Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

HALF-YEAR CONSOLIDATED FINANCIAL REPORT
AT 30 JUNE 2024

TESMEC
draw the way forward

Teleborsa: distribution and commercial use strictly prohibited

Teleborsa: distribution and commercial use strictly prohibited

Investor Relator
Fjorela Puce
Tel: 035.4232840 - Fax: 035.3844606
E-mail: ir@tesmec.com

Tesmec S.p.A.
Registered Office: Piazza Sant'Ambrogio, 16 – 20123 Milan
Fully paid-up share capital as at 30 June 2024 Euro 15,702,162
Milan Register of Companies no. 314026
Tax and VAT code: 10227100152

Website: www.tesmec.com
Switchboard: 035.4232911

Teleborsa: distribution and commercial use strictly prohibited

Teleborsa: distribution and commercial use strictly prohibited

TABLE OF CONTENTS

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

Teleborsa: distribution and commercial use strictly prohibited

COMPOSITION OF THE CORPORATE BODIES

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

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)

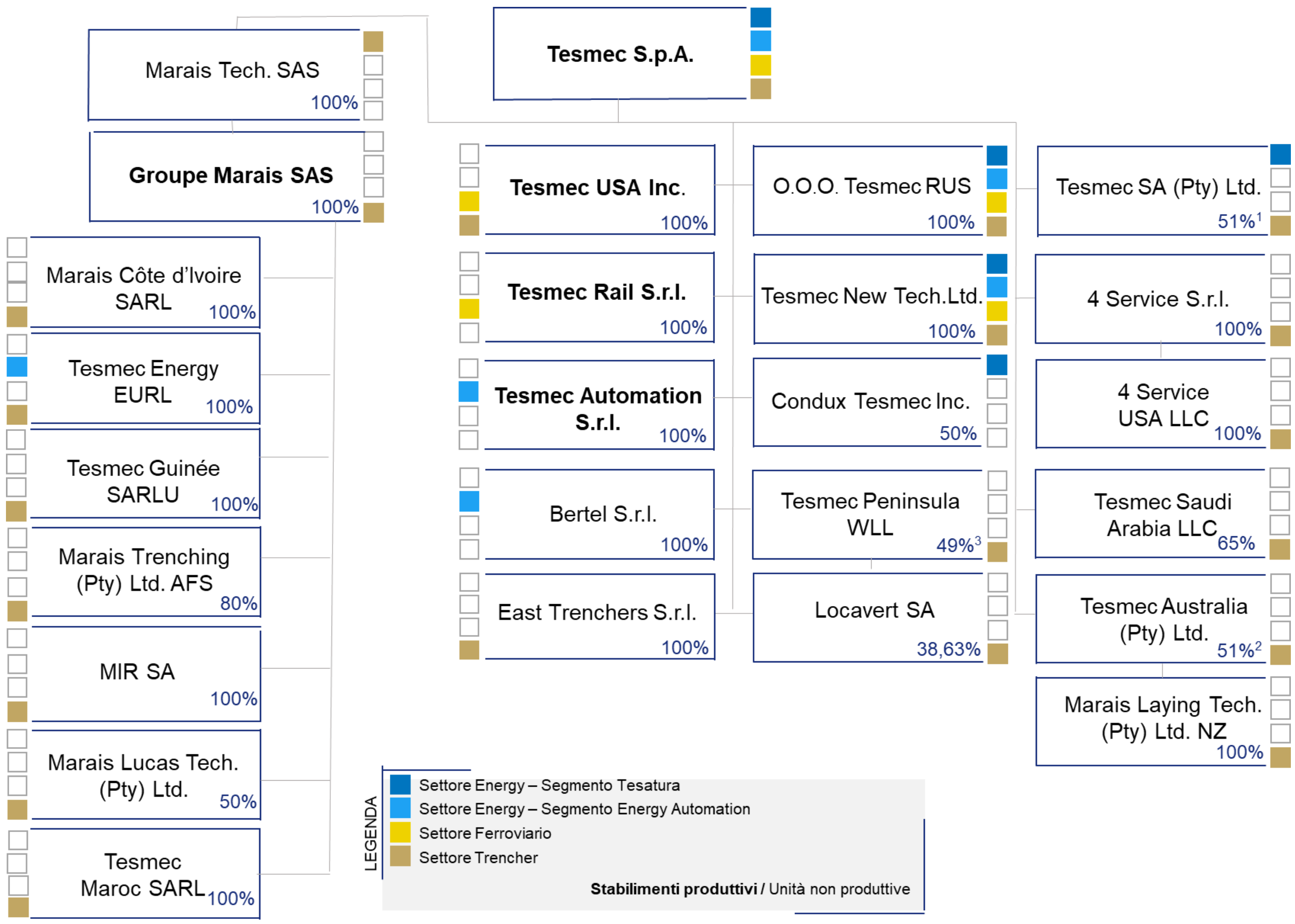
Chairperson	Emanuela Teresa Basso Petrino
Members	Antongiulio Marti
	Simone Andrea Crolla

Lead Independent Director	Paola Durante
Director in charge of the internal control and risk management system	Ambrogio Caccia Dominioni
Manager responsible for preparing the Company's financial statements	Ruggero Gambini
Independent Auditors	Deloitte & Touche S.p.A.

Teleborsa: distribution and commercial use strictly prohibited

GROUP STRUCTURE

Teleborsa: distribution and commercial use strictly prohibited



(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%.

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

INTERIM CONSOLIDATED FINANCIAL REPORT

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 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.

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

2 Reference context

2.1 Tesmec Group as at 30 June 2024

A. Introduction

In the first half year of 2024, Tesmec recorded total sales volumes substantially in line with those of the first six months of 2023, with Consolidated revenues of approximately Euro 124 million compared to approximately Euro 125 million in the same period of the previous year. At the same time, this consolidation of half-year volumes was accompanied by measures to significantly reduce operating costs, in line with the Value over Volumes strategic approach underlying Budget 2024.
The reduction in operating costs, achieved with full organisational continuity, was the result of efficiency recovery initiatives launched between the end of 2023 and the first quarter of 2024, which are detailed below and are expected to deliver further benefits in the second half of the financial year (a period for which they are also expected to be accompanied by a recovery in turnover growth compared to 2023).
The combined effect of lower operating costs on the same volumes led to a significant increase in productivity and efficiency ratios in the first half of the year, which in turn had an impact on operating results, which increased significantly compared to 2023, both in relative terms compared to Revenues and in absolute terms. EBITDA and EBIT for the first half of 2024 are expected to increase by approximately 19% and 58% respectively compared to 2023, with a strong recovery in sales profitability.
On the other hand, a number of factors - including (i) the need to respond fully to the backlog and commercial opportunities in the pipeline in order to avoid stock-outs in a challenging international logistics environment, and (ii) the concentration of sales in the last part of the half-year - resulted in an increase in Working Capital in the first half of the year, which was reflected in a higher half-year Net Financial Position compared to 31 December. In this regard, the Group believes that the peak of the annual Working Capital has been reached and confirms its expectations to reduce the NFP in the second half of the year, with the solid target of a lower level of net financial indebtedness as at 31 December 2024 than as at 31 December 2023.
Finally, with regard to the forecasts for the entire year 2024, Tesmec expects Revenues to increase compared to 2023 and amount to approximately Euro 270 million, an EBITDA margin improved compared to the previous year and a Net Financial Position decreasing compared to the level as at 31 December last year.

B. Results of first half of 2024

Consolidated revenues in the first half of 2024 amounted to Euro 124.2 million, a level substantially in line with Euro 125.3 million in the first six months of 2023 (-0.8%), with a differentiated breakdown by Business Units. With reference to the Revenues of the individual Divisions, in the first half of 2024:

- Revenues in the Energy division of Euro 38.6 million grew by 24.8% compared to the first half of 2023, driven by continued robust demand and the commercial success of the products and technology solutions developed by the Tesmec Group, both in the Energy Stringing segment and in the Energy Automation segment; in the Energy segment, Tesmec continues to have a significant order backlog of approximately Euro 104 million as at 30 June 2024, of which approximately Euro 88 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 of Euro 66.0 million were down by 4.1%, reflecting the specific performance of certain markets in the first half of the year and in line with the Group's overall strategy, which, as mentioned above, aims to prioritise maximum profitability over volumes in the current year. In fact, as will be seen in the comments on Divisional EBITDA below, the Trencher Business Unit achieved a significant recovery in profitability on slightly lower revenues. More specifically, Revenues in the Trencher segment in the first half of 2024 suffered from a negative performance in the French, Australian and North American markets, which was only partially offset by a growth performance in the African markets and a consolidation of the Middle Eastern markets, which had experienced triple-digit growth in the first half of 2023 compared to 2022. The backlog of the Trencher division stood at Euro 72 million as at 30 June 2024, with a rich portfolio of opportunities that, together with the order backlog itself, support expectations of a robust growth in Revenues in second half of the year;
- Revenues in the Rail division of Euro 19.6 million decreased by 23.0%, in line with what had already been indicated as at 31 March, 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 30 June 2024, the backlog of the Rail Division was approximately Euro 194 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-

Teleborsa: distribution and commercial use strictly prohibited

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 though international development.

On the basis of what is stated above, the overall backlog of the Tesmec Group as at 30 June 2024 stood at Euro 370 million, a seasonal reduction compared to Euro 402 million as at 31 December 2023, while still at historically very significant values, and which, however, are not yet affected by the acquisition of new orders in the Energy (especially in the Automation segment), railway (both for line maintenance and diagnostics) 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 83% of half-year Consolidated revenues generated outside Italy, with a growing contribution of sales in Africa and the Middle East.

In terms of operating results, consolidated EBITDA reached the level of Euro 19.0 million, up 19.0% compared to Euro 15.9 million in the first half-year of 2023. At the same time, the consolidated EBITDA margin increased from 12.7% to 15.3%, a recovery of more than 2.5 percentage points made possible, with sales volumes remaining stable, by the first positive effects of important and decisive management actions aimed at recovering efficiency, which were implemented between the end of 2023 and the first quarter of 2024, both at the operational and industrial level, represented, among other things, by:

- the transfer of the Endine Gaiano plant and the concentration of Stringing equipment 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, together with an industrial relaunch plan for the site;
- the control of fixed operating charges and corporate governance actions at the Group's foreign companies, which, in addition to a more effective local management of the commercial development activities, also led to a reduction in personnel costs.

More specifically, EBITDA at divisional level:

- in the Energy segment, reached Euro 6.5 million (with an EBITDA margin of 16.7%), up 27.8% from Euro 5.0 million in 2023 (when the EBITDA margin was 16.3%). 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, (b) an improved sales mix, especially in the Automation segment and (c) lower operating costs, which, as a whole, have more than offset, on the one hand, the lower contribution compared to 2023 of the JV Condux Tesmec, operating in the stringing equipment segment in the United States and, on the other hand, a significantly lower capitalisation for the period compared to the first half of 2023;
- the Trencher segment generated an EBITDA of Euro 10.2 million (with an EBITDA margin of 15.4%), up 49.4% from Euro 6.8 million in 2023 (when the EBITDA margin was 9.9%). These significant improvements in EBITDA and EBITDA margin were driven by both a significant improvement in the mix of machines sold and the implementation of management actions to deliver strong efficiency recovery on all the main markets, the impact of which is expected to continue to develop throughout the year;
- the Rail segment had an EBITDA of Euro 2.3 million (with an EBITDA margin of 11.8%), down by approximately 43% from Euro 4.1 million in 2023 (when the EBITDA margin was 15.9%). At operating results level, this reduction in EBITDA and EBITDA margin reflects what has already been noted in relation to Revenues, with the cost containment measures alone not being able to compensate for the lower gross value added in the period, but with expectations of improvements starting in the next quarters, especially thanks to the development of the diagnostic vehicles strategic segment.

In terms of operating income, EBIT reached Euro 7.1 million in the first six months of 2024, up 57.8% compared to Euro 4.5 million in 2023, with an amplifying effect on growth compared to EBITDA due to the leverage of depreciation and amortisation, which increased by 4% despite lower capitalised costs.

In terms of financial components, net financial charges amounted to Euro -7.7 million, slightly down compared to the value of Euro -7.8 million in the first half of 2023, due to:

- on the one hand, net interest expense of Euro -8.8 million, up by Euro -2.9 million compared to Euro -5.9 million in the first half of 2023, following the increase in rates, which are now considered to have peaked, applied to a higher level of invested capital (and therefore of debt) on a half-yearly basis;
- on the other hand, income from changes in exchange rates for Euro 1.1 million, an improvement of Euro 3.1 million compared to exchange rates losses of approximately Euro -2.0 million in the first half of 2023.

Teleborsa: distribution and commercial use strictly prohibited

As a direct result of the above, the Pre-tax profit/(loss) for the first half of 2024 recorded a consolidated loss of Euro -0.6 million, with a positive Result of Euro 0.5 million in the second quarter, which partially offset the loss of Euro -1.1 million in the first quarter of the year.
Net of tax provisions, the Net result was Euro -2,2 million.

With reference to the balance sheet results as at 30 June 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), and an increase in trade receivables compared both to 31 December and to 31 March last, mainly due to a concentration of shipments and sales at the end of the first half of the year. In this regard, management estimates that the working capital peak for the year was reached as at 30 June and, with reference to the second half of the year, confirms its expectation of:

- a gradual and significant replenishment of stock levels in terms of a reduction in material inventories (thanks to expected sales in the following quarters, with repurchases at lower levels than consumption), and of SAL levels (thanks to the achievement of invoicing/collection milestones for work orders related to the Rail and Energy Automation segments).
- a significant reduction in trade receivables as a result of the relevant collections.

More specifically, the net invested capital as at 30 June 2024 amounted to Euro 261.4 million, an increase of Euro 29.7 million compared to Euro 231.7 million as at 31 December 2023, generated:

- for Euro 25.6 million, by the growth in Working capital, mainly due to the maintenance of high inventory levels and the increase in trade receivables related to sales in the second quarter;
- for Euro 6.9 million, by the increase in Net Fixed Assets, entirely attributable to the change in assets related to the application of the IFRS 16 standard, which increased by Euro 9.6 million compared to 31 December 2023, while other items showed a negative change. This increase relating to IFRS 16 items is attributable for approximately Euro 2.2 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, and, for the remaining part, to the operating leases of Trencher machines and other factory equipment;
- partially offset by a decrease in other medium/long-term assets of Euro -2.9 million compared to 31 December last year.

Similarly, the Net Financial Position as at 30 June 2024 was Euro 183.6 million, an increase of Euro 30.1 million compared to the value of Euro 153.5 million as at 31 December 2023. With reference to this, however, in the first half 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 six months of 2024, Tesmec generated:

- a negative free cash flow for changes in working capital of Euro -25.6 million;
- a free-cash-flow from the increase in financial items related to the IFRS 16 standard of approximately Euro -11.8 million, related to leasing operations and the adjustment of future rents;
- a positive free cash flow excluding changes in working capital and IFRS 16 of Euro +7.3 million;

for a total NFP change balance of Euro 30.1 million, as mentioned.

With reference to Tesmec's financial structure, the Net Financial Position as at 30 June 2024 can be broken down as follows:

- Euro 112.5 million of Operating Debt, entirely against consolidated Working Capital;
- Euro 51.0 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;
- residual Euro 20.1 million of Industrial Debt.

Moreover, it should be noted that:

- the duration of the Net Financial Position, which includes medium/long-term payables of approximately Euro 81 million, together with medium-term IFRS 16 items of Euro 51 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 71 million.
- As at 30 June 2024, the Group's liquidity stood at Euro 19.6 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 195 million as at 31 December 2023 to Euro 184 million as at 30 June 2024); this liquidity level is estimated to guarantee, together with the management flows 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.

C. Outlook for 2024

For the entire year 2024, the Tesmec Group expects Revenues to increase compared to 2023 and amount to approximately Euro 270 million, an EBITDA margin improved compared to the previous year and a Net Financial Position decreasing compared to the level as at 31 December last year.

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;
- 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;
- 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;
- in April 2024, the transfer of production in the stringing equipment segment from the Endine Gaiano factory, whose lease had expired, to the Grassobbio production site was completed.
- on 13 June 2024, the subsidiary Tesmec Rail S.r.l. signed a loan agreement of Euro 5 million with Solution Bank S.p.A. This loan has a duration of six years, expiring on 30 June 2030 and bears a floating rate benchmarked to the 3-month Euribor index plus a spread of 4.79%;
- on 20 June 2024, on the occasion of World Refugee Day 2024, the Tesmec Group announced that it had received the "Welcome. Working for Refugee Integration" award, which is assigned every year by UNHCR Italy (United Nations High Commissioner for Refugees) to companies that, according to their capabilities, have distinguished themselves by hiring new beneficiaries of international protection, or in any case by promoting their concrete employment and social integration, as well as to companies that have promoted the creation of self-employment activities by beneficiaries of international protection.

4 Activity, reference market and operating performance for the first six 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 six months of 2024 and the financial indicators as at 30 June 2024 compared with the same period of 2023 and as at 31 December 2023.

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

30 June 2023	OVERVIEW OF RESULTS **Key income statement data** (Euro in millions)	30 June 2024
125.3	Operating Revenues	124.2
15.9	EBITDA	19.0
4.5	Operating Income	7.1
(2.0)	Net foreign exchange gains/losses	1.1
(3.0)	Group Net Result	(2.7)
990	Number of employees	1,011
31 December 2023	**Key financial position data** (Euro in millions)	**30 June 2024**
231.7	Net Invested Capital	261.4
78.2	Shareholders' Equity	77.8
153.5	Net Financial Indebtedness	183.6
31.2	Net investments in property, plant and equipment, intangible assets and rights of use	17.9

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

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 first half of 2024, it generated revenues of Euro 16,294 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.

- Tesmec Rail S.r.l., a 100% subsidiary of Tesmec S.p.A. and with registered office in Monopoli (BA), operates in the Rail segment. In the first half of 2024, it generated revenues of Euro 19,637 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 first half of 2024, it generated revenues of Euro 8,822 thousand.

- Tesmec Automation S.r.l., a company 100% owned by Tesmec S.p.A. and with registered office in Grassobbio (BG), is specialised in the design and sale of integrated fault detectors and measurement sensors and devices for medium voltage power lines. In the first half of 2024, it generated revenues of Euro 14,939 thousand.

- Tesmec Peninsula WLL, a 99% de facto subsidiary of Tesmec S.p.A., based in Doha (Qatar), is active in the business of renting and selling trenchers in the Middle Eastern market. In the first half of 2024, it generated revenues of Euro 6,072 thousand.

- Tesmec Saudi Arabia LLC, a 65% owned subsidiary of Tesmec S.p.A. based in Ryad (Saudi Arabia), is active in the business of renting trenchers in the market of the Arabian Peninsula. In the first half of 2024, it generated revenues of Euro 9,048 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

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

stringing equipment market. The company has been consolidated using the equity method and during the first half of 2024 generated revenues totalling Euro 5,091 thousand.

5 Income statement and balance sheet situation as at 30 June 2024

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 (30 June 2023), when these costs were equal to Euro 753 thousand, have been reclassified.

With reference to the balance sheet, for the purposes of an improved comparison of the two periods, some items of other current assets and liabilities 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 and current financial liabilities (including right-of-use liabilities) and fair value of hedging instruments.
- Net financial indebtedness pursuant to ESMA 32-382-1138 communication: it corresponds to the Group's net financial indebtedness as defined above and also includes trade payables and other non-current payables, which have a significant implicit or explicit financing component (e.g. trade payables with a maturity of more than 12 months), and any other non-interest-bearing loans (as defined in the "Guidelines on disclosure requirements under the Prospectus Regulation" published by ESMA on 4 March 2021 with the "ESMA 32- 382-1138" document and incorporated by CONSOB in its communication 5/21 of 29 April 2021).

5.3 Income statement

Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 30 June 2024 with those as at 30 June 2023.

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

Teleborsa: distribution and commercial use strictly prohibited EMARKET SDIR CERTIFIED

(Euro in thousands)	Half-year ended 30 June				
	2024	**% of revenues**	**2023 restated**	**% of revenues**	**2024 vs 2023**
Revenues from sales and services	**124,235**	**100.0%**	**125,297**	**100.0%**	**-1,062**
Cost of raw materials and consumables	(55,292)	-44.5%	(52,139)	-41.6%	(3,153)
Costs for services	(22,295)	-17.9%	(27,577)	-22.0%	5,282
Payroll costs	(29,824)	-24.0%	(32,245)	-25.7%	2,421
Other net operating costs/revenues	(3,288)	-2.6%	(4,168)	-3.3%	880
Amortisation/Depreciation	(11,869)	-9.6%	(11,436)	-9.1%	(433)
Development costs capitalised	5,542	4.5%	5,977	4.8%	(435)
Portion of losses/(gains) deriving from the valuation of operational Joint Ventures	(122)	-0.1%	783	0.6%	(905)
Total operating costs	**(117,148)**	**-94.3%**	**(120,805)**	**-96.4%**	**3,657**
Operating income	**7,087**	**5.7%**	**4,492**	**3.6%**	**2,595**
Net financial income/expenses	(8,771)	-7.1%	(5,867)	-4.7%	(2,904)
Net foreign exchange gains/losses	1,085	0.9%	(1,964)	-1.6%	3,049
Portion of losses/(gains) deriving from the valuation of associated companies and non-operational Joint Ventures	-	0.0%	(14)	0.0%	14
Pre-tax profit/(loss)	**(599)**	**-0.5%**	**(3,353)**	**-2.7%**	**2,754**
Income tax	(1,624)	-1.3%	748	0.6%	(2,372)
Profit/(loss) for the period	**(2,223)**	**-1.8%**	**(2,605)**	**-2.1%**	**382**
Profit/(loss) attributable to non-controlling interests	520	0.4%	407	0.3%	113
Group profit/(loss)	**(2,743)**	**-2.2%**	**(3,012)**	**-2.4%**	**269**

Revenues

Total revenues as at 30 June 2024, compared to the corresponding period of the previous year, recorded a decrease of 0.8%.

(Euro in thousands)	Half-year ended 30 June				
	2024	**% of revenues**	**2023**	**% of revenues**	**2024 vs 2023**
Sales of products	113,313	91.2%	97,029	77.4%	16,284
Services rendered	23,597	19.0%	26,878	21.5%	(3,281)
Changes in work in progress	(12,675)	-10.2%	1,390	1.1%	(14,065)
Total revenues from sales and services	**124,235**	**100.0%**	**125,297**	**100.0%**	**(1,062)**

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 (83.1%) 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 half of 2024 with those for the first half 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.

(Euro in thousands)	Half-year ended 30 June				
	2024	% of revenues	2023	% of revenues	2024 vs 2023
Italy	20,964	16.9%	27,061	21.6%	(6,097)
Europe	34,452	27.7%	28,959	23.1%	5,493
Middle East	21,020	16.9%	20,799	16.6%	221
Africa	12,669	10.2%	3,396	2.7%	9,273
North and Central America	15,707	12.6%	24,541	19.6%	(8,834)
BRIC and Others	19,423	15.6%	20,541	16.4%	(1,118)
Total revenues	**124,235**	**100.0%**	**125,297**	**100.0%**	**(1,062)**

Operating costs net of depreciation and amortisation

Operating costs net of depreciation and amortisation as at 30 June 2024, compared to the corresponding period of the previous year, recorded a decrease of 3.6%.

(Euro in thousands)	Half-year ended 30 June				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Cost of raw materials and consumables	(55,292)	-44.5%	(52,139)	-41.6%	(3,153)
Costs for services	(22,295)	-17.9%	(27,577)	-22.0%	5,282
Payroll costs	(29,824)	-24.0%	(32,245)	-25.7%	2,421
Other net operating costs/revenues	(3,288)	-2.6%	(4,168)	-3.3%	880
Development costs capitalised	5,542	4.5%	5,977	4.8%	(435)
Portion of losses/(gains) deriving from the valuation of operational Joint Ventures	(122)	-0.1%	783	0.6%	(905)
Operating costs net of depreciation and amortisation	**(105,279)**	**-84.7%**	**(109,369)**	**-87.3%**	**4,090**

The table shows a decrease in operating costs of Euro 4,090 thousand. This decrease is mainly due to the reduction in costs for services and labour costs resulting from the efficiency recovery initiatives launched between the end of 2023 and the first quarter of 2024, both in terms of operating structure and industrial structure, which resulted in:

- the transfer of the Endine Gaiano plant and the concentration of Stringing equipment 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, together with an industrial relaunch plan for the site;
- 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 personnel costs.

EBITDA

As a result of the foregoing, EBITDA amounted to Euro 18,956 thousand, up compared to the figure recorded in the first half of 2023 when it was equal to Euro 15,928 thousand.
A restatement of the income statement figures representing the performance of EBITDA is provided below:

(Euro in thousands)	Half-year ended 30 June				
	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Operating income	7,087	5.7%	4,492	3.6%	2,595
+ Amortisation/depreciation	11,869	9.6%	11,436	9.1%	433
EBITDA	**18,956**	**15.3%**	**15,928**	**12.7%**	**3,028**

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

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

	Half-year ended 30 June				
(Euro in thousands)	2024	% of revenues	2023 restated	% of revenues	2024 vs 2023
Net financial income/expenses	(8,726)	-7.0%	(5,726)	-4.6%	(3,000)
Net foreign exchange gains/losses	1,085	0.9%	(1,964)	-1.6%	3,049
Fair value adjustment of derivative instruments on exchange rates	(45)	0.0%	(141)	-0.1%	96
Portion of losses/(gains) deriving from the valuation of associated companies and non-operational Joint Ventures	-	0.0%	(14)	0.0%	14
Total net financial income/expenses	**(7,686)**	**-6.2%**	**(7,845)**	**-6.3%**	**159**

The net financial management result increased compared to the same period in the previous financial year by a total of Euro 159 thousand, due to:

- the negative impact of net financial income/expense of Euro 3,000 thousand due to the increase in rates applied to a higher level of indebtedness;
- a positive impact from exchange gains/losses of Euro 3,049 thousand, deriving from the favourable exchange rate trend as at 30 June 2024 compared to 31 December 2023, which resulted in net gains totalling Euro 1,085 thousand in the first half of 2024 (largely unrealised) compared to net losses of Euro 1,964 thousand in the first half-year of 2023 (also largely unrealised).

5.4 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 30 June 2024 compared to those as at 30 June 2023, broken down into three operating segments.

	Half-year ended 30 June				
(Euro in thousands)	2024	% of revenues	2023	% of revenues	2024 vs 2023
Energy	38,569	31.0%	30,906	24.7%	7,663
Trencher	66,044	53.2%	68,892	55.0%	(2,848)
Rail	19,622	15.8%	25,499	20.4%	(5,877)
Total Revenues	**124,235**	**100.0%**	**125,297**	**100.0%**	**(1,062)**

In the first six months of 2024, the Group consolidated revenues of Euro 124,235 thousand, with a decrease of Euro 1,062 thousand (equal to 0.8%) compared to Euro 125,297 thousand in the same period of the previous year.

- With regard to the Energy segment, revenues amounted to Euro 38,569 thousand, up by approximately 24.8% compared to the figure of Euro 30,906 thousand as at 30 June 2023, driven by continued robust demand and the commercial success of products and technology solutions developed by the Group, both in the Energy-Stringing segment and in the Energy-Automation segment. More specifically, it should be noted that the Energy-Stringing segment achieved revenues of Euro 23,768 thousand in the first half of 2024 compared to Euro 20,881 thousand in the same period of 2023 (+13.8%), while the Energy-Automation segment achieved revenues of Euro 14,801 thousand, compared to Euro 10,025 thousand as at 30 June 2023 (+47.6%).
- Trencher: revenues of the Trencher segment as at 30 June 2024 was Euro 66,044 thousand, with a decrease compared to Euro 68,892 thousand as at 30 June 2023. Specifically, revenues in the Trencher segment suffered in the first half of 2024 from a negative performance in the French, Australian and North American markets, which was only partially offset by a growth performance in the African markets and a consolidation

EMARKET SDIR CERTIFIED

of the Middle Eastern markets. However, this decrease is in line with the Group's current strategy, which, as mentioned above, aims to prioritise maximum profitability over volumes in the current year.

- Rail: revenues amounted to Euro 19,622 thousand, down compared to Euro 25,499 thousand as at 30 June 2023. This result is mainly due to the gradual completion of existing 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.

EBITDA by segment

The tables below show the income statement figures as at 30 June 2024 compared to those as at 30 June 2023, broken down into three operating segments:

(Euro in thousands)	Half-year ended 30 June				
	2024	**% of revenues**	**2023 restated**	**% of revenues**	**2024 vs 2023**
Energy	6,450	16.7%	5,048	16.3%	1,402
Trencher	10,190	15.4%	6,820	9.9%	3,370
Rail	2,316	11.8%	4,060	15.9%	(1,744)
EBITDA	**18,956**	**15.3%**	**15,928**	**12.7%**	**3,028**

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

- the Energy segment reached an EBITDA of Euro 6,450 thousand (or 16.7% of sales), an increase of Euro 1,402 thousand compared to Euro 5,048 thousand in the first half of 2023. This increase was made possible by (a) higher turnover for the period and the related effect in terms of operating leverage, (b) a better sales mix, especially in the Energy-Automation segment, and (c) lower operating costs. Specifically, the Energy-Stringing segment reported an EBITDA of Euro 3,421 thousand, substantially in line with Euro 3,486 thousand in the first half of 2023, while the Energy-Automation segment reported an EBITDA of Euro 3,029 thousand, up Euro 1,467 thousand compared to Euro 1,562 thousand in the first half of 2023;

- The Trencher segment generated an EBITDA of Euro 10,190 thousand (or 15.4% of Revenues), up Euro 3,370 thousand compared to Euro 6,820 thousand in the first six months of 2023. This increase was the result of both a significant improvement in the mix of machines sold, in line with the Group's strategy that aims to prioritise maximum profitability over volumes, and the implementation of management actions for strong efficiency recovery on all the main markets;

- the Rail segment had an EBITDA of Euro 2,316 thousand (or 11.8% of Revenues), down Euro 1,744 thousand from Euro 4,060 thousand as at 30 June 2023. This reduction reflects what has already been noted in relation to revenues, with the cost containment measures alone not being able to compensate for the lower value added generated in the period, but with expectations of improvements starting in the next quarters, especially thanks to the development of the diagnostic vehicles strategic segment.

5.5 Balance sheet and financial profile

Information is provided below on the Group's main equity indicators as at 30 June 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 30 June 2024 and as at 31 December 2023:

Teleborsa: distribution and commercial use strictly prohibited

(Euro in thousands)	As at 30 June 2024	As at 31 December 2023	2024 vs 2023
USES			
Net working capital	112,484	86,835	25,649
Fixed assets	126,473	119,622	6,851
Other long-term assets and liabilities	22,418	25,284	(2,866)
Net invested capital	**261,375**	**231,741**	**29,634**
SOURCES			
Net financial indebtedness	183,582	153,497	30,085
Shareholders' equity	77,793	78,244	(451)
Total sources of funding	**261,375**	**231,741**	**29,634**

A) Net working capital

The table below shows a breakdown of "Net Working Capital" as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	As at 30 June 2024	As at 31 December 2023	2024 vs 2023
Trade receivables	70,424	45,643	24,781
Work in progress contracts	32,274	29,247	3,027
Inventories	113,594	110,621	2,973
Trade payables	(89,896)	(82,842)	(7,054)
Other current assets/(liabilities)	(13,912)	(15,834)	1,922
Net working capital	**112,484**	**86,835**	**25,649**

Net working capital amounted to Euro 112,484 thousand, marking an increase of Euro 25,649 thousand (equal to 29.5%) compared to 31 December 2023. This performance is mainly due to the increase in the item “Trade receivables” for Euro 24,781 thousand, mainly due to a concentration of shipments and sales at the end of the half-year.

B) Fixed assets

The table below shows a breakdown of "Fixed assets" as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	As at 30 June 2024	As at 31 December 2023	2024 vs 2023
Intangible assets	41,564	39,348	2,216
Property, plant and equipment	39,834	45,081	(5,247)
Rights of use	38,514	28,868	9,646
Equity investments in associates	6,517	6,285	232
Other equity investments	44	40	4
Fixed assets	**126,473**	**119,622**	**6,851**

Total fixed assets recorded a net increase of Euro 6,851 thousand compared to 31 December 2023, mainly due to the increase in Rights of use of Euro 9,646 thousand.

C) Net financial indebtedness

The table below shows a breakdown of "Net financial indebtedness" as at 30 June 2024 and as at 31 December 2023:

EMARKET SDIR CERTIFIED

(Euro in thousands)	As at 30 June 2024	*of which with related parties and group*	As at 31 December 2023	*of which with related parties and group*
Cash and cash equivalents	(19,603)		(53,680)	
Current financial assets	(32,815)	*(1,997)*	(27,888)	*(2,605)*
Current financial liabilities	104,212	*1,081*	103,811	*1,081*
Current financial liabilities from rights of use	11,640	*2,839*	9,398	*1,794*
Current portion of derivative financial instruments	4		-	
Current financial indebtedness	**63,438**	***1,923***	**31,641**	***270***
Non-current financial liabilities	80,766	*1,899*	92,007	*1,899*
Non-current financial liabilities from rights of use	39,378	*5,415*	29,849	*4,154*
Non-current portion of derivative financial instruments	-		-	
Trade payables and other non-current payables	-		-	
Non-current financial indebtedness	**120,144**	***7,314***	**121,856**	***6,053***
Net financial indebtedness pursuant to ESMA 32-382-1138 Communication	**183,582**	***9,237***	**153,497**	***6,323***
(Trade payables and other non-current payables)	-		-	
Group net financial indebtedness	**183,582**	***9,237***	**153,497**	***6,323***

The net financial indebtedness prior to the application of IFRS 16, as at 30 June 2024, is equal to Euro 132,564 thousand with an increase of Euro 18,314 thousand compared to the end of 2023. This change is mainly due to higher working capital (which increased mainly due to an increase in trade receivables against sales for the period).

The Group's net financial indebtedness as at 30 June 2024, including the effect of the application of IFRS 16, increased by Euro 30,085 thousand compared to the value recorded at the end of 2023 due to the rent adjustment of the building of Grassobbio, in line with the strategy of concentrating production activities and to the leased Trencher fleet, in addition to what has already been commented on above.

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.

Moreover, 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; the loan agreement of the subsidiary Marais Laying New Zealand (Pty) Ltd. provides for financial covenants to be calculated quarterly on the local financial statement data. As at 30 June 2024, these parameters were met.

Please refer to the following discussion in paragraph *15 Medium/long-term loans* of the Explanatory notes on the forward-looking assessment carried out to assess the Group's ability to meet its contractually agreed financial parameters as at 31 December 2024.

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 half-year of the 2024 financial year, no

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

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 half of 2024, including the employees of companies that are fully consolidated, is 1,011 persons compared to 990 in 2023.

9 Other information

Events occurring after the end of the reporting period

In particular, the events occurring after the half-year include the following:

- on 23 July 2024, the parent company Tesmec S.p.A. signed a loan agreement of Euro 10 million with ICCREA. This loan has a duration of 3 years, expiring on 30 June 2030, and bears a floating rate benchmarked to the 3-month Euribor index plus a spread of 1.95%.

Business outlook

In the first half of 2024, Tesmec continued to diversify its activities geographically and by segment in strategic markets that are extremely dynamic and have growth prospects, providing solutions for the digitalisation and implementation of telecommunications networks and the development of the mining sector. In the Trencher segment, investments in infrastructure, power networks and Fibre to the Home projects are growing, driven by government incentives and the increasing demand for connectivity. The rail segment is looking to the future with confidence, thanks to substantial investments aimed at reducing road traffic congestion, promoting sustainable mobility and improving the safety of rail transport through diagnostics and maintenance of power lines. Finally, the transition to renewable energy sources continues to be an important opportunity for Tesmec, with an increasing focus on the power lines being adapted to the new demands created by the use of renewable energy.

For 2024, the Tesmec Group expects revenues to increase compared to 2023 and amount to approximately Euro 270 million, with an EBITDA margin improved compared to the previous year and a Net Financial Indebtedness decreasing compared to 31 December 2023. These expectations are based on specific management, industrial and strategic initiatives that have already been launched, are beginning to bear fruit and will continue throughout the year 2024, and are aimed at increasing profitability, reducing financial debt and strengthening governance.

Teleborsa: distribution and commercial use strictly prohibited

Teleborsa: distribution and commercial use strictly prohibited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

Teleborsa: distribution and commercial use strictly prohibited

Consolidated statement of financial position as at 30 June 2024 and as at 31 December 2023

(Euro in thousands)	Notes	30 June 2024	31 December 2023 restated
NON-CURRENT ASSETS			
Intangible assets	6	41,564	39,348
Property, plant and equipment	7	39,834	45,081
Rights of use	8	38,514	28,868
Equity investments in associates evaluated using the equity method		6,517	6,285
Other equity investments		44	40
Financial receivables and other non-current financial assets	9	8,727	11,658
Derivative financial instruments	20	294	335
Deferred tax assets		22,085	21,939
Non-current trade receivables		2,900	2,575
Other non-current assets		717	717
TOTAL NON-CURRENT ASSETS		**161,164**	**156,846**
CURRENT ASSETS			
Work in progress contracts	10	32,274	29,247
Inventories	11	113,594	110,621
Trade receivables	12	70,424	45,643
of which with related parties:	*12*	*1,794*	*2,926*
Tax receivables		3,329	3,179
Financial receivables and other current financial assets	13	32,815	27,888
of which with related parties:	*13*	*1,997*	*2,605*
Other current assets		11,423	14,098
Cash and cash equivalents		19,603	53,680
TOTAL CURRENT ASSETS		**283,462**	**284,356**
TOTAL ASSETS		**444,626**	**441,202**
SHAREHOLDERS' EQUITY			
GROUP SHAREHOLDERS' EQUITY			
Share capital	14	15,702	15,702
Reserves/(deficit)	14	61,685	62,968
Group net profit/(loss)	14	(2,743)	(2,969)
TOTAL GROUP SHAREHOLDERS' EQUITY		**74,644**	**75,701**
Capital and reserves/(deficit) attributable to non-controlling interests		2,629	2,272
Net profit/(loss) for the period attributable to non-controlling interests		520	271
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**3,149**	**2,543**
TOTAL SHAREHOLDERS' EQUITY		**77,793**	**78,244**
NON-CURRENT LIABILITIES			
Medium/long-term loans	15	80,766	92,007
of which with related parties:	*15*	*1,899*	*1,899*
Non-current financial liabilities from rights of use		39,378	29,849
of which with related parties:		*5,415*	*4,154*
Employee benefit liability		4,016	4,110

Teleborsa: distribution and commercial use strictly prohibited

Deferred tax liabilities		8,257	7,830
TOTAL NON-CURRENT LIABILITIES		**132,417**	**133,796**
CURRENT LIABILITIES			
Interest-bearing financial payables (current portion)	16	102,966	102,565
of which with related parties:	*16*	*1,081*	*1,081*
Bond issue		1,246	1,246
Current financial liabilities from rights of use		11,640	9,398
of which with related parties:		*2,839*	*1,794*
Derivative financial instruments	20	4	-
Trade payables	17	89,896	82,842
of which with related parties:		*2,457*	*1,240*
Advances from customers		5,202	2,611
Income taxes payable		3,944	3,051
Provisions for risks and charges		3,082	2,837
Other current liabilities		16,436	24,612
TOTAL CURRENT LIABILITIES		**234,416**	**229,162**
TOTAL LIABILITIES		**366,833**	**362,958**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**444,626**	**441,202**

Teleborsa: distribution and commercial use strictly prohibited

Consolidated income statement for the half-year ended 30 June 2024 and 2023

(Euro in thousands)	Notes	Half-year ended 30 June 2024	2023 restated
Revenues from sales and services	18	**124,235**	**125,297**
of which with related parties:	*18*	*1,989*	*5,256*
Cost of raw materials and consumables		(55,292)	(52,139)
of which with related parties:		*166*	*(102)*
Costs for services		(22,295)	(27,577)
of which with related parties:		*(158)*	*(31)*
Payroll costs		(29,824)	(32,245)
Other net operating costs/revenues		(3,288)	(4,168)
of which with related parties:		*30*	*84*
Amortisation/Depreciation		(11,869)	(11,436)
Development costs capitalised		5,542	5,977
Portion of losses/(gains) deriving from the valuation of operational Joint Ventures		(122)	783
Total operating costs	19	**(117,148)**	**(120,805)**
Operating income		**7,087**	**4,492**
Financial expenses		(10,024)	(9,665)
of which with related parties:		*(304)*	*(206)*
Financial income		2,338	1,834
of which with related parties:		*71*	*40*
Portion of losses/(gains) deriving from the valuation of associated companies and non-operational Joint Ventures		-	(14)
Pre-tax profit/(loss)		**(599)**	**(3,353)**
Income tax		(1,624)	748
Net profit/(loss) for the period		**(2,223)**	**(2,605)**
Profit/(loss) attributable to non-controlling interests		520	407
Group profit/(loss)		**(2,743)**	**(3,012)**
Basic and diluted earnings/(losses) per share		**(0.0045)**	**(0.0050)**

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

Consolidated statement of comprehensive income for the half-year ended 30 June 2024 and 2023

(Euro in thousands)	Notes	Half-year ended 30 June	
		2024	**2023**
NET PROFIT/(LOSS) FOR THE PERIOD		**(2,223)**	**(2,605)**
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		1,131	(480)
Other changes		585	(346)
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		73	-
Income tax		(17)	-
		56	-
Total other income/(losses) after tax		**1,772**	**(826)**
Total comprehensive income (loss) after tax		**(451)**	**(3,431)**
Attributable to:			
Shareholders of Parent Company		(971)	(3,838)
Non-controlling interests		520	407

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

Consolidated statement of cash flows for the half-year ended 30 June 2024 and 2023

(Euro in thousands)		Half-year ended 30 June	
		2024	**2023**
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) for the period		(2,223)	(2,605)
Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:			
Amortisation/Depreciation	6-7-8	11,869	11,436
Provisions for employee benefit liability		743	745
Allocations for risks and charges/inventory obsolescence/doubtful account provisions		1,332	1,216
Employee benefit payments		(763)	(787)
Payments for provisions for risks and charges		(6)	(187)
Net change in deferred tax assets and liabilities		419	(1,242)
Change in fair value of financial instruments	20	46	141
Change in operating assets and liabilities:			
Trade receivables	12	(21,872)	(4,527)
of which with related parties:	*12*	*1,132*	*(79)*
Inventories	10-11	(5,444)	(17,390)
Trade payables	17	4,949	6,359
of which with related parties:		*1,217*	*(54)*
Other current assets and liabilities		(4,775)	(3,811)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**(15,725)**	**(10,652)**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	7	(2,613)	(4,772)
Investments in intangible assets	6	(5,933)	(6,960)
Investments in Rights of use	8	(14,851)	(2,691)
(Investments)/disposals of financial assets		(1,694)	(14,446)
of which with related parties:		*608*	*220*
Sale of property, plant and equipment, intangible assets and rights of use	6-7-8	5,493	3,751
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		**(19,598)**	**(25,118)**
CASH FLOW FROM FINANCING ACTIVITIES			
Disbursement of medium/long-term loans	15	6,348	18,017
of which with related parties:	*15*	*-*	*1,899*
Recognition of financial liabilities from rights of use		21,496	3,343
of which with related parties:		*1,261*	*(857)*
Repayment of medium/long-term loans	15	(16,963)	(23,170)
Repayment of financial liabilities from rights of use		(9,743)	(4,081)
Net change in short-term financial debt	15	(652)	17,073
of which with related parties:		*1,045*	*2,928*
Other changes	14	585	(346)
NET CASH FLOW GENERATED BY /(USED IN) FINANCING ACTIVITIES (C)		**1,071**	**10,836**
TOTAL CASH FLOW FOR THE YEAR (D=A+B+C)		**(34,252)**	**(24,934)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)		175	(403)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)		53,680	50,987
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)		**19,603**	**25,650**
Additional information:			
Interest paid		8,544	5,998
Income tax paid		270	888

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

Statement of changes in consolidated shareholders' equity for the half-year ended 30 June 2024 and 2023

(Euro in thousands)	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
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	-	-	-	-	-	-	(3,012)	(3,012)	407	(2,605)
Other changes	-	-	-	-	(346)	-	-	(346)	-	(346)
Other profits/(losses)	-	-	-	-	(426)	-	-	(426)	(54)	(480)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(772)**	**-**	**(3,012)**	**(3,784)**	**353**	**(3,431)**
Allocation of profit for the period	-	207	-	-	-	7,655	(7,862)	-	-	-
Balance as at 30 June 2023	**15,702**	**2,348**	**39,215**	**(2,341)**	**3,101**	**22,057**	**(3,012)**	**77,070**	**2,876**	**79,946**

(Euro in thousands)	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
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 period	-	-	-	-	-	**-**	(2,743)	(2,743)	520	(2,223)
Other changes	-	-	-	-	585	-	-	585	-	585
Other profits/(losses)	-	-	-	-	1,045	56	-	1,101	86	1,187
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**1,630**	**56**	**(2,743)**	**(1,057)**	**606**	**(451)**
Allocation of profit for the period	-	168	-	-	-	(3,137)	2,969	-	-	-
Balance as at 30 June 2024	**15,702**	**2,516**	**39,215**	**(2,341)**	**3,762**	**18,533**	**(2,743)**	**74,644**	**3,149**	**77,793**

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

Explanatory notes

Accounting policies adopted in preparing the consolidated financial statements as at 30 June 2024

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 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 "Tesmec Group") is in Milan, Piazza S. Ambrogio 16.

2 Reporting standards

The interim condensed consolidated financial statements as at 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) in condensed form, by using the methods for preparing the interim financial reporting provided by IAS 34 Interim financial reporting.

The accounting standards adopted in preparing the interim condensed consolidated financial statements as at 30 June 2024 are those adopted for preparing the consolidated financial statements as at 31 December 2023, in compliance with IFRS, except as indicated in paragraph 4. New accounting standards, interpretations and amendments adopted by the Group.

It should be noted that the preparation of the interim condensed consolidated financial statements requires Directors to make estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and the information regarding potential assets and liabilities on the date of the interim condensed consolidated financial statements. If in future these estimates and assumptions, which are based on the Directors' best assessments, should deviate from actual circumstances, they will be amended appropriately at the time the circumstances change. It should also be noted that some measurement processes relating to the estimate of revenues and progress of job orders, the calculation of any impairment of non-current assets and the estimate of adjustment funds of current assets are generally carried out in full only when the annual financial statements are prepared, when all of the information that may be required is available, unless - for what concerns the calculation of any impairment of non-current assets - there are impairment indicators that require the immediate measurement of any impairment loss.

The consolidated statement of financial position, income statement, comprehensive income statement, statement of changes in shareholders' equity and 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 explanatory notes to the financial statements indicated below are in condensed form and therefore do not include all the information required for annual financial statements. In particular, as provided by IAS 34, in order to avoid repeating already disclosed information, the notes refer exclusively to items of 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 whose breakdown or change, with regard to amount, type or unusual nature, are essential to understand the economic and financial situation of the Group.

In the interim condensed consolidated financial statements, the income statement and cash flow statement data for the half-year is compared with that for the same period of the previous year. The net financial position and the items of the consolidated statement of financial position as at 30 June 2024 are compared with the corresponding final data as at 31 December 2023.
Since the interim consolidated financial statements do not disclose all the information required in preparing the consolidated annual financial statements, it must be read together with the consolidated financial statements as at 31 December 2023.

The interim condensed consolidated financial statements as at 30 June 2024 comprise the consolidated statement of financial position, income, comprehensive income, statement of changes in equity and cash flow and the related explanatory notes. Comparative figures are disclosed as required by IAS 34 (31 December 2023 for the statement of

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

financial position, and the first half of 2023 for the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows).

The interim condensed consolidated financial statements as at 30 June 2024 were prepared on a going concern basis, as the Directors checked the ability of the Company and the Group to meet their obligations in the foreseeable future of at least 12 months, and for this purpose have developed alternative forecast scenarios that reflect the impact of possible trends that differ from those envisaged in the forecast document examined by the Board of Directors on 6 August 2024, on the basis of which the Budget forecasts have been confirmed. In the light of the Forecast projections and the related sensitivity analyses, the Board of Directors made a positive assessment of the existence of the company's ability to continue as a going concern on the basis of which the interim report was prepared and approved, as the financial covenants are met even under these alternative scenarios and there are no significant uncertainties about the company's ability to continue as a going concern. Trends differing from the company's Forecast projections and related sensitivity analyses, with special reference to the lack of effectiveness of the measures expected to be implemented to optimise working capital, or possible slowdowns in the realisation of the order backlog and consequently in the recognition of revenues, could lead to the achievement of results that are lower than expected with possible effects on the Company's and the Group's ability to comply with financial covenants. In this regard, it should be noted that the Group has sufficient cash and cash equivalents at the end of the reporting period to repay any loans with more restrictive covenants than those contractually agreed as at 31 December 2023.

The interim condensed consolidated financial statements are 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.

The issue of the interim condensed consolidated financial statements of the Tesmec Group for the period ended 30 June 2024 was authorised by the Board of Directors on 6 August 2024.

3 Consolidation methods and area

The interim condensed consolidated financial statements comprise the interim report on operations of Tesmec S.p.A. and its subsidiaries as at 30 June 2024. The accounting standards and consolidation methods adopted in preparing these interim condensed consolidated financial statements as at 30 June 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 30 June 2024, the consolidation area did not change with respect to that as at 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 half-year ended 30 June		End-of-period exchange rate as at 30 June	
	2024	**2023**	**2024**	**2023**
Australian Dollar	1.6422	1.5989	1.6079	1.6398
Renminbi	7.8011	7.4894	7.7748	7.8983
Algerian Dinar	145.4194	147.0336	144.0192	147.2750
GNF Franc	9,202.5825	9,209.3886	9,133.2246	9,251.3029
Moroccan dinar	10.8320	11.0210	10.6550	10.7560
New Zealand Dollar	1.7752	1.7318	1.7601	1.7858
Qatari Riyal	3.9358	3.9336	3.8966	3.9552
Russian Rouble	97.9779	83.6510	92.4184	95.1052
Saudi Riyal	4.0547	4.0525	4.0144	4.0748
Tunisian Dinar	3.3751	3.3389	3.3661	3.3577

Teleborsa: distribution and commercial use strictly prohibited

US Dollar	1.0813	1.0807	1.0705	1.0866
CFA Franc	655.9570	655.9570	655.9570	655.9570
South African Rand	20.248	19.679	19.497	20.579

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 2023, with the exception of the adoption as of 1 January 2024 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 2024 but have no impact on the Group's interim condensed consolidated financial statements.

- On 23 January 2020, the IASB published an amendment called "***Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***" and on 31 October 2022, it published an amendment called "***Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants***". The purpose of these amendments is to clarify how to classify payables and other short or long-term liabilities. The amendments also improve the information that an entity discloses when its right to defer settlement of a liability for at least twelve months is conditional on certain parameters being met (i.e. covenants). The adoption of these amendments did not have any effect on the Group's consolidated financial statements.

- On 22 September 2022, the IASB published an amendment called "***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback".*** The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction in such a way that no income or loss is recognised in respect of the retained right of use. The adoption of these amendments did not have any effect on the Group's consolidated financial statements.

- On 25 May 2023, the IASB published an amendment called "***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements***". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of these amendments did not have any effect on the Group's consolidated financial statements.

Accounting standards, amendments and ifrs interpretations not yet approved by the european union

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

- On 30 May 2024, the IASB published the document "***Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7***". The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:
  - clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
  - determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy that, under certain specified conditions, allows a financial liability to be derecognised before cash is delivered on the settlement date.

  With these amendments, the IASB also introduced additional disclosure requirements for investments in equity instruments designated as FVOCI.

Teleborsa: distribution and commercial use strictly prohibited EMARKET SDIR CERTIFIED

The amendments will apply as from the financial statements for years beginning on or after 1 January 2026. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 9 April 2024, the IASB published a new standard ***IFRS 18 Presentation and Disclosure in Financial Statements***, which will replace *IAS 1 Presentation of Financial Statements*. The new standard aims to improve the presentation of the main financial statements and introduces significant changes to the income statement. In particular, the new standard requires:
  - revenues and costs to be classified into three new categories (operating, investing and financing sections), in addition to the tax and discontinued operations categories already present in the income statement;
  - Present two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

  The new standard also:

  - requires more information on the performance indicators defined by management;
  - introduces new criteria for the aggregation and disaggregation of information; and,
  - introduces a number of changes to the cash flow statement, including the requirement to use the operating income as the starting point for the presentation of the cash flow statement prepared using the indirect method and the derecognition of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will become effective as from 1 January 2027, but early application is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On 15 August 2023, the IASB published an amendment called "***Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability***". The document requires an entity to apply a consistent method for checking whether one currency can be converted into another and, if not, how to determine the exchange rate to be used and the disclosures to be made in the explanatory notes. The amendment will apply beginning on 1 January 2025, but early application is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the Group's consolidated financial statements.

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

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 (30 June 2023), when these costs were equal to Euro 753 thousand, have been reclassified.

With reference to the balance sheet, for the purposes of an improved comparison of the two periods, some items of other current assets and liabilities have been reclassified.

5 Impairment Test

As envisaged by IAS 36, at least at the end of each reporting period, the Group verifies whether the value of fixed assets may have been impaired, thus estimating the recoverable amount of such assets in such circumstances and any difference from the carrying amount. In assessing the case that one or more CGUs may have suffered an impairment loss, indications deriving from information sources both inside and outside the Group were considered.

Teleborsa: distribution and commercial use strictly prohibited

For the purpose of preparing these interim condensed consolidated financial statements, note that the book value of consolidated shareholders' equity (Euro 77.8 million) was higher than the market capitalisation at the end of the reporting period (Euro 52.8 million). This circumstance, which was also confirmed by the performance of the share after the end of the half-year, was considered an indicator of impairment in accordance with IAS 36 and therefore the impairment test carried out for the purpose of preparing the financial statements as at 31 December 2023 was updated.

In accordance with the requirements of IAS 36, the book value of non-current assets was tested for impairment, a process that was specifically approved by the Board of Directors on 6 August 2024.

According to IAS 36, the recoverable amount is the higher between the market value (fair value) and the value in use.

Fair value is the income obtainable from the sale in an arm's length transaction between knowledgeable, willing parties, net of directly attributable expenses. Depending on the circumstances, this value is determined on the basis of the agreed price if there is a binding sale agreement established in an uncontrolled transaction (net of disposal costs) or the market price, less selling costs, if the asset is traded in an active market. Conversely, the value in use is the discounting back of expected cash flows by applying an appropriate rate (equal to the weighted average cost of capital). The impairment loss resulting from the impairment test is measured by the excess of the carrying amount of the asset over its recoverable amount.

The operating cash flows used for the purpose of impairment testing derive from the plans of the single Cash Generating Unit drawn up by the Management in accordance with the guidelines of the 2024-2027 Business Plan. The estimate of those cash flows includes assumptions of the Directors consistent with the strategy of the Tesmec Group in the individual businesses and markets in which it operates and also depends on external variables not subject to the management's control, such as exchange rate and interest rate trends, infrastructure investments in the countries where the group operates, macro political or social factors of local or global impact.

Based on these operating cash flows, the value in use of the Cash Generating Unit was estimated using the Discounted Cash Flow (DCF) method, i.e. the discounting back of future operating cash flows until the end of its useful life. The net operating cash flows estimated for this purpose were derived from the plans according to the generally used "unlevered" approach, according to which flows are calculated regardless of the financial structure of the company.

The Weighted Average Cost of Capital (WACC) used for discounting operating cash flows for the explicit period and for calculating the terminal value was determined differently depending on the country of reference, as detailed in the table below, in comparison with the rates adopted for the impairment test on 31 December 2023:

(In migliaia di Euro)	**WACC 30 giugno 2024**	**WACC 31 dicembre 2023**
Tesmec USA, Inc. (Stati Uniti)	13.5%	13.7%
Tesmec Australia (Australia) e Marais Laying NZ (Nuova Zelanda)	11.6%	11.9%
Tesmec Saudi Arabia (Arabia Saudita)	11.8%	12.0%
Consolidato Marais (Francia)	12.2%	12.4%
Tesmec Automation S.r.l. (Italia)	11.7%	12.0%
4 Service (Italia)	11.7%	11.9%
Tesmec Rail S.r.l. (Italia)	12.5%	12.7%
Tesmec SA (Sud Africa)	18.8%	19.0%
Tesmec Peninsula WLL (Qatar)	12.1%	12.4%
Tesmec New Technology (Beijing) LTD (Cina)	9.8%	10.1%
East Trenchers S.r.l. (Italia)	11.7%	11.9%
Consolidato Tesmec	12.5%	12.8%

For the estimate of cash flows beyond the explicit forecast period, the terminal value was determined on the basis of a g growth rate from 1% to 5%, based on the reference CGU, in order to incorporate, at least in part, the different medium-term inflation expectations.

The estimate of the WACCs of reference compared with the same estimate made as at 31 December 2023 generally shows a decrease in the discount rates adopted, resulting from the reduction in the reference rates adopted by the various reference Central Banks.

The outcome of the impairment test revealed no lasting losses in value.

Moreover, it should be noted that the recoverable amount mainly consists of the discounting back of the cash flows that make up the Terminal Value, i.e. flows associated with periods distant in time whose achievement is marked by a higher risk profile and more exposed to changes in uncontrollable external variables that are different from those expected.
In this context, a sensitivity analysis was carried out to verify the change in the equity value of the individual cash generating units as the discount rate (the weighted average cost of capital, WACC) and the growth rate (g).

As a result of the sensitivity analyses, it is observed that a 2% increase in the WACC would not cause any impairment, just as a 1% decrease in the growth rate g would not determine any impairment with the exception of the Tesmec USA CGU for which the sensitivity scenario adopted (1% decrease in the g rate and 2% increase in WACC) would determine an impairment of approximately Euro 24 thousand.

With reference to CGU O.O.O. Tesmec RUS (Russia), note that its reference market is directly affected by the uncertainties related to the ongoing Russian-Ukrainian conflict. This situation requires management to make a specific assessment in terms of the recoverability of the CGU's net assets. In this regard, note that Tesmec, over the years, has developed a commercial presence and service offering through the subsidiary O.O.O. Tesmec RUS, which, due to its commercial essence, does not have fixed assets of significant value and, consequently, is not exposed to a significant risk of impairment thereof. The value of net assets attributable to operations in Russia totalled a loss of about Euro 1.6 million, including an exposure of the Russian subsidiary to the Group's Italian companies of around Euro 3.0 million. During the period, the Italian companies of the Group received collections of Euro 270 thousand from the Russian subsidiary. With regard to recent events and the consequent sanctions and restrictions on commercial operations with Russia, Tesmec's management team is constantly monitoring the situation in order to be able to make assessments on the future operations of the subsidiary in full compliance with EU and international rules (with respect to which there are no relations with sanctioned parties).

6 Intangible assets

The breakdown and changes in "Intangible assets" for the period ended 30 June 2024 are shown in the table below:

(Euro in thousands)	1 January 2024	Increases due to purchases	Reclassifications	Decreases	Amortisation/Depreciation	Exchange rate differences	30 June 2024
Start-up and expansion costs	9	-	-	-	(1)	-	8
Development costs	14,937	2,156	7,129	-	(2,752)	10	21,480
Rights and trademarks	5,097	267	313	-	(1,006)	12	4,683
Other intangible assets	699	363	201	-	(92)	1	1,172
Goodwill	3,014	-	-	-	-	-	3,014
Assets in progress	15,592	3,147	(7,533)	-	-	1	11,207
Total intangible assets	**39,348**	**5,933**	**110**	**-**	**(3,851)**	**24**	**41,564**

As at 30 June 2024, *intangible assets* totalled Euro 41,564 thousand, up Euro 2,216 thousand on the previous year. The change mainly refers to:

- assets in progress of Euro 3,147 thousand relating mainly to development projects in progress. These costs mainly refer to diagnostic projects related to the rail segment, where a new innovative vehicle is being developed;
- development costs, which increased by Euro 2,156 thousand in the first six months of 2024, and amortisation for the period of Euro 2,752 thousand. The increases in the period relate to assets in progress that have been completed and amortised.

It should also be noted that development projects in progress at the end of the previous year were completed during the period for an amount of Euro 7,129 thousand and therefore amortised.

EMARKET SDIR CERTIFIED

7 Property, plant and equipment

The breakdown and changes in "Property, plant and equipment" for the period ended 30 June 2024 are shown in the table below:

(Euro in thousands)	1 January 2024	Increases due to purchases	Reclassifications	Decreases	Amortisation/Depreciation	Exchange rate differences	30 June 2024
Land	4,393	-	-	-	-	7	4,400
Buildings	14,359	13	-	-	(321)	158	14,209
Plant and machinery	5,388	310	585	(62)	(546)	16	5,691
Equipment	1,193	93	12	(6)	(266)	3	1,029
Other assets	18,556	1,062	-	(5,325)	(1,757)	356	12,892
Assets in progress	1,192	1,135	(707)	(7)	-	-	1,613
Total property, plant and equipment	**45,081**	**2,613**	**(110)**	**(5,400)**	**(2,890)**	**540**	**39,834**

As at 30 June 2024, property, plant and equipment totalled Euro 39,834 thousand, down compared to the previous year by Euro 5,247 thousand.
The change is mainly due to the decrease in "Other assets" of Euro 5,325 thousand mostly related to the sale of trenching machines previously recorded in the fleet.

8 Rights of use

The breakdown and changes in "Rights of use" for the period ended 30 June 2024 are shown in the table below:

(Euro in thousands)	1 January 2024	Increases due to purchases	Reclassifications	Decreases	Amortisation/Depreciation	Exchange rate differences	30 June 2024
Buildings - rights of use	6,952	4,080	-	1	(1,889)	17	9,161
Plant and machinery - rights of use	1,585	688	-	-	(170)	-	2,103
Equipment - rights of use	1,239	-	-	-	(144)	-	1,095
Other assets - rights of use	19,092	10,083	-	(94)	(2,925)	(1)	26,155
Total rights of use	**28,868**	**14,851**	**-**	**(93)**	**(5,128)**	**16**	**38,514**

Rights of use as at 30 June 2024 amounted to Euro 38,514 thousand and increased by Euro 9,646 thousand compared to the previous year in relation to the signing of new lease contracts for the fleet of trenching machines and the expansion of the Grassobbio factory, which has become the worldwide hub for Stringing Equipment following the concentration of production activities in this sector.

9 Financial receivables and other non-current financial assets

The following table sets forth the breakdown of the item financial receivables and other non-current financial assets as at 30 June 2024 compared with 31 December 2023:

(Euro in thousands)	30 June 2024	31 December 2023
Guarantee deposits	641	643
Receivables due from factoring companies	2,720	3,727
Financial receivables from third parties	5,366	7,288
Financial receivables and other non-current financial assets	**8,727**	**11,658**

Teleborsa: distribution and commercial use strictly prohibited EMARKET SDIR CERTIFIED

Financial receivables from third parties decreased by Euro 2,931 thousand compared to the previous year, mainly due to the reclassification in the short-term of amounts due within 12 months.

Financial receivables from third parties are shown net of a write-down of Euro 868 thousand (Euro 470 thousand as at 31 December 2023). This provision is due to the partial write-down of some of these receivables, the positions of which were the subject matter of financially onerous payment plans in previous years that were not fully or partially fulfilled. The impaired receivables refer to certain counterparties in the trencher segment operating mainly in African countries. In this regard, actions are underway to recover outstanding receivables as well as - more generally - to monitor the Group's exposure to this type of counterparty.

10 Work in progress contracts

The following table sets forth the breakdown of Work in progress contracts as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Work in progress (Gross)	52,815	65,583
Advances from contractors	(20,541)	(36,336)
Work in progress contracts	**32,274**	**29,247**

"Work in progress" refers mainly to the Rail segment where the machinery is produced in accordance with specific customer requirements. "Work in progress" is recognised as an asset if, on the basis of an analysis carried out for each contract, the gross value of work in progress is greater than advances from customers; it is recognised as a liability if the advances are greater than the related work in progress.
If the advances are not collected at the reporting date, the corresponding amount is recognised as trade receivables.

11 Inventories

The following table provides a breakdown of Inventories as at 30 June 2024 compared to 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Raw materials and consumables	79,412	77,852
Work in progress	8,053	8,409
Finished products and goods for resale	22,751	19,753
Advances to suppliers for assets	3,378	4,607
Total inventories	**113,594**	**110,621**

Inventories increased by Euro 2,973 thousand compared to 31 December 2023 as a result of increased purchases to support sales forecast for the second half-year. In this regard, management estimates a gradual and significant recovery of stock levels in the second half of the year.

The changes in the provisions for inventory obsolescence for the half-year ended 30 June 2024 compared with that as at 31 December 2023 are shown below:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Value as at 1 January	8,095	7,708
Provisions	830	970
Uses	(1,053)	(491)
Exchange rate differences	80	(92)
Total provisions for inventory obsolescence	**7,952**	**8,095**

Teleborsa: distribution and commercial use strictly prohibited

The value of the provisions for inventory obsolescence decreased also by Euro 143 thousand compared to the amount as at 31 December 2023. The adequacy of the provision is assessed on a regular basis to constantly monitor the actual level of inventories recovered through sales.

12 Trade receivables

The following table provides a breakdown of "Trade receivables" as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Trade receivables from third-party customers	68,630	42,717
Trade receivables from associates, related parties and joint ventures	1,794	2,926
Total trade receivables	**70,424**	**45,643**

The changes in the provisions for doubtful accounts for the half-year ended 30 June 2024 compared with that as at 31 December 2023 are shown below:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Value as at 1 January	9,745	5,875
Increases	-	4,562
Provisions	146	806
Uses	(214)	(544)
Reclassifications	-	(899)
Exchange rate differences	107	(55)
Total provisions for doubtful accounts	**9,784**	**9,745**

Uses and provisions related to the provisions for doubtful accounts are included in "other operating (costs)/revenues, net" of the income statement.

13 Financial receivables and other current financial assets

The following table provides a breakdown of financial receivables and other current financial assets as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Financial receivables from related parties	1,997	2,605
Receivables due from factoring companies	6,218	3,563
Financial receivables from third parties	24,552	21,649
Other current financial assets	48	71
Total financial receivables and other current financial assets	**32,815**	**27,888**

The increase in *financial receivables and other current financial assets* from Euro 27,888 thousand to Euro 32,815 thousand is mainly due to the increase in credit positions relating to specific contracts signed with third parties on which an interest rate is applied and repayable within 12 months.

Financial receivables from third parties are shown net of a write-down of Euro 598 thousand (Euro 860 thousand as at 31 December 2023). This provision is due to the partial write-down of some of these receivables, the positions of which were the subject matter of financially onerous payment plans in previous years that were not fully or partially fulfilled. The impaired receivables refer to certain counterparties in the trencher segment operating mainly in African

Teleborsa: distribution and commercial use strictly prohibited EMARKET SDIR CERTIFIED

countries. In this regard, actions are underway to recover outstanding receivables as well as - more generally - to monitor the Group's exposure to this type of counterparty.

14 Share capital and reserves

The following table provides a breakdown of Other reserves as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Revaluation reserve	86	86
Extraordinary reserve	36,292	36,292
Reserve for first-time adoption of IFRS 9	(491)	(491)
Severance indemnity valuation reserve	(206)	(262)
Network reserve	825	825
Other reserves	(17,973)	(14,836)
Total other reserves	**18,533**	**21,614**

As a result of the resolution of 18 April 2024, with the approval of the 2023 financial statements, the Shareholders' Meeting of Tesmec S.p.A. decided to carry forward the profit for the year of the Parent Company of Euro 3,360 thousand and allocate it to the legal reserve of Euro 168 thousand.

15 Medium/long-term loans

Medium/long-term loans include medium/long-term loans from banks and payables towards other providers of finance. The following table shows the breakdown thereof as at 30 June 2024 and as at 31 December 2023, with separate disclosure of total loans and current portion:

(Euro in thousands)	**30 June 2024**	**of which current portion**	**31 December 2023**	**of which current portion**
Domestic fixed-rate bank loans	32,513	11,722	30,911	9,568
Domestic floating-rate bank loans	58,652	21,929	68,877	22,931
Foreign fixed-rate bank loans	999	238	1,128	249
Foreign floating-rate bank loans	19,743	3,869	21,177	3,955
Shareholder loan	2,099	200	2,099	200
Total medium/long-term loans	**114,006**	**37,958**	**124,192**	**36,903**
less current portion	(37,958)		(36,903)	
Non-current portion of medium/long-term loans	**76,048**		**87,289**	
Medium/long-term loan due to Simest	4,718	-	4,718	-
less current portion	-		-	
Medium/long-term loan due to Simest	**4,718**		**4,718**	
Total medium/long-term loans	**80,766**		**92,007**	

Some loan contracts, the residual value of which at the end of the reporting year amounted to Euro 58.4 million, contain financial covenant provisions. In particular, they require that parameters, calculated on the basis of the financial statements of the Group, have to be met; they are verified on an annual basis and their non-compliance could result in the termination of the benefit of the time limit.

In general, covenants are based on compliance with certain levels, which differ between loan agreements, of the following ratios:

- Net Financial Position/EBITDA;
- Net Financial Position/Shareholders' equity;

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

Moreover, 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; the loan agreement of the subsidiary Marais Laying New Zealand (Pty) Ltd. provides for financial covenants to be calculated quarterly on the local financial statement data. As at 30 June 2024, these parameters were met.

Prospectively, the Directors verified the Company's and the Group's ability to meet their obligations in the foreseeable future of at least 12 months and, in particular, the ability to comply, also for 2024, with the covenants related to the most relevant loans subject to this verification, developing for this purpose alternative forecast scenarios reflecting the impact of possible trends that differ from those envisaged in the forecast document examined by the Board of Directors on 6 August 2024. As a result of this analysis, the Directors concluded that there are no significant uncertainties regarding compliance with the covenants. Trends differing from the company's Forecast projections and related sensitivity analyses, with special reference to the lack of effectiveness of the measures expected to be implemented to optimise working capital, or possible slowdowns in the realisation of the order backlog and consequently in the recognition of revenues, could lead to the achievement of results that are lower than expected with possible effects on the Company's and the Group's ability to comply with financial covenants. In this regard, it should be noted that the Group has sufficient cash and cash equivalents at the end of the reporting period for the possible repayment of loans with more restrictive parameters than those contractually envisaged as at 31 December 2023.

The payable to Simest S.p.A. of Euro 4,718 thousand consists of the amount relative to the capital shares held by Simest S.p.A. in the subsidiaries in Tesmec SA Ltd. (Pty) and Tesmec Australia (Pty) Ltd, which, by virtue of Tesmec's obligation to repurchase the corresponding shares at the expiry of the contract, are treated as a loan. For accounting purposes, the respective equity investments are 100% consolidated.

16 Interest-bearing financial payables (current portion)

The following table provides details of this item as at 30 June 2024 and as at 31 December 2023:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Advances from banks against invoices and bills receivables	53,654	54,149
Payables due to factoring companies	10,440	10,448
Current account overdrafts	32	138
Short-term loans to third parties	-	44
Current portion of medium/long-term loans	37,759	36,705
Financial payables to related parties	1,081	1,081
Total interest-bearing financial payables (current portion)	**102,966**	**102,565**

Interest-bearing financial payables is substantially in line with the previous financial period.
Payables due to factoring companies include both advances received for transfers with recourse of the Group's trade receivables and payables arising from supplies received and transferred using reverse factoring, the deferral conditions of which determine the representation of a financial liability.

17 Trade payables

The breakdown of *Trade payables* as at 30 June 2024 and as at 31 December 2023, respectively, is indicated in the table below:

(Euro in thousands)	**30 June 2024**	**31 December 2023**
Trade payables due to third-parties	87,439	81,602
Trade payables due to associates, related parties and joint ventures	2,457	1,240
Total trade payables	**89,896**	**82,842**

Trade payables as at 30 June 2024 increased by Euro 7,054 thousand, 8.5% compared to the previous financial period as a result of a greater procurement in the last part of the year.
This figure includes payables related to the Group's normal course of business, in particular the purchase of raw materials and outsourced works.
This item also includes payables originating from supplies received and sold in accordance with the reverse factor that maintain commercial deferment conditions.

Note also that there are no payables with maturity exceeding five years at the above dates.

18 Revenues from sales and services

The table below shows the breakdown of Revenues from sales and services as at 30 June 2024 and as at 30 June 2023:

(Euro in thousands)	Half-year ended 30 June	
	2024	**2023**
Sales of products	113,313	97,029
Services rendered	23,597	26,878
Changes in work in progress	(12,675)	1,390
Total revenues from sales and services	**124,235**	**125,297**

In the first six months of 2024, the Group consolidated revenues of Euro 124,235 thousand, with a decrease of Euro 1,062 thousand (equal to 0.8%) compared to Euro 125,297 thousand in the same period of the previous year.

- With regard to the Energy segment, revenues amounted to Euro 38,569 thousand, up by approximately 24.8% compared to the figure of Euro 30,906 thousand as at 30 June 2023, driven by continued robust demand and the commercial success of products and technology solutions developed by the Group, both in the Energy-Stringing segment and in the Energy-Automation segment. More specifically, it should be noted that the Energy-Stringing segment achieved revenues of Euro 23,768 thousand in the first half of 2024 compared to Euro 20,881 thousand in the same period of 2023 (+13.8%), while the Energy-Automation segment achieved revenues of Euro 14,801 thousand, compared to Euro 10,025 thousand as at 30 June 2023 (+47.6%).
- Trencher: revenues of the Trencher segment as at 30 June 2024 was Euro 66,044 thousand, with a decrease compared to Euro 68,892 thousand as at 30 June 2023. Specifically, revenues in the Trencher segment suffered in the first half of 2024 from a negative performance in the French, Australian and North American markets, which was only partially offset by a growth performance in the African markets and a consolidation of the Middle Eastern markets. However, this decrease is in line with the Group's current strategy, which, as mentioned above, aims to prioritise maximum profitability over volumes in the current year.
- Rail: revenues amounted to Euro 19,622 thousand, down compared to Euro 25,499 thousand as at 30 June 2023. This result is mainly due to the gradual completion of existing 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.

19 Operating costs

The item *operating costs* amounted to Euro 117,148 thousand, a decrease of 3.0% compared to the previous year, more than the performance in revenues (-0.8%).

This decrease is mainly due to the reduction in costs for services and labour costs resulting from the efficiency recovery initiatives launched between the end of 2023 and the first quarter of 2024, both in terms of operating structure and industrial structure, which resulted in:

- the transfer of the Endine Gaiano plant and the concentration of Stringing equipment production activities at the Grassobbio plant, which has become this segment's global hub;

Teleborsa: distribution and commercial use strictly prohibited

- the launch of a temporary lay-off scheme programme at the Sirone plant, dedicated to precision mechanics processing, together with an industrial relaunch plan for the site;
- 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.

20 Disclosures: categories of financial assets and liabilities according to IFRS 7

The following tables show the book values for each class of financial assets and liabilities identified by IFRS 9.

The value expressed in the financial statements of derivative financial instruments, whether assets or liabilities, corresponds to their fair value, as explained in these Notes.

The value expressed in the financial statements of cash and cash equivalents, financial receivables and trade receivables, suitably adjusted for impairment in accordance with IFRS 9, approximates the estimated realisable value and therefore the fair value.

All financial liabilities, including fixed-rate financial payables, are recorded in the financial statements at a value that approximates their fair value.

(Euro in thousands)	Current/Non-current assets	
	30 June 2024	**31 December 2023**
NON-CURRENT ASSETS:		
Receivables and other financial assets	8,727	11,658
Derivative financial instruments	294	335
Non-current trade receivables	2,900	2,575
CURRENT ASSETS:		
Trade receivables	70,424	45,643
Financial receivables and other current financial assets	32,815	27,888
Cash and cash equivalents	19,603	53,680

(Euro in thousands)	Current/non-current liabilities	
	30 June 2024	**31 December 2023**
NON-CURRENT LIABILITIES:		
Medium/long-term loans	80,766	92,007
Non-current financial liabilities and rights of use	39,378	29,849
CURRENT LIABILITIES:		
Interest-bearing financial payables (current portion)	102,966	102,565
Bond issue	1,246	1,246
Current financial liabilities and rights of use	11,640	9,398
Derivative financial instruments	4	-
Trade payables	89,896	82,842
Advances from customers	5,202	2,611

Management and types of risks

Within its scope of operations, the Group is exposed, to a greater or lesser extent, to certain types of risk that are managed as follows.
The Group does not hold derivatives or similar products for purely speculative purposes.
For a more detailed discussion on 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.

Exchange rate risk

The Tesmec Group carries out a significant part of its activities in countries other than the Eurozone and, therefore, revenues and costs of part of the activities of the Tesmec Group are denominated in currencies other than the Euro.

Teleborsa: distribution and commercial use strictly prohibited

The main transaction currencies used for the Group's sales are the Euro and the US dollar, although other currencies such as the Australian dollar, South African rand, Chinese renminbi and Russian rouble are also used. The Group also prepares its consolidated financial statements in Euro, although some subsidiaries prepare their financial statements and accounting documents in currencies other than the Euro.
Due to these circumstances, the Tesmec Group is exposed to the following risks related to variations in exchange rates:

i) the economic exchange rate risk, i.e. the risk that revenues and costs denominated in currencies other than the Euro take on different values with respect to the time at which the price conditions were defined;
ii) the translational exchange rate risk, deriving from the fact that the Parent Company, even though it prepares its financial statements in Euro, holds controlling interests in companies that prepare their financial statements in different currencies and, consequently, carries out conversions of assets and liabilities expressed in currencies other than the Euro;
iii) the transactional exchange rate risk, deriving from the fact that the Group carries out investment, conversion, deposit and/or financing transactions in currencies other than the reporting currency.

The fluctuation in currency markets has had, historically, a significant impact on the Group's results. In relation to the policies adopted for the management of exchange rate risks, the forward sale of foreign currency is adopted as the only hedging instrument. However, this hedging is carried out only for part of the total exposure in that the timing of the inflow of the receipts is difficult to predict at the level of the individual sales invoice.
Forward sale instruments for fixing the exchange rate at the moment of the order are mainly used for covering the risk of the US dollar exposure deriving from the marketing in the US or Middle Eastern countries of machines produced in Italy. Moreover, for part of the sales in US dollars, the Group uses the production of the American factory with costs in US dollars by creating in this way a sort of natural hedging of the currency exposure.

Despite the adoption of the above strategies aimed at reducing the risks arising from fluctuation of exchange rates, the Group cannot exclude that future changes thereof may affect the results of the Group.

Liquidity/cash flow variation risks

Financial requirements and related risks (mainly interest rate risks, liquidity and exchange rate risks) are managed by the Group based on guidelines defined by the Group General Management and approved by the Chief Executive Officer of the Parent Company.
The main purpose of these guidelines is to guarantee the presence of a liability structure always in equilibrium with the one of the assets, in order to keep a very sound statement of financial position structure.
Forms of financing most commonly used are represented by:

- medium/long-term loans with multi-year redemption plan to cover the investments in fixed assets and to finance expenses related to several development projects;
- short-term loans, advances on export, transfers of trade receivables, and reverse factoring agreements to finance the working capital.

The Group uses various external sources of financing, obtaining both short and medium-long term loans and is therefore subject to the cost of money and to the volatility of interest rates, with a special reference to contracts that provide for variable interest rates, which, therefore, do not make it possible to predict the exact amount of the interest payable during the duration of the loan. The average cost of indebtedness is benchmarked to the trend of the 1/3-month Euribor rates for short-term loans and the 3/6-month Euribor rates for medium to long-term loans. When taking out loans at variable rates, mainly in relation to medium-term loans, the Tesmec Group considers managing the risk of interest rate fluctuations through hedging transactions (in particular, through swaps, collars and caps), with a view to minimising any losses related to interest rate fluctuations. However, it is not possible to ensure that the hedging transactions entered into by the Group are suitable to fully neutralise the risk related to interest rate fluctuations, or that no losses will result from such transactions.

As mentioned above, existing loans envisage compliance with certain covenants, both income based and asset based, which are checked periodically throughout the entire duration of the related loans, thus exposing the Group to the risk of non-compliance with these parameters.

Risks related to business performance and financial situation of the Group

In the first half of 2024, the Tesmec Group's gross financial indebtedness increased from Euro 153.5 million as at 31 December 2023 to Euro 183.6 million as at 30 June 2024. On 6 August 2024, the Board of Directors approved the

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

Forecast document, which envisages a significant reduction in financial indebtedness at the end of the period (31 December 2024).

It should be noted that the 2024-2027 Business Plan is based on the assumption that the Tesmec Group will be able to comply with the covenants of the financial contracts in place throughout the period of the plan, by virtue of the expected generation of cash flows that are consistent in time with respect to cash outflows, or, in case of non-compliance, on the assumption that the Group will be able to obtain the relevant waivers from the banks. In the event that the lending banks demand full repayment of their loans before the contractual expiry, the Group will use part of its cash resources to repay these positions.

Based on the updated forecasts regarding the expected income and profit performance of the Group for 2024, in the opinion of the Directors, these parameters are expected to be met at the date of the next covenant compliance audit (i.e. approval of the financial statements as at 31 December 2024).

If market conditions were to deteriorate or the Group's operating results were to decline, a number of negative consequences could result, including the need to use cash flows from operations to repay debt and a significant limitation or impairment of the Group's ability to borrow new money, refinance its debt and provide collateral to support its business, resulting in a reduced ability to take advantage of business opportunities or make acquisitions or investments.

Credit risk

With reference to the credit risk, the same is closely related to the sale of products on the market. In particular, the extent of the risk depends on both technical and commercial factors and the purchaser's solvency.

From a commercial viewpoint, the Group is not exposed to high credit risk insofar as it has been operating for years in markets where payment on delivery or letter of credit issued by a prime international bank are usually used as payment methods. For customers located in the European region, the Group mainly uses factoring without recourse. The provisions for doubtful accounts are considered to be a good indication of the extent of the overall credit risk.

Operational risks

Risks related to the Group's international business

The Tesmec Group earns its revenues mainly abroad. The Group carries out its production in 5 industrial plants (3 of which are located in Italy, 1 in France and 1 in the United States) and carries out its commercial business in about 135 countries worldwide. In particular, the Tesmec Group operates in several countries in Europe, the Middle East, Africa, North and Central America as well as the BRIC area (Brazil Russia India China). Moreover, the Group not only has a strong international presence but intends to continue to expand its business geographically, exploring opportunities in markets that it believes can help improve its risk profile. When deciding whether to undertake initiatives or maintain its strategic presence in foreign markets, the Group assesses political, economic, legal, operational, financial and security risks and development opportunities.
The Group is exposed to risks typical of countries with unstable economic and political systems, including (i) social, economic and political instability; (ii) boycotts, sanctions and embargoes that could be imposed by the international community against the countries in which the Group operates; (iii) significant recession, inflation and depreciation of the local currency; (iv) internal social conflicts that result in acts of sabotage, attacks, violence and similar events; (v) various kinds of restrictions on the establishment of foreign subsidiaries or on the acquisition of assets or on the repatriation of funds; (vi) significant increase in customs duties and tariffs or, in general, in applicable taxes. The occurrence of the events subject to the above-mentioned risks could have significant negative impacts on the Group's operating results, financial position and cash flows.

Moreover, demand for the Group's products is related to the cycle of investments in infrastructure (in particular power lines, data transmission systems, aqueducts, gas pipelines, oil pipelines and railway catenary wire system) in the various countries in which it operates. The annual amount of investments in infrastructures is related to the general macroeconomic scenario. Therefore, strong changes in the macroeconomic scenario in the countries where the Group is present or other events that are able to adversely affect the level of infrastructure investments, such as changes in laws and regulations or unfavourable changes in government policies, can have an adverse effect on the Group's operating results, financial position and cash flows.

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

Risks related to operations through the awarding of tenders

The Group, in relation to the activities carried out in the Rail segment and in the Energy segment, is exposed to risks deriving from the amount, frequency, requirements and technical-economic conditions of the call for tenders for contracts issued by the public administration, by public law bodies and other contractors, as well as the possible failure in winning them and/or the failure or delay in the awarding of the related work orders. Moreover, these segments are structurally characterised by a limited number of customers, given that the Rail segment is usually related to the existence, in each country, of a single national player managing the network and that, in the Energy-Automation segment of the Energy segment, the customers commissioning the work are the main owners of the individual national power networks or the main utility companies.

The limited number of customers commissioning work from the Group in these segments, as well as the fact that most of them are public entities, exposes the Group to the risk that these customers' investment programmes may be changed due to regulatory updates or emergency situations, resulting in possible changes in framework agreements with Group companies.

Risks related to the possible impairment of work in progress

In some multi-year tender contracts entered into by the Group in the Rail segment, the consideration is determined during the tender process following a detailed and accurate budgeting exercise, both with reference to the supply of machines and to the maintenance service, further supplemented by risk assessments to cover any areas of uncertainty, carried out with the aim of mitigating any higher costs and contingencies (costs estimated in relation to operational risks). The correct determination of the consideration offered in such contracts is fundamental to the Group's profitability as it is required to bear the full amount of all costs for completing work orders, unless there are additional requests from the customer.

However, the costs and, consequently, the profit margins that the Group makes on multi-year work orders can vary, even significantly, from the estimates made during the tender process. As a result of this increase in work order operating costs, the Group may incur a reduction in or loss of estimated profits with reference to the individual work order.

The Group periodically monitors the costs related to the completion of work orders and the resulting profitability in order to minimise the risk of contingencies and to identify, where necessary, the need to enter into negotiations with customers for the signing of specific agreements supplementary to the tender contracts aimed at recognising increases in the consideration originally agreed upon.

Supply risk and risk of fluctuation in purchase prices

The Group, while retaining the management and organisation of the most important phases of its business model in-house, turns to suppliers for the purchase of semi-finished goods and finished components required for the manufacture of its products. The manufacture of some of the main products of the Group requires skilled labour, semi-finished goods, finished goods, components and high-quality raw materials. Therefore, the Group is exposed to the risk of encountering difficulties in obtaining the supplies it needs to carry out its activities, as well as the risk related to fluctuations in their prices.

In particular, in carrying out its production, the Group mainly uses semi-finished goods in steel and aluminium and semi-finished goods in nylon. The price of raw materials for these semi-finished goods – and, in particular, of steel – can be volatile due to several factors beyond the Group's control and which are difficult to predict. Moreover, for the supply of some components, the Group uses high-end suppliers for which it is not a strategic customer.

The Tesmec Group put in place a purchasing policy aimed at diversifying the suppliers of components that have unique characteristics in terms of purchased volumes or high added value. The Group's price risk is mitigated by having multiple suppliers and by the inherent heterogeneity of raw materials and components used in the production of Tesmec machines. Moreover, in consideration of the nature of semi-finished goods and the importance of the technological content of the purchased components, their commodity price only partially affects the costs of purchase. However, in consideration of the current market context, characterised by increasing trends in the cost of energy and, more generally, in the procurement costs of raw materials, by rigidity in the global supply chain, by difficulties of the global logistics sector in meeting the requirements of the reference markets, especially for long-haul shipments, by the persistence of the pandemic crisis albeit with forms and methods that often have less impact on economic activities, as well as, lastly, by the onset - after the reporting year - of the Russian-Ukrainian conflict with possible effects not only on commercial relations with these markets, but in theory with impacts on the global macroeconomic scenario, the Group cannot exclude that future changes in prices and scenarios in procurement markets may negatively affect results.

Teleborsa: distribution and commercial use strictly prohibited

Risks related to disputes

Any unfavourable outcome of disputes in which the Group is involved or the occurrence of new disputes (also regardless of the outcome), could have a possibly significant reputational impact on the Group, with possible significant negative effects on the operating results, financial position and cash flows of the Company and of the Group.

The estimate of charges that might reasonably be expected to occur as well as the extent of provisions are based on information available at the date of approval of the financial statements, but involve significant elements of uncertainty, not least because of the many variables linked to legal proceedings. Where it is possible to reliably estimate the amount of the possible loss and this is considered probable, provisions are made in the financial statements to an extent deemed appropriate in the circumstances, also with the support of specific opinions provided by the Group's consultants and in accordance with the international accounting standards applicable from time to time.

At the end of the reporting year, different types of legal and arbitration proceedings involving the Company and the Group's subsidiaries were pending, and two tax audits were in progress. The main cases are described in Note 23 Legal and tax disputes below.

Disclosures: hierarchy levels of fair value measurement

In relation to financial instruments measured at fair value, the following table shows the classification of such instruments on the basis of the hierarchy of levels required by IFRS 13, which reflects the significance of the inputs used in measuring the fair value. The levels are broken down as follows:

- level 1 – quoted prices without adjustment recorded in an active market for measured assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable in the market, either directly (as in the case of prices) or indirectly (i.e. when derived from the prices);
- level 3 - inputs that are not based on observable market data.

The following table shows the assets and liabilities that are measured at fair value as at 30 June 2024, divided into the three levels defined above:

(Euro in thousands)	**Book value as at 30 June 2024**	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Derivative financial instruments	294	-	294	-
Total non-current	**294**	**-**	**294**	**-**
Total assets	**294**	**-**	**294**	**-**
Financial liabilities:				
Derivative financial instruments	4	-	4	-
Total current	**4**	**-**	**4**	**-**
Total liabilities	**4**	**-**	**4**	**-**

21 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.

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

- Integrated solutions for the streamlining, management and monitoring of 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 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.

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.

	Half-year ended 30 June							
(Euro in thousands)	2024				2023 restated			
	Energy	Trencher	Rail	Consolidated	Energy	Trencher	Rail	Consolidated
Revenues from sales and services	38,569	66,044	19,622	124,235	30,906	68,892	25,499	125,297
Operating costs net of depreciation and amortisation	(32,119)	(55,854)	(17,306)	(105,279)	(25,858)	(62,072)	(21,439)	(109,369)
EBITDA	**6,450**	**10,190**	**2,316**	**18,956**	**5,048**	**6,820**	**4,060**	**15,928**
Amortisation/Depreciation	(2,832)	(7,153)	(1,884)	(11,869)	(2,299)	(7,129)	(2,008)	(11,436)
Total operating costs	**(34,951)**	**(63,007)**	**(19,190)**	**(117,148)**	**(28,157)**	**(69,201)**	**(23,447)**	**(120,805)**
Operating income	**3,618**	**3,037**	**432**	**7,087**	**2,749**	**(309)**	**2,052**	**4,492**
Net financial income/(expenses)				(7,686)				(7,845)
Pre-tax profit/(loss)				**(599)**				**(3,353)**
Income tax				(1,624)				748
Net profit/(loss) for the period				**(2,223)**				**(2,605)**
Profit/(loss) attributable to non-controlling interests				520				407
Group profit/(loss)				**(2,743)**				**(3,012)**

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 June 2024 and as at 31 December 2023:

EMARKET SDIR CERTIFIED

(Euro in thousands)	As at 30 June 2024					As at 31 December 2023				
	Energy	Trencher	Rail	Not allocated	Consolidated	Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	15,880	11,480	14,204	-	41,564	14,942	11,165	13,241	-	39,348
Property, plant and equipment	3,357	26,765	9,712	-	39,834	3,413	31,610	10,058	-	45,081
Rights of use	3,012	35,193	309	-	38,514	788	27,425	655	-	28,868
Financial assets	5,788	7,071	2,723	-	15,582	5,557	9,032	3,729	-	18,318
Other non-current assets	1,187	23,635	848	-	25,670	1,212	23,222	797	-	25,231
Total non-current assets	**29,224**	**104,144**	**27,796**	**-**	**161,164**	**25,912**	**102,454**	**28,480**	**-**	**156,846**
Work in progress contracts	5,178	-	27,096	-	32,274	4,462	-	24,785	-	29,247
Inventories	28,517	72,032	13,045	-	113,594	26,451	68,581	15,589	-	110,621
Trade receivables	9,637	51,363	9,424	-	70,424	8,484	29,527	7,632	-	45,643
Other current assets	2,441	33,775	11,351	-	47,567	2,729	33,763	8,673	-	45,165
Cash and cash equivalents	974	14,036	2,948	1,645	19,603	5,562	37,983	5,589	4,546	53,680
Total current assets	**46,747**	**171,206**	**63,864**	**1,645**	**283,462**	**47,688**	**169,854**	**62,268**	**4,546**	**284,356**
Total assets	**75,971**	**275,350**	**91,660**	**1,645**	**444,626**	**73,600**	**272,308**	**90,748**	**4,546**	**441,202**
Group shareholders' equity	-	-	-	74,644	74,644	-	-	-	75,701	75,701
Shareholders' equity attributable to non-controlling interests	-	-	-	3,149	3,149	-	-	-	2,543	2,543
Total Shareholders' equity	**-**	**-**	**-**	**77,793**	**77,793**	**-**	**-**	**-**	**78,244**	**78,244**
Non-current financial liabilities	873	4,249	12,390	63,254	80,766	1,044	5,574	9,542	75,847	92.007
Non-current financial liabilities from rights of use	548	30,347	169	8,314	39,378	583	22,041	214	7,011	29.849
Other non-current liabilities	1,416	8,852	2,005	-	12,273	1,015	9,148	1,777	-	11.940
Non-current liabilities	**2,837**	**43,448**	**14,564**	**71,568**	**132,417**	**2,642**	**36,763**	**11,533**	**82,858**	**133,796**
Current financial liabilities	9,873	3,953	15,972	74,418	104,216	14,564	4,197	13,548	71,502	103,811
Current financial liabilities from rights of use	276	7,372	127	3,865	11,640	234	6,249	151	2,764	9,398
Trade payables	22,402	50,403	17,091	-	89,896	27,605	39,481	15,756	-	82,842
Other current liabilities	7,028	14,644	6,992	-	28,664	1,295	20,156	11,660	-	33,111
Total current liabilities	**39,579**	**76,372**	**40,182**	**78,283**	**234,416**	**43,698**	**70,083**	**41,115**	**74,266**	**228,067**
Total liabilities	**42,416**	**119,820**	**54,746**	**149,851**	**366,833**	**46,340**	**106,846**	**52,648**	**157,124**	**362,958**
Total shareholders' equity and liabilities	**42,416**	**119,820**	**54,746**	**227,644**	**444,626**	**46,340**	**106,846**	**52,648**	**235,368**	**441,202**

22 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:

(Euro in thousands)	Half-year ended 30 June 2024					Half-year ended 30 June 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
Associates:										
Locavert S.A.	24	-	-	(24)	-	81	-	-	-	-
Subtotal	**24**	**-**	**-**	**(24)**	**-**	**81**	**-**	**-**	**-**	**-**
Joint Ventures:										
Condux Tesmec Inc.	1,305	166	(75)	139	71	4,605	(102)	(1)	137	31

EMARKET SDIR CERTIFIED

Tesmec Peninsula	-	-	-	-	-	-	-	-	-	-
Subtotal	**1,305**	**166**	**(75)**	**139**	**71**	**4,605**	**(102)**	**(1)**	**137**	**31**
Related parties:										
Ambrosio S.r.l.	-	-	-	(2)	(1)	-	-	-	(2)	(2)
TTC S.r.l.	-	-	(79)	-	-	-	-	(18)	16	-
Dream Immobiliare S.r.l.	-	-	-	(84)	(236)	-	-	-	(92)	(149)
FI.IND	-	-	-	-	-	-	-	-	7	-
M.T.S. Officine meccaniche S.p.A.	660	-	(2)	1	(56)	539	-	(12)	8	(35)
ICS Tech. S.r.l.	-	-	-	-	-	31	-	-	3	-
COMATEL	-	-	-	-	-	-	-	-	-	-
TCB Sport S.r.l.	-	-	(2)	-	-	-	-	-	2	-
RX S.r.l.	-	-	-	-	(11)	-	-	-	5	(11)
Subtotal	**660**	**-**	**(83)**	**(85)**	**(304)**	**570**	**-**	**(30)**	**(53)**	**(197)**
Total	**1,989**	**166**	**(158)**	**30**	**(233)**	**5,256**	**(102)**	**(31)**	**84**	**(166)**

	30 June 2024							**31 December 2023**						
(Euro in thousands)	**Trade receiv.**	**Current financial receiv.**	**Non-current financial payables**	**Non-current liabilities from rights of use**	**Current financial payables**	**Current liabilities from rights of use**	**Trade payables**	**Trade receiv.**	**Current financial receiv.**	**Non-current financial payables**	**Non-current liabilities from rights of use**	**Current financial payables**	**Current liabilities from rights of use**	**Trade payables**
Associates:														
Locavert S.A.	12	-	-	-	-	-	25	17	-	-	-	-	-	1
Subtotal	**12**	**-**	**-**	**-**	**-**	**-**	**25**	**17**	**-**	**-**	**-**	**-**	**-**	**1**
Joint Ventures:														
Condux Tesmec Inc.	1,117	1,126	-	-	-	-	-	2,056	1,734	-	-	-	-	-
Marais Lucas	-	794	-	-	-	-	-	-	794	-	-	-	-	-
Subtotal	**1,117**	**1,920**	**-**	**-**	**-**	**-**	**-**	**2,056**	**2,528**	**-**	**-**	**-**	**-**	**-**
Related parties:														
Ambrosio S.r.l.	-	-	-	-	-	-	29	-	-	-	-	-	-	39
TTC S.r.l.	-	-	-	-	-	-	44	-	-	-	-	-	-	-
Dream Immobiliare S.r.l.	-	77	-	5,415	-	2,839	2,196	-	77	-	4,154	-	1,794	1,021
FI.IND	9	-	-	-	-	-	-	8	-	-	-	-	-	-
MTS Officine meccaniche S.p.A.	550	-	1,686	-	200	-	58	739	-	1,686	-	200	-	87
ICS Tech. S.r.l.	100	-	-	-	-	-	-	100	-	-	-	-	-	-
COMATEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TCB Sport S.r.l.	-	-	-	-	-	-	2	-	-	-	-	-	-	-
RX S.r.l.	6	-	213	-	881	-	103	6	-	213	-	881	-	92
Subtotal	**665**	**77**	**1,899**	**5,415**	**1,081**	**2,839**	**2,432**	**853**	**77**	**1,899**	**4,154**	**1,081**	**1,794**	**1,239**
Total	**1,794**	**1,997**	**1,899**	**5,415**	**1,081**	**2,839**	**2,457**	**2,926**	**2,605**	**1,899**	**4,154**	**1,081**	**1,794**	**1,240**

23 Legal and tax disputes

At the end of the reporting year, the Tesmec Group is party to a number of civil and tax disputes.

With regard to civil disputes, the Group, based on the advice of its lawyers, considers that the possibility of losing these cases is possible or remote and therefore it has not set aside any provision in the financial statements for any

Teleborsa: distribution and commercial use strictly prohibited

liabilities arising from such disputes, in accordance with the accounting standards of reference that require the allocation of liabilities for probable and quantifiable risks.

The scope of assessment for ongoing tax audits described below totals approximately Euro 2.3 million, with respect to which, with the support of the opinion of the appointed tax advisors, provisions of about Euro 200 thousand were set aside.

In April 2018, a debtor company notified the subsidiary Tesmec Rail S.r.l., following the enforcement by the subsidiary of a court order not opposed by the debtor, for an amount of Euro 41 thousand, for a writ of summons before the Court of Bari, by virtue of which the debtor asked the judge to ascertain the termination of an alleged contract pending between the parties, requesting that Tesmec Rail S.r.l. be ordered to pay the sum of Euro 587 thousand for an invoice issued and not paid and as compensation for the alleged damage suffered, as well as legal costs; amounts and objections not contested and/or enforced in the proceedings opposing the injunction, which, moreover, was never formulated by the debtor company.
The dispute was resolved by a settlement agreement whereby Tesmec Rail S.r.l. paid Euro 50 thousand in exchange for the supplier's waiver of all claims.

On 30 June 2022, Amtrak sued Tesmec USA for damages suffered from a fire on 1 July 2019, which affected a rail maintenance vehicle supplied by the American subsidiary. Amtrak claims that the fire was caused by alleged vehicle faults. On 26 September 2022, Tesmec USA filed preliminary objections through its lawyers, which led Amtrak to amend its claims and to exclude claims for certain items of damage. On 28 October 2022, Tesmec USA filed its statement of defence in which, rejecting all opposing claims, it filed a counterclaim for violation of the obligations undertaken by the opposite party in performance of a post-sale settlement agreement. Tesmec opened the claim under the local insurance policy in the US and master in Italy.
The case is suspended pending the release of the inspection report, which took place by carrying out several inspections. Out-of-court mediation has started in the meantime. To date, there has been one meeting between the parties and discussions are under way.

Following a tax audit for the 2015, 2016 and 2017 financial years, in December 2019, the subsidiary Groupe Marais SAS received an assessment from the French tax authority mainly concerning the calculation of the R&D tax credit. This audit was subsequently extended to the 2018 financial year. In particular, the French tax authorities contested mainly the applicability of the tax relief regulations of the projects for a total amount of approximately Euro 700 thousand, which were used to justify the recognition of the tax credit not yet used. The subsidiary believes that it has correctly applied the tax regulations also in relation to the validations obtained at the time of the accrual of the tax credit and has appealed against this assessment, with the help of its tax advisors. The Company, supported in this by the opinion of its tax advisors, considers its behaviour to be well-founded; however, considering the uncertainty related to the outcome of a judgement before the Administrative Court, a provision was made to mitigate the risk of losing the case.

Following a tax audit for the tax year 2018, on 1 August 2022, the subsidiary Tesmec Automation S.r.l. received a report on findings (PVC) from the Italian Inland Revenue. The inspectors challenged the Company's undue utilisation of R&D credits totalling Euro 1.1 million. The Company believes it has acted correctly and has prepared its counterclaims with the assistance of its advisors. In 2023, the Italian Inland Revenue issued a deed of collection for misuse to offset the research and development tax credit for the 2015 and 2016 tax years totalling Euro 191 thousand, plus penalties and interest. The company, believing its actions to be correct also on the basis of the opinions received, immediately appealed against the aforementioned deed of collection. On 14 December 2023, the Tax Court of Bergamo upheld the appeal of Tesmec Automation S.r.l. in full. On 14 June 2024, the Italian Inland Revenue appealed against the decision of the Tax Court of Bergamo.

On 19 March 2024, the parent company Tesmec S.p.A. received a notice of assessment from the Italian Inland Revenue for the 2017 tax year, following a cross-examination that began with a questionnaire received by the Italian Inland Revenue in September 2023. In this regard, the Italian Inland Revenue disputed the deductibility of the costs related to the then existing relationship with SIMEST S.p.A., a public company that was at the time the Group's partner in foreign investments in the United States and France, and assessed a higher tax of Euro 150 thousand, plus penalties and interest. The company, believing its actions to be correct also on the basis of the opinions received, immediately appealed against the aforementioned notice.

Teleborsa: distribution and commercial use strictly prohibited

24 Guarantees given, commitments and risks

Guarantees
The Group uses guarantees issued by banks and insurance companies in favour of the operating companies for the requirements relating to the performance of contracts in progress. In general, these are guarantees for the satisfactory performance of contracts (known as performance bonds) or guarantees issued upon receipt of payment by the contractor in the form of advance/down payment on contracts in progress (advanced payment bonds). As at 30 June, the value of these guarantees was Euro 189,638 thousand.

Commitments
At the date of this report, the main investments being made by the Group are as follows:
- investments concerning activities related to research and development projects following the approved business plan;
- the implementation of a single Group ERP (Enterprise Resource Planning, consisting of a system to control and manage all business processes), aimed at increasing the efficiency of business processes.

Risks
There are no additional risks to report other than those indicated in paragraph 23 Legal and tax disputes above.

25 Significant events occurred after the end of the period

In particular, the events occurring after the half-year include the following:

- on 23 July 2024, the parent company Tesmec S.p.A. signed a loan agreement of Euro 10 million with ICCREA. This loan has a duration of 3 years, expiring on 30 June 2030, and bears a floating rate benchmarked to the 3-month Euribor index plus a spread of 1.95%.

Teleborsa: distribution and commercial use strictly prohibited
EMARKET SDIR CERTIFIED

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 for preparing the Condensed Consolidated Financial Statements as at 30 June 2024.

2. We also certify that:

2.1 The Interim condensed consolidated financial statements as at 30 June 2024:

- have been prepared in accordance with IFRS as endorsed by the European Union, as provided by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- give a true and fair 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 six months of the financial period and their impact on the Condensed Consolidated Financial Statements, together with a description of the main risks and uncertainties for the six 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 August 2024

Mr. Ambrogio Caccia Dominioni

Chief Executive Officer

Mr. Ruggero Gambini

Manager responsible for preparing the Company's financial statements

Teleborsa: distribution and commercial use strictly prohibited

INDEPENDENT AUDITOR'S REPORT

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Tesmec S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Tesmec S.p.A. and subsidiaries (the "Tesmec Group"), which comprise the statement of financial position as of June 30, 2024 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Tesmec Group as at June 30, 2024 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

Deloitte.

DELOITTE & TOUCHE S.p.A.

Signed by
Lorenzo Rossi
Partner

Milan, Italy
August 9, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Teleborsa: distribution and commercial use strictly prohibited

Teleborsa: distribution and commercial use strictly prohibited

EMARKET SDIR CERTIFIED

TESMEC
draw the way forward

Tesmec S.p.A.

Registered Office
Piazza S. Ambrogio, 16
20123 Milano - Italy

Share Capital Euro 15.702.162 fully paid
VAT identification code IT10227100152
Milan Register of companies no. 1360673

www.tesmec.com