39,348
Property, plant and equipment	3,403	30,554	9,914	-	43,871	3,413	31,610	10,058	-	45,081
Rights of use	3,092	31,982	348	-	35,422	788	27,425	655	-	28,868
Financial assets	5,882	8,065	3,730	-	17,677	5,557	9,032	3,729	-	18,318
Other non-current assets	1,193	25,484	830	-	27,507	1,212	23,222	797	-	25,231
Total non-current assets	29,396	107,730	28,721	-	165,847	25,912	102,454	28,480	-	156,846
Work in progress contracts	4,682	-	21,948	-	26,630	4,462	-	24,785	-	29,247
Inventories	25,472	69,903	16,762	-	112,137	26,451	68,581	15,589	-	110,621
Trade receivables	13,697	44,903	6,712	-	65,312	8,484	29,527	7,632	-	45,643
Other current assets	2,855	29,821	15,905	-	48,581	2,729	32,668	8,673	-	44,070
Cash and cash equivalents	2,718	19,663	1,517	2,783	26,681	5,562	37,983	5,589	4,546	53,680
Total current assets	49,424	164,290	62,844	2,783	279,341	47,688	168,759	62,268	4,546	283,261
Total assets	78,820	272,020	91,565	2,783	445,188	73,600	271,213	90,748	4,546	440,107
Group shareholders' equity	-	-	-	75,967	75,967	-	-	-	75,701	75,701
Shareholders' equity attributable to non-controlling interests	-	-	-	2,650	2,650	-	-	-	2,543	2,543
Non-current liabilities	2,584	39,967	10,982	76,382	129,915	2,642	36,763	11,533	82,858	133,796
Current financial liabilities	10,435	4,091	10,478	70,234	95,238	14,564	4,197	13,548	71,502	103,811
Current financial liabilities from rights of use	283	6,872	141	3,903	11,199	234	6,249	151	2,764	9,398
Trade payables	25,493	45,685	19,845	-	91,023	27,605	39,481	15,756	-	82,842
Other current liabilities	13,359	13,869	11,968	-	39,196	1,295	19,061	11,660	-	32,016
Total current liabilities	49,570	70,517	42,432	74,137	236,656	43,698	68,988	41,115	74,266	228,067
Total liabilities	52,154	110,484	53,414	150,519	366,571	46,340	105,751	52,648	157,124	361,863
Total shareholders' equity and liabilities	52,154	110,484	53,414	229,136	445,188	46,340	105,751	52,648	235,368	440,107

5 Related party transactions

The following tables give 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 applicable shareholders:

	Quarter ended 31 March 2024					Quarter ended 31 March 2023				
	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses
<i>(Euro in thousands)</i>										
Associates:										
Locavert S.A.	21	-	-	(24)	-	-	-	-	-	-
Subtotal	21	-	-	(24)	-	-	-	-	-	-
Joint Ventures:										
Condux Tesmec Inc.	911	(203)	-	69	30	2,533	(194)	(1)	69	17
Subtotal	911	(203)	-	69	30	2,533	(194)	(1)	69	17
Related parties:										
Ambrosio S.r.l.	-	-	-	(1)	-	-	-	-	(1)	(1)
Dream Immobiliare S.r.l.	-	-	-	(84)	(117)	-	-	-	(35)	(74)
TTC S.r.l.	-	-	(30)	-	-	-	-	(8)	-	-
M.T.S. Officine meccaniche S.p.A.	323	-	(2)	1	(28)	302	-	(5)	4	(25)
RX S.r.l.	-	-	-	-	(5)	-	-	-	-	(5)
TCB Sport S.r.l.	-	-	(2)	-	-	-	-	-	-	-
Subtotal	323	-	(34)	(84)	(150)	302	-	(13)	(32)	(105)
Total	1,255	(203)	(34)	(39)	(120)	2,835	(194)	(14)	37	(88)

	31 March 2024							31 December 2023						
	Trade rec.	Current financial rec.	Non-current financial pay.	Non-current liabilities from rights of use	Current financial payables	Current liabilities from rights of use	Trade pay.	Trade rec.	Current financial rec.	Non-current financial pay.	Non-current liabilities from rights of use	Current financial payables	Current liabilities from rights of use	Trade pay.
<i>(Euro in thousands)</i>														
Associates:														
Locavert S.A.	29	-	-	-	-	-	24	17	-	-	-	-	-	1
Subtotal	29	-	-	-	-	-	24	17	-	-	-	-	-	1
Joint Ventures:														
Condux Tesmec Inc.	425	2,359	-	-	-	-	-	2,056	1,734	-	-	-	-	-
Marais Lucas	-	794	-	-	-	-	-	-	794	-	-	-	-	-
Subtotal	425	3,153	-	-	-	-	-	2,056	2,528	-	-	-	-	-
Related parties:														
Dream Immobiliare S.r.l.	-	77	-	6,136	-	3,029	1,349	-	77	-	4,154	-	1,794	1,021
Ambrosio S.r.l.	-	-	-	-	-	-	44	-	-	-	-	-	-	39
Fi.ind.	9	-	-	-	-	-	-	8	-	-	-	-	-	-
MTS Officine meccaniche S.p.A.	395	-	1,686	-	200	-	30	739	-	1,686	-	200	-	87
RX S.r.l.	6	-	213	-	881	-	98	6	-	213	-	881	-	92
ICS Tech. S.r.l.	100	-	-	-	-	-	-	100	-	-	-	-	-	-
TCB Sport S.r.l.	-	-	-	-	-	-	2	-	-	-	-	-	-	-
Subtotal	510	77	1,899	6,136	1,081	3,029	1,523	853	77	1,899	4,154	1,081	1,794	1,239
Total	964	3,230	1,899	6,136	1,081	3,029	1,547	2,926	2,605	1,899	4,154	1,081	1,794	1,240

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 applicationof the administrative and accounting procedures adopted to prepare the Interim consolidated report on operations as at 31 March 2024.
2. We also certify that:
 - 2.1 the Interim consolidated report on operations as at 31 March 2024:
 - corresponds 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 2024

Mr. Ambrogio Caccia Dominioni

Chief Executive Officer

Mr. Ruggero Gambini

Manager responsible for
preparing the Company's
financial statements

TESMEC
draw the way forward

Tesmec S.p.A.

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