TESMEC

HALF-YEAR CONSOLIDATED FINANCIAL REPORT

AT 30 JUNE 2026

Investor Relator
Fjorela Puce
Tel: +39 035 4232911 - Fax: +39.035.3844606
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 2026 Euro 15,702,162
Milan Register of Companies no. 1360673
Tax and VAT code: 10227100152

Website: www.tesmec.com
Switchboard: +39 035 4232911

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COMPOSITION OF THE CORPORATE BODIES

Board of Directors
(in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2027)

Chairman	Ambrogio Caccia Dominioni
Vice Chairman	Gianluca Bolelli
Chief Executive Officer	Caterina Caccia Dominioni
Chief Executive Officer	Carlo Caccia Dominioni
	Simone Andrea Crolla (*)
	Emanuela Teresa Basso Petrino (*)
	Anna Casiraghi (*)
	Nicola Gavazzi (*)
	Francesca Marino (*)
	Antongiulio Marti

(*) 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 2027)

Chairman	Simone Cavalli
Statutory auditors	Attilio Massimo Franco Marcozzi
	Alice Galimberti
Alternate auditors	Alessandra Butini
	Adelio Bollini

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 2027)

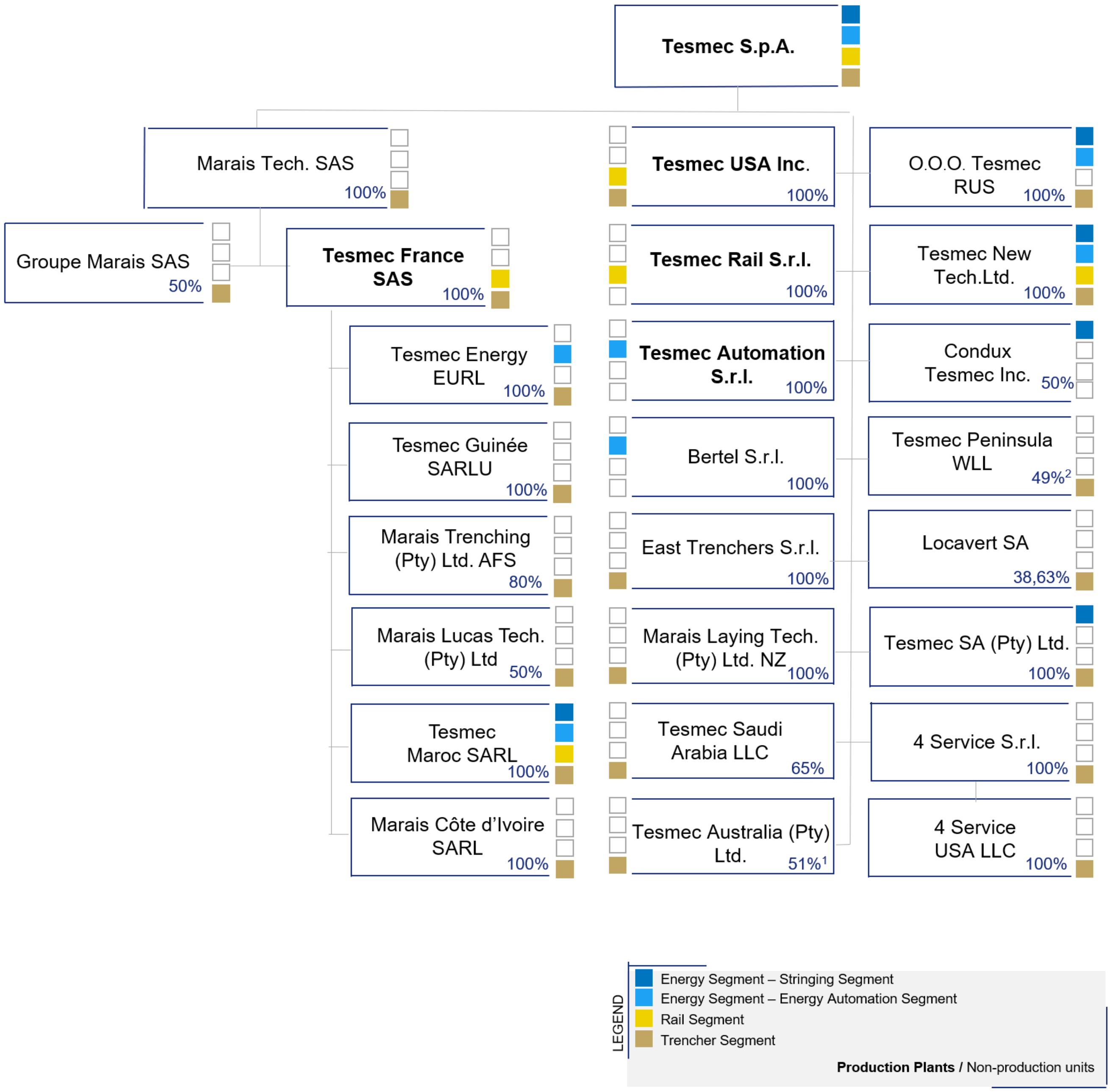
Chairperson	Emanuela Teresa Basso Petrino
Members	Francesca Marino
	Antongiulio Marti

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 2027)

Chairperson	Nicola Gavazzi
Members	Emanuela Teresa Basso Petrino
	Gianluca Bolelli

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

GROUP STRUCTURE



(1) The remaining 49% is held by Simest S.p.A. Since Tesmec has an obligation to buy back the portion held by Simest S.p.A., for accounting purposes the shareholding of the subsidiary Tesmec Australia (Pty) Ltd. is consolidated on a 100% basis.

(2) 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%.

HALF-YEAR CONDENSED 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 EURONEXT STAR Milan 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 an international industrial group that specialises in developing technologies and solutions for the construction, maintenance and management of strategic infrastructure in the energy, telecommunications, rail and natural resources sectors. Thanks to its tradition of innovation and proven industrial expertise, the Group supports operators and utilities in their transition to more efficient, resilient and sustainable infrastructure.

Listed on the STAR segment of the Italian Stock Exchange since 2010, the Group operates under a robust governance model, with a constant commitment to creating value in the long term.

The Group has over 900 people and a diversified industrial base comprising seven plants across Italy, France and the United States, ensuring production capacity, technological expertise and operational flexibility. The Group's extensive commercial presence across Europe, the United States, the Middle East, Africa and the Asia-Pacific region enables it to remain close to key global markets and meet the needs of its customers.
The Group is led by Chairman Ambrogio Caccia Dominioni and Chief Executive Officers Caterina Caccia Dominioni and Carlo Caccia Dominioni.

Over the course of its seventy-five-year history, Tesmec has established a distinctive position within its sectors of reference, evolving from a manufacturing company into an integrated technology player for strategic infrastructure, through a growth strategy based on the synergistic diversification of its Energy, Rail and Trencher businesses. From the very beginning, Tesmec's journey has been guided by one central theme: using energy to drive technological innovation and sustainable development.
The Group currently operates through three highly specialised Business Units. Each unit focuses on a specific infrastructure sector, and they are all united by a high degree of technological integration and a strong industrial focus:

1.1 Energy Segment: Integrated solutions for more efficient, secure and digital power lines.

- Energy-Stringing: integrated stringing equipment solutions for the construction and maintenance of infrastructure for the transport and distribution of energy
- Energy-Automation: solutions for the automation, streamlining, management and monitoring of power lines and sub-substations (smart grid solutions)

1.2 Trencher & Surface Miners Segment: a complete range of solutions for the main infrastructure projects worldwide

- High-power trenchers for in-line excavation of oil pipelines, gas pipelines, water systems; telecommunication networks and installation of fibre optics, underground power lines
- Surface miners for earthworks and surface mines
- Specialised excavation services and rental solutions

1.3 Rail Segment: Technologies for catenary wire system and rail infrastructure diagnostics to support the safety, reliability and efficiency of rail transport

- Integrated solutions for the installation railway catenary wire system
- Specialised working vehicles for catenary wire system and track maintenance
- Vehicles and systems for rail infrastructure diagnostics.

The Group offers a unique vertically integrated model that combines products, electronics, software and specialised services. From design to commissioning up to maintenance and training activities, it guarantees reliable, high-quality solutions. This integrated approach helps to build long-term relationships with customers, supporting competitive and sustainable growth over time.

2 Tesmec Group as at 30 June 2026

2.1 Introduction

During the first half of 2026, the Tesmec Group continued to implement its strategy of:
(a) international and technological development in the highest value-added segments of its reference markets, resulting in growth in production and sales volumes;
(b) strategic and business strengthening through a further increase in the order backlog (which has now reached just under half a billion euro), comprising both short-term and medium-term projects, factors that in turn provide greater visibility on the Group's short-term and forward-looking results;
(c) reducing net financial indebtedness and improving the associated key ratios.

In line with the above, Tesmec recorded an increase in Revenues and EBITDA during the first six months of the current financial year. This was accompanied by the generation of a significant profit for the period and a further reduction in NFP despite a challenging environment, both geopolitically (due to well-known international conflicts and tensions) and macroeconomically (owing to uncertainty regarding inflation, GDP, interest rates and exchange rates). Positive expectations are confirmed for the remainder of the financial year.

(In millions of Euro)	**H1-2026** ***Balance***	**H1-2025** ***Balance***	**Differences**
Revenues	144.2	128.6	+12.2%
EBITDA	24.3	21.2	+14.7%
EBITDA margin	*16.8%*	*16.5%*	
Pre-tax profit/(loss) before changes in exchange rates	5.7	2.9	Euro +2.8 million
Changes in exchange rates	*1.2*	*(2.8)*	
Pre-tax profit/(loss)	6.9	0.1	Euro +6.8 million
Tax	*(2.4)*	*(0.2)*	
Groupe Marais IFRS5 effect	-	*(0.4)*	
Net result	4.5	(0.5)	Euro +5.0 million
Net Financial Position	120.3	146.4	-17.9%

More specifically, the final consolidated financial statements as at 30 June 2026 show:
- **Revenues up by 12.2%** compared to 2025, with a diversified trend depending on the reference segment. In fact, the growth in Revenues was driven by the **strong growth in the Energy** segment (with turnover in the Stringing equipment and Energy Automation segments increasing by approximately 50% and 18%, respectively, and, as for the Automation segment, a backlog that entered the implementation phase) and by the start of a recovery trend in the Trencher division, which grew by approximately 5% compared to the first half of 2025. Taken together, these positive trends more than offset the expected slowdown in the Rail segment in the first half of the year, following the planned reduction in industrial production due to the completion of older work orders. A trend towards securing new and significant tenders also began, generating initial collections. Growth is expected in the second half of the financial year as these new work orders enter the implementation phase;
- **EBITDA increased by 14.7% compared to 2025** (Euro 24.3 million compared to Euro 21.2 million), with a slight increase in margins compared to Revenues (16.8% compared to 16.5%). This performance reflected trends in production volumes and mix, and was the result of an **increase in margins and profitability in the Energy segment**, both in absolute terms and in terms of margins compared to Revenues, against a negative half-year performance in the EBITDA of the Rail division due to the above-mentioned factors, and an EBITDA of the Trencher division that remained stable in absolute terms compared to the first half of 2025.
- a **Pre-tax profit of Euro 6.9 million**, a significant improvement on the virtually break-even result for the first half of 2025, thanks to both improved gross operating profitability and favourable changes in exchange rates.
- The **Net result was a positive Euro 4.5 million, compared to a loss of Euro -0.5 million in the first half of 2025**. Note that as at 30 June 2025, losses of approximately Euro -0.4 million were recorded relating to the discontinued operations of Groupe Marais.
- a **Net Financial Position as at 30 June 2026** of Euro 120.3 million, **an improvement of Euro 26.1 million compared to 30 June 2025** and improvement of **Euro 10.1 million compared to 31 December 2025**.
- an **order backlog that reached approximately Euro 498 million**, compared to approximately Euro 416 million as at 31 December 2025 and Euro 396 million as at 30 June 2025, with a sharp increase in the Rail and Stringing equipment segments and an increase in the Trencher division, thereby reinforcing expectations of continued growth for the remainder of the financial year.

Overall, the trends described above support a **positive scenario for the current financial year**, with the Energy segment continuing on its structural growth, the Rail division performing as expected in the first half of the year but expected to grow in the second half thanks to new work orders entering the implementation phase, and the Trencher segment continuing to develop. For the whole of 2026, the Tesmec Group confirms its expectations of growth in the key financial indicators and a further reduction in net financial indebtedness, with a gradual acceleration over the course of the year compared to the first half, supported by a strong competitive position and favourable prospects in the energy and infrastructure markets.

2.2 Results of the first half of 2026

Consolidated Revenues for the first half of 2026 amounted to Euro 144.2 million, up 12.2% compared to Euro 128.6 million in 2025, with EBITDA that stood at Euro 24.3 million, up 14.7% compared to Euro 21.2 million in the same period of the previous year.
More specifically:

- with regard to the **Energy segment** (which comprises the Stringing Equipment and Automation segments), Revenues in the first half of 2026 amounted to Euro 60.2 million, increasing by 38.8% compared to Euro 43.4 million as at 30 June 2025. The positive performance was driven by significant growth in the Stringing segment, supported by demand that remains robust and expanding in a market with favourable prospects – where Tesmec's solutions are well positioned – and by a strong sales pipeline. The Automation segment also made a positive contribution, with an increase in turnover deriving from the progressive implementation of the order backlog, building on progress made in previous financial years. In particular, the Stringing equipment segment recorded revenues of Euro 42.8 million in the first half of 2026, up by 49.6% compared to Euro 28.6 million as at 30 June 2025, while the Automation segment reported revenues of Euro 17.4 million, up 17.9% compared to Euro 14.8 million as at 30 June last year. EBITDA for the Energy segment reached Euro 13.7 million (with an EBITDA margin of 22.8%), up 74.0% from Euro 7.9 million in the first half of 2025 (when the EBITDA margin was 18.2%).
  Improvement in margins:
  - was mainly driven by the Stringing equipment segment, which recorded 101.8% increase in EBITDA compared to 2025, with an EBITDA margin rising from 17.7% as at 30 June 2025 to 23.9% as at 30 June 2026. This result was made possible by (i) an improved product mix, (ii) efficiency measures implemented throughout the supply chain and at an operational level, including the concentration of production in the Stringing equipment segment at the Grassobbio factory, which continued to contribute to an improvement in operating margins, (iii) the operating leverage generated by higher volumes, against fixed costs that grew less than proportionally with respect to Revenues, as well as (iv) the growth in the result generated by the 50% JV Condux International, operating in the United States and consolidated on a 50% basis, considering only the relevant net result.
  - benefited from a positive impact in terms of both product mix and operating leverage also from the Automation segment, whilst it looks forward to reaping in the coming quarters the benefits deriving from the new long-term contracts acquired in 2025, while at the same time aiming to capitalise on further market opportunities; in particular, half-year EBITDA for the Automation segment reached Euro 3.5 million, up 24.0% from Euro 2.8 million recorded in the same period of 2025, with the EBITDA margin rising from 19.1% to 20.0%.

  At the same time, the commercial activities of the Energy segment confirm a growing trend, with an order backlog of approximately Euro 238 million as at 30 June 2026, compared to approximately Euro 227.4 million as at 30 June 2025 and to approximately Euro 227.5 million as at 31 December 2025, of which approximately Euro 175 million refer to the Automation segment (with a multi-year duration, confirming the expected growth of this segment in the medium term), which entered the implementation phase, and approximately Euro 63 million to the Stringing equipment segment (traditionally with a short-term duration), representing a significant increase compared to 31 December 2025 where they were, respectively, approximately 186 million euros and approximately 42 million euro.

- with reference to the **Trencher segment**, Revenues as at 30 June 2026 amounted to Euro 63.3 million, up 5.2% from Euro 60.2 million as at 30 June 2025. This change reflects mixed trends across strategic markets, with growth in the US, European and South American markets more than offsetting a weak start to the year in Australia (as a carry-over effect from the latter part of 2025), West Africa and the Middle East. EBITDA for the period amounted to Euro 9.1 million (with an EBITDA margin of 14.3%) – in line with Euro 9.1 million as at 30 June 2025 (when the EBITDA margin stood at 15.1%) – mainly due to the joint venture in France still not making a positive contribution (now consolidated at 50% at Group EBITDA level, while in the previous financial year its results were

recorded under the item Net loss for the period from assets held for sale at IFRS5 level), which was essentially offset by the trend in the product mix compared to the increase in volumes.
It should also be noted that the figures for the Trencher division show an upward trend in the first half of 2026, compared to the first half of 2025. This, together with rising production volumes and the acquisition of new orders, confirms expectations of a recovery in the segment across the main strategic markets for the rest of the year.

The order backlog of the Trencher division is growing, standing at approximately Euro 81 million as at 30 June 2026, compared to Euro 65.7 million as at 30 June 2025 and approximately Euro 72.1 million as at 31 December 2025. Note that the order backlog in the Trencher segment is essentially short-term in nature and will therefore be largely fulfilled within the current financial year;

- with regard to the **Rail segment**, Revenues as at 30 June 2026 stood at Euro 20.7 million, down 17.3% compared to Euro 25.0 million recorded as at 30 June 2025. This reduction was in line with expectations for the first half of the financial year and was due to the expected slowdown in industrial production following the completion of older work orders; at the same time, a trend towards securing new and significant tenders began, generating initial collections, with positive growth prospects for the second half of the financial year as these new work orders enter the implementation phase. As a result of lower volumes and the impact of the product mix, the segment's EBITDA as at 30 June 2026 stood at Euro 1.5 million, with an EBITDA margin of 7.2% (compared to Euro 4.2 million and 16.9% as at 30 June 2025). The multi-year order backlog as at 30 June 2026 amounted to approximately Euro 179 million, up compared to both approximately Euro 103 million as at 30 June 2025 and approximately Euro 117 million as at 31 December 2025. Furthermore, Tesmec believes it is likely that the trend towards winning new tenders will lead to further increases during the year.

The results of the first half of 2026, in line with the trend already observed for the entire 2025 financial year, show – net of the half-year performance of the Rail segment – a gradual rebalancing of the contribution of the various Divisions to the consolidated results, with a greater contribution from the Energy segment, which increased its share of consolidated Revenues from approximately 34% in 2025 to approximately 42% in 2026, and its share of consolidated EBITDA from approximately 37% in 2025 to approximately 56% in 2026.

	% Revenues out of the total		**% EBITDA out of the total**	
	H1-2026	**H1-2025**	**H1-2026**	**H1-2025**
Trencher	43.9%	46.8%	37.4%	42.8%
Energy	41.7%	33.7%	56.5%	37.2%
Rail	14.4%	19.5%	6.1%	20.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

With reference to the Group Operating Income (EBIT) as at 30 June 2026, it amounted to Euro 13.5 million, up 25.1% compared to Euro 10.8 million in 2025, despite higher amortisation/depreciation for the period.

From a financial perspective, in the first half of 2026, the Tesmec Group recorded a level of net interest expense in line with that of 2025 (Euro -7.8 million) due to a higher average rate applied, despite a lower level of debt at the end of the period, thus generating a **Pre-tax profit before changes in exchange rates of approximately Euro 5.7 million**, compared to the Euro 2.9 million as at 30 June 2025.

Considering the impact of fluctuations in exchange rates – as is customary, largely unrealised – amounting to a positive contribution of Euro 1.2 million as at 30 June 2025, a significant improvement on the loss of Euro -2.8 million in 2025, the Tesmec Group closed the 2025 financial year with a **Pre-tax profit/(loss) of Euro 6.9 million**, compared to a break-even figure of Euro 0.1 million as at 30 June 2025, thus recording a total improvement of approximately Euro 6.8 million on a half-year basis.

Finally, the Income Statement for the first half of 2026 closed with a **Net profit of Euro 4.5 million**, a significant improvement compared to the loss of -0.5 million in the first half of 2025 (a period that had includes a loss of -0.4 million from assets then being disposed of).

Based on the comments provided regarding the performance of the individual divisions, it should be noted that the Tesmec Group's total order backlog as at 30 June 2025 stood at approximately Euro 498 million, increasing significantly compared both to approximately Euro 396 million as at 30 June 2025 and to approximately Euro 416 million as at 31 December 2025.

With reference to the financial results as at 30 June 2026, the following changes were noted compared to 31 December 2025:

- a reduction in Net invested capital of Euro 3.2 million, falling from Euro 204.2 million as at 31 December 2025 to Euro 201 million as at 30 June 2026, mainly due to a reduction in working capital, driven by initial collections from newly acquired work orders;
- a further improvement in the Net Financial Position (net debt), from Euro 130.4 million as at 31 December 2025 to Euro 120.3 million as at 30 June 2026, and with
- an increase in Equity to Euro 80.8 million, compared to Euro 73.7 million as at 31 December 2025.

Moreover, with regard to the Net Financial Position as at 30 June 2026:

- note that, compared to the peak of 30 June 2024 (Euro 183.6 million since at the time it included Groupe Marais SAS), it improved by Euro 63.3 million;
- note that, compared to 30 June 2025 (Euro 146.4 million), it improved by Euro 26.1 million.

With reference to Tesmec's financial structure as at 30 June 2026, it should be noted that:

1. the Net Financial Position consists of:
   - Euro 64,3 million (approximately 54% of total NFP) of operating debt[1], i.e. debt that is essentially self-liquidating, against consolidated Working Capital;
   - Euro 24.3 million (approximately 20% of total NFP) against the recognition of a loan relating to IFRS 16, mainly against leasing contracts for part of the Group's trenching machines and the value of rents;
   - the residual Euro 31,7 million (approximately 26% of total NFP) of industrial debt[2], i.e. debt that is not self-liquidating, for the portion of the fixed assets not directly covered by Equity;
2. the duration of the Net Financial Position, which includes medium/long-term payables of Euro 71.3 million, value already net of instalments due to be repaid over the next 12 months, and IFRS 16 items of Euro 24.3 million, appears more than consistent with the duration of the portion of medium/long-term Assets not covered by Shareholders' Equity, amounting to Euro 56.0 million;
3. as at 30 June 2026, the Group had liquidity, which, together with expected cash flows for the year and the negotiation and obtaining of credit lines, net of those due to expire, and guarantees for advance payments, is estimated to guarantee financial continuity for the next 12 months and the implementation of ongoing development programmes.

2.3 Outlook for 2026

The final data for the first half of the year show that Tesmec has not been adversely affected by tariff policies in the United States. The direct impact of the international crises in Ukraine and the Strait of Hormuz has also been limited. However, concerns remain about the possible repercussions of inflation levels exceeding the targets set by Central Banks.
With reference to the entire 2026, despite the uncertainty caused by the international and macroeconomic context, growth is expected to be driven by opportunities in sectors led by the energy transition, with significant prospects related to the backlog of the Automation segment, the growing demand for Stringing equipment solutions, the internalisation strategy of the Rail segment and the positive outlook for cable laying and surface mining technologies for the Trencher segment. Thanks to its international presence and current production structure with plants in both Italy and the USA, the Group also believes that it will be able to respond with the necessary flexibility to the challenges posed by the current evolving scenario in the USA, which is also characterised by considerable uncertainty.
Following the recent resurgence of tensions in the Persian Gulf, the highly volatile nature of the situation makes it difficult to predict any potential effects on logistics, energy costs and local investment. The Group has already begun to diversify its port operations in order to minimise delays,and is working with customers to share the additional logistics costs. In terms of energy, Tesmec is not an energy-intensive company and benefits from the 1.8 MW photovoltaic system in Grassobbio, which reduces its exposure to market prices.

[1] Operating debts are net short-term liabilities arising from normal business operations, and are intended to correspond, on the liability side, to the value of working capital on the asset side.

[2] Industrial debt measures the ability of a company to measure its industrial operations (production, investments, working capital) using borrowed capital.

Management remains committed to prioritising profitability and cash generation over volume, while continuing to pursue strategic initiatives to strengthen the industrial base and increase the efficiency of invested capital. Therefore, for the full year 2026, the Tesmec Group confirms its expectations of growth in the main income statement indicators and a further reduction in Net Financial Indebtedness as at 30 June 2026.

3 Significant events during the period

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

- on 5 March 2026, the subsidiary Tesmec Rail S.r.l. was awarded two contracts with SŽ-Infrastruktura d.o.o., the company responsible for traffic management, maintenance and the operation of the public rail network in Slovenia.
  The two contracts with a duration of 4.5 years each and a total value of Euro 71 million, cover the supply of 21 technological vehicles to support the management, maintenance and safety of Slovenia's rail infrastructure, in line with European standards. The orders confirm the Group's ability to transform the know-how gained in Italy into competitive solutions on a European scale, capitalising on the investments made on the platform, which is now used as a modular and scalable product across multiple markets in the rail segment;

- on 9 April 2026, the parent company Tesmec S.p.A. and the University of Bergamo signed a five-year collaboration agreement with the aim of promoting Bergamo as a region actively involved in developing valuable relations between research, industry, innovation and skilled employment. The agreement establishes a joint Technical and Scientific Committee and provides for teaching, advanced training, internships, research projects and participation in national and international calls for proposals;

- on 21 April 2026, the Shareholders' Meeting of Tesmec Rail S.r.l. approved the distribution of dividends in the amount of Euro 800 thousand;

- on 22 April 2026, the Shareholders' Meeting of Automation S.r.l. approved the distribution of dividends in the amount of Euro 500 thousand;

- on 23 April 2026, the Ordinary Shareholders' Meeting of Tesmec S.p.A. met electronically in a single call and approved the Financial Statements as at 31 December 2025 and the allocation of the Net Profit. During the Shareholders' Meeting, the Consolidated Financial Statements as at 31 December 2025 of the Tesmec Group and the related reports were presented, including the Consolidated Sustainability Report;

- in April 2026, Tesmec, through its subsidiary Tesmec Rail S.r.l., obtained its first ETCS Level 2 certification for on-track machines in the Czech Republic and the first certifications required to operate on the French rail network, thereby strengthening the Group's international expansion into the main European rail markets;

- on 1 June 2026, the increase in voting rights in respect of 292,834,678 Tesmec ordinary shares took effect, pursuant to Article 127-quinquies of the Consolidated Law on Finance (TUF) and in accordance with the provisions of the Articles of Association, resulting in a change in the total voting rights from 606,460,200 to 899,294,878;

- On 29 June 2026, the subsidiary Marais Technologies SAS sold its entire 99% shareholding in the company Loire Sarthe Immobilier SCI to the related party M.T.S. Officine meccaniche S.p.A. for Euro 990, corresponding to the book value. Consequently, that company has been excluded from the scope of consolidation. For further details, please refer to paragraph *22 Related party transactions* of the explanatory notes.

- on 29 June 2026, the parent company Tesmec S.p.A. bought back the 49% stake in Tesmec SA (Pty) Ltd. held by Simest S.p.A. Since the shareholdings held by Simest S.p.A. are treated as a loan, this transaction did not entail any changes in the scope of consolidation.

4 Activity, reference market and operating performance for the first six months of 2026

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"), issued by the International Accounting Standards Board and adopted by the European Union, in effect as at 31 December 2025. The following table shows the Group's major income statement indicators for the first six months of 2026 and the financial position indicators as at 30 June 2026 compared with the same period of 2025 and as at 31 December 2025.

	OVERVIEW OF RESULTS	
30 June 2025	**Key income statement data** (Euro in millions)	**30 June 2026**
128.6	Operating Revenues	144.2
21.2	EBITDA	24.3
10.8	Operating Income	13.5
(2.8)	Net foreign exchange gains/losses	1.2
(0.2)	Group Net Result	4.3
8.6	Net investments in property, plant and equipment, intangible assets and rights of use	9.4
1,013	Number of employees	937
31 December 2025	**Key financial position data** (Euro in millions)	**30 June 2026**
204.2	Net Invested Capital	201.0
73.7	Shareholders' Equity	80.8
130.4	Net Financial Indebtedness	120.3

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 2026, it generated revenues of Euro 23,209 thousand (Euro 21,743 thousand as at 30 June 2025). 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 2026, it generated revenues of Euro 19,503 thousand (Euro 25,105 thousand as at 30 June 2025).

- 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 2026, it generated revenues of Euro 17,439 thousand (Euro 14,798 thousand as at 30 June 2025).

- 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 2026, it generated revenues of Euro 4,342 thousand (Euro 6,727 thousand as at 30 June 2025).

- 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 2026, it generated revenues of Euro 5,681 thousand (Euro 5,002 thousand as at 30 June 2025).

Joint Ventures

- Condux Tesmec Inc, a joint venture that is 50% owned by Tesmec S.p.A. and 50% by American shareholder Condux, based in Mankato (USA), has been active since June 2009 in selling products for the North American stringing equipment market. The company has been consolidated using the equity method and during the first half of 2026 generated revenues totalling Euro 19,132 thousand (Euro 6,668 thousand as at 30 June 2025).

- Groupe Marais SAS, with registered office in Durtal (France), a Joint Venture 50% indirectly owned by Tesmec S.p.A., through the holding company Marais Technologies SAS. The French company operates in the construction of machines for infrastructures and in services for telecommunications, electricity and gas. In the first half of 2026, it generated revenues of Euro 7,013 thousand (Euro 5,954 thousand as at 30 June 2025).

5 Income statement and statement of financial position situation as at 30 June 2026

5.1 Alternative performance measures

In this section, a number of Alternative Performance Measures not envisaged by IFRS (non-GAAP measures) and used by the directors in order to allow a better assessment of the Group's operating performance are illustrated. The Alternative Performance Measures are constructed exclusively from the Group's historical accounting data and are determined in accordance with the provisions of the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 as per CONSOB Communication no. 92543 of 3 December 2015.

The Alternative Performance Measures shown below are not audited and should not be interpreted as indicators of the Group's future performance:

- EBITDA: it is represented by the operating income including amortisation/depreciation and can be directly inferred from the consolidated income statement.
- Net working capital: it is calculated as current assets net of current liabilities excluding financial assets and financial liabilities and can be directly inferred from the consolidated 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 no. 5/21 of 29 April 2021).

5.2 Income from operations

Consolidated income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 30 June 2026 with those as at 30 June 2025.

The main accounting figures for the first six months of 2026 and 2025 are presented in the table below:

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Revenues from sales and services	**144,216**	**100.0%**	**128,584**	**100.0%**	**15,632**
Cost of raw materials and consumables	(67,755)	-47.0%	(58,297)	-45.3%	(9,458)
Costs for services	(29,139)	-20.2%	(23,799)	-18.5%	(5,340)
Payroll costs	(29,119)	-20.2%	(27,332)	-21.3%	(1,787)
Other net operating costs/revenues	(4,226)	-2.9%	(3,439)	-2.7%	(787)
Amortisation/Depreciation	(10,804)	-7.5%	(10,403)	-8.1%	(401)
Development costs capitalised	8,149	5.7%	5,156	4.0%	2,993
Portion of losses/(gains) deriving from the measurement of operational Joint Ventures	2,143	1.5%	291	0.2%	1,852
Total operating costs	**(130,751)**	**-90.7%**	**(117,823)**	**-91.6%**	**(12,928)**
Operating income	**13,465**	**9.3%**	**10,761**	**8.4%**	**2,704**
Net financial income/expenses	(7,852)	-5.4%	(7,803)	-6.1%	(49)
Net foreign exchange gains/losses	1,234	0.9%	(2,832)	-2.2%	4,066
Portion of losses/(gains) deriving from the measurement of associated companies and non-operational Joint Ventures	9	0.0%	(34)	0.0%	43
Pre-tax profit/(loss)	**6,856**	**4.8%**	**92**	**0.1%**	**6,764**
Income tax	(2,390)	-1.7%	(192)	-0.1%	(2,198)
Net profit/(loss) for the period of continuing operations	**4,466**	**3.1%**	**(100)**	**-0.1%**	**4,566**
Net loss for the period of assets held for sale	**-**	**0.0%**	**(439)**	**-0.3%**	**439**
Profit/(loss) for the period	**4,466**	**3.1%**	**(539)**	**-0.4%**	**5,005**
Profit/(loss) attributable to non-controlling interests	164	0.1%	(344)	-0.3%	508
Group profit/(loss)	**4,302**	**3.0%**	**(195)**	**-0.2%**	**4,497**

Revenues

Total revenues as at 30 June 2026, compared to the corresponding period of the previous year, recorded an increase of 12.2%.

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Sales of products	138,971	96.4%	85,028	66.1%	53,943
Services rendered	17,524	12.2%	19,900	15.5%	(2,376)
Changes in work in progress	(12,279)	-8.5%	23,656	18.4%	(35,935)
Total revenues from sales and services	**144,216**	**100.0%**	**128,584**	**100.0%**	**15,632**

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 (by 78.9%) and in particular in non-EU countries. The revenue analysis by area is indicated below with the comparison of the figures for the first half of 2026 with those for the first half of 2025. Growth was mainly driven by the North and Central American markets.

It is emphasised that the segmentation by geographic area is determined by the country where the customer is located, regardless of where project activities/sales are organised.

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Italy	30,468	21.1%	30,138	23.4%	330
Europe	23,553	16.3%	23,137	18.0%	416
Middle East	19,711	13.7%	15,422	12.0%	4,289
Africa	15,328	10.6%	19,971	15.5%	(4,643)
North and Central America	24,296	16.8%	20,433	15.9%	3,863
BRIC and Others	30,860	21.4%	19,483	15.2%	11,377
Total revenues	**144,216**	**100.0%**	**128,584**	**100.0%**	**15,632**

Operating costs net of depreciation and amortisation

Operating costs net of depreciation and amortisation as at 30 June 2026, compared to the corresponding period of the previous year, recorded an increase of 11.6%.

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Cost of raw materials and consumables	(67,755)	-47.0%	(58,297)	-45.3%	(9,458)
Costs for services	(29,139)	-20.2%	(23,799)	-18.5%	(5,340)
Payroll costs	(29,119)	-20.2%	(27,332)	-21.3%	(1,787)
Other net operating costs/revenues	(4,226)	-2.9%	(3,439)	-2.7%	(787)
Development costs capitalised	8,149	5.7%	5,156	4.0%	2,993
Portion of losses/(gains) deriving from the measurement of operational Joint Ventures	2,143	1.5%	291	0.2%	1,852
Operating costs net of depreciation and amortisation	**(119,947)**	**-83.2%**	**(107,420)**	**-83.5%**	**(12,527)**

The table shows an increase in operating costs of Euro 12,527 thousand. This increase in costs reflects:

- with regard to raw materials, consumables and services, the increase in sales, with different product mixes;
- with regard to results from Joint Ventures, the positive performance of the associate Condux Tesmec Inc.

EBITDA

As a result of the foregoing, EBITDA amounted to Euro 24,269 thousand, up compared to the figure recorded in the first half of 2025 when it was equal to Euro 21,164 thousand.
A restatement of the income statement figures representing the performance of EBITDA is provided below:

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Operating income	13,465	9.3%	10,761	8.4%	2,704
+ Amortisation/depreciation	10,804	7.5%	10,403	8.1%	401
EBITDA	**24,269**	**16.8%**	**21,164**	**16.5%**	**3,105**

The increase in gross operating margin reflected trends in production volumes and mix, and was the result of an increase in margins and profitability in the Energy segment, both in absolute terms and in terms of margins compared to Revenues, against a negative half-year performance in the EBITDA of the Rail segment and an EBITDA of the Trencher segment that remained stable in absolute terms compared to the first half of 2025.

Financial Management

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Net financial income/expenses	(8,118)	-5.6%	(7,794)	-6.1%	(324)
Net foreign exchange gains/losses	1,234	0.9%	(2,832)	-2.2%	4,066
Fair value adjustment of derivative instruments on exchange rates	266	0.2%	(9)	0.0%	275
Portion of losses/(gains) deriving from the measurement of associated companies and non-operational Joint Ventures	9	0.0%	(34)	0.0%	43
Total net financial income/expenses	**(6,609)**	**-4.6%**	**(10,669)**	**-8.3%**	**4,060**

The net financial management result increased compared to the same period in the previous financial year by a total of Euro 4,060 thousand, due to:

- a positive impact from Foreign exchange gains/losses of Euro 4,066 thousand, resulting from the favourable trend of exchange rates as at 30 June 2026 compared to 31 December 2025, which resulted in net gains totalling Euro 1,234 thousand (largely unrealised) compared to net losses of Euro 2,832 thousand (also largely unrealised);
- a positive impact of Fair value adjustment of derivative instruments on interest rates of Euro 275 thousand.

5.3 Income Statement by segment

Revenues by segment

The tables below show the income statement figures as at 30 June 2026 compared to those as at 30 June 2025, broken down into the three operating segments.

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Energy	60,191	41.7%	43,369	33.7%	16,822
Trencher	63,316	43.9%	60,176	46.8%	3,140
Rail	20,709	14.4%	25,039	19.5%	(4,330)
Total Revenues	**144,216**	**100.0%**	**128,584**	**100.0%**	**15,632**

In the first six months of 2026, the Group consolidated revenues of Euro 144,216 thousand, with an increase of Euro 15,632 thousand (equal to 12.2%) compared to Euro 128,584 thousand in the same period of the previous year.

- The Energy segment recorded revenues of Euro 60,191 thousand, up by approximately 38.8% compared to Euro 43,369 thousand as at 30 June 2025. The positive performance was driven by significant growth in the Energy-Stringing segment, supported by demand that remains robust and expanding in a market with favourable prospects – where Tesmec's solutions are well positioned – and by a strong sales pipeline. The Energy-Automation segment also made a positive contribution, with an increase in turnover deriving from the progressive implementation of the order backlog, building on progress made in previous financial years. More specifically, it should be noted that the Energy-Stringing segment achieved revenues of Euro 42,762 thousand in the first half of 2026 compared to Euro 28,589 thousand in the same period of 2025 (+49.6%), while the Energy-Automation segment achieved revenues of Euro 17,429 thousand, compared to Euro 14,780 thousand as at 30 June 2025 (+17.9%).
- The Trencher segment recorded revenues of Euro 63,316 thousand, up by 5.2% compared to Euro 60,176 thousand as at 30 June 2025. This change reflects mixed trends across strategic markets, with growth in the US, European and South American markets more than offsetting a weak start to the year in Australia (as a carry-over effect from the latter part of 2025), West Africa and the Middle East.
- The Rail segment recorded revenues of Euro 20,709 thousand, down by approximately 17.3% compared to Euro 25,039 thousand as at 30 June 2025. This reduction was in line with expectations for the first half of the financial year and was due to the expected slowdown in industrial production following the completion

of older work orders; at the same time, a trend towards securing new and significant tenders began, generating initial collections, with positive growth prospects for the second half of the financial year as these new work orders enter the implementation phase.

EBITDA by segment

The tables below show the income statement figures as at 30 June 2026 compared to those as at 30 June 2025, broken down into the three operating segments:

(Euro in thousands)	Half-year ended 30 June				
	2026	% of revenues	2025	% of revenues	2026 vs 2025
Energy	13,707	22.8%	7,878	18.2%	5,829
Trencher	9,076	14.3%	9,058	15.1%	18
Rail	1,486	7.2%	4,228	16.9%	(2,742)
EBITDA	**24,269**	**16.8%**	**21,164**	**16.5%**	**3,105**

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

- Energy: EBITDA increased from Euro 7,878 thousand as at 30 June 2025 to Euro 13,707 thousand as at 30 June 2026. The improvement was driven mainly by the Energy-Stringing segment, made possible by (i) an improved product mix, (ii) efficiency measures implemented throughout the supply chain and at operational level, including the concentration of production in the Stringing equipment segment at the Grassobbio factory, which continued to contribute to the improvement in operating margins, (iii) the operating leverage generated by higher volumes, against fixed costs that grew less than proportionally with respect to Revenues, as well as (iv) the growth of the result generated by the 50% JV Condux International, operating in the United States and consolidated on a 50% basis, considering only the relevant net result. The Energy-Automation segment also benefited from a positive impact in terms of both product mix and operating leverage, whilst it looks forward to reaping in the coming quarters the benefits deriving from the new long-term contracts acquired in 2025, while at the same time aiming to capitalise on further market opportunities.
- Trencher: EBITDA rose from Euro 9,058 thousand as at 30 June 2025 to Euro 9,076 thousand as at 30 June 2026 mainly due to the joint venture in France still not making a positive contribution (now consolidated at 50% at Group EBITDA level, while in the previous financial year its results were recorded under the item Net loss for the period from assets held for sale at IFRS5 level), which was essentially offset by the trend in the product mix compared to the increase in volumes.
- Rail: EBITDA increased from Euro 4,228 thousand as at 30 June 2025 to Euro 1,486 thousand as at 30 June 2026. As described in the previous paragraph, this reduction was in line with expectations for the first half of the financial year and was due to the expected slowdown in industrial production following the completion of older work orders.

5.4 Statement of financial position and financial profile

Information is provided below on the Group's main equity indicators as at 30 June 2026 compared to 31 December 2025. In particular, the following table shows the reclassified funding sources and uses of the consolidated statement of financial position as at 30 June 2026 and as at 31 December 2025:

(Euro in thousands)	As at 30 June 2026	As at 31 December 2025	2026 vs 2025
USES			
Net working capital	64,265	71,798	(7,533)
Fixed assets	117,532	116,847	685
Other long-term assets and liabilities	19,251	15,520	3,731
Net invested capital	**201,048**	**204,165**	**(3,117)**
SOURCES			
Net financial indebtedness	120,263	130,435	(10,172)

Shareholders' equity	80,785	73,730	7,055
Total sources of funding	**201,048**	**204,165**	**(3,117)**

A) Net working capital

The table below shows a breakdown of "Net Working Capital" as at 30 June 2026 and as at 31 December 2025:

(Euro in thousands)	**As at 30 June 2026**	**As at 31 December 2025**	**2026 vs 2025**
Trade receivables	72,918	61,089	11,829
Work in progress contracts	30,603	34,251	(3,648)
Inventories	101,889	87,664	14,225
Trade payables	(106,588)	(103,782)	(2,806)
Other current assets/(liabilities) [3]	(34,557)	(7,424)	(27,133)
Net working capital	**64,265**	**71,798**	**(7,533)**

Net working capital, amounting to Euro 64,265 thousand, decreased by Euro 7,533 thousand (equal to -10.5%) compared to 31 December 2025. This performance is mainly due to the increase in the item "Other current assets/(liabilities)" of Euro 27,133 thousand, thanks to the advances received on new orders, offset by the increase in the item "Inventories" of Euro 14,225 thousand.

B) Fixed assets

The table below shows a breakdown of "Fixed assets" as at 30 June 2026 and as at 31 December 2025:

(Euro in thousands)	**As at 30 June 2026**	**As at 31 December 2025**	**2026 vs 2025**
Intangible assets	48,591	46,430	2,161
Property, plant and equipment	36,412	37,384	(972)
Rights of use	17,893	19,826	(1,933)
Equity investments in associates	14,594	13,165	1,429
Other equity investments	42	42	-
Fixed assets	**117,532**	**116,847**	**685**

Total *fixed assets* recorded a net increase of Euro 685 thousand compared to 31 December 2025 mainly due to the increase in Intangible assets of Euro 2,161 thousand.

C) Net financial indebtedness

The table below shows a breakdown of "Net financial indebtedness" as at 30 June 2026 and as at 31 December 2025:

(Euro in thousands)	**As at 30 June 2026**	***of which with related parties and group***	**As at 31 December 2025**	***of which with related parties and group***
Cash and cash equivalents	(36,835)		(40,560)	

[3] The Other current assets/(liabilities) include Tax receivables, Other current assets, Advances from customers, Income taxes payable, Provisions for risks and charges and Other current liabilities.

Current financial assets [4]	(36,059)	*(5,446)*	(22,384)	*(6,178)*
Current financial liabilities	97,450	*2,619*	83,891	*2,516*
Current financial liabilities from rights of use	8,752	*1,894*	9,624	*3,042*
Current portion of derivative financial instruments	14		-	
Current financial indebtedness	**33,322**	***(933)***	**30,571**	***(620)***
Non-current financial liabilities	71,336		81,762	
Non-current financial liabilities from rights of use	15,591	*886*	18,019	*490*
Non-current portion of derivative financial instruments	14		83	
Trade payables and other non-current payables	-		-	
Non-current financial indebtedness	**86,941**	***886***	**99,864**	***490***
Net financial indebtedness pursuant to ESMA 32-382-1138 Communication	**120,263**	***(47)***	**130,435**	***(130)***
Trade payables and other non-current payables	-		-	
Group net financial indebtedness	**120,263**	***(47)***	**130,435**	***(130)***

The net financial indebtedness excluding the IFRS 16, as at 30 June 2026, is equal to Euro 95,920 thousand with a decrease of Euro 6,872 thousand compared to the end of 2025.

The net financial indebtedness of the Group as at 30 June 2026 decreased by Euro 10,172 thousand compared to the end of 2025 (-7.8%).

The table below shows the breakdown of the changes:

- increase in current financial indebtedness of Euro 2,751 thousand due to the:
  - decrease in cash and cash equivalents and current financial assets of Euro 9,950 thousand;
  - increase in current financial liabilities of Euro 13,559 thousand due to the effect of the short-term reclassification of the portions to be reimbursed in 2026, offset by the reimbursement of portions in the period;
- decrease in medium/long-term financial indebtedness of Euro 12,923 thousand, due to the short-term reclassification referred to in the previous point.

Some existing loan agreements and bond issues contractually provide for the annual calculation of the financial covenants based on net financial indebtedness calculated on the consolidated financial statements as at 31 December and prior to the application of IFRS 16.
In light of the Forecast's forecasts, the financial covenants are also expected to be met on a prospective basis.

The loan agreement of the subsidiary Tesmec USA, Inc. also provides for financial covenants to be calculated quarterly on the data of the combined financial statements of the Group's US subsidiaries. As at 30 June 2026, these parameters were met.

Please refer to the following paragraph *21 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 2025.

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 2025, where the Group's policies in relation to the management of financial risks are presented.

[4] The Current financial assets include Other available-for-sale securities and Financial receivables and other current financial assets.

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 2026, no transactions took place with related parties of an atypical or unusual nature, outside of normal company operations or such as to harm the economic, equity, and financial situation 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 2026, including the employees of companies that are fully consolidated, is 937 persons compared to 1,013 in 2025.

9 Other information

Events occurring after the end of the reporting period

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

- in July 2026, Tesmec was included among the 100 SMEs listed on Borsa Italiana that make up the Intermonte Valore Italia Index. This index was launched on 1 July 2026 as part of the PMI2Change project of Banca Generali. The Index focuses on SMEs with a capitalisation of less than Euro 1 billion that are not included in the FTSE MIB. Its purpose is to raise the profile of Italy's listed small and medium-sized enterprises, offering domestic and international investors a benchmark for the country's real economy and broadening investment opportunities compared to traditional indexes;

- on 15 July 2026, Caterina Caccia Dominioni, Chief Executive Officer of Tesmec S.p.A., was appointed Vice Chairperson of ANIE Assifer, the Association of Italian Railway Engineers, which forms part of the ANIE Federation, with responsibility for institutional relations for the two-year period from 2026 to 2028. This appointment recognises Tesmec's role in the Italian rail segment, where the Group is involved in designing, producing and maintaining systems and technologies for rail infrastructure, with production sites in Monopoli and Bitetto (Bari) dedicated to the Rail division;

- on 21 July 2026, Tesmec, through its subsidiary Tesmec Rail S.r.l., and the Politecnico di Bari signed a three-year collaboration agreement aimed at developing joint engineering projects in the fields of rail innovation, sustainability and the digitalisation of infrastructure. The agreement was signed in the Rector's Office at the Politecnico di Bari, in the presence of Rector Umberto Fratino and the Group's CEO, Caterina Caccia Dominioni. It sets out two key strategic guidelines: the development of innovative, environmentally friendly rolling stock for the construction, maintenance and diagnostics of rail infrastructure; and the design of diagnostic systems and data management platforms for infrastructure monitoring.

Business outlook

In the current global economic context, Tesmec Group reaffirms its commitment to the energy and strategic infrastructure sectors, driven by structural macro-trends such as electrification, digitalization, and network modernization. These dynamics represent key drivers of sustainable, innovation-oriented growth, pursued by the Group through a long-term vision and rigorous operational discipline. The combination of strong industrial know-how and continuous investment in R&D activities enables Tesmec to develop high value-added solutions characterized by sustainability, safety and end-to-end digitalization. Growing investments in energy infrastructure, both conventional and renewable, represents a tangible opportunity for the Group, which benefits from a distinctive market positioning based on its proprietary technologies for overhead and underground stringing operations and smart grids, which are becoming increasingly critical to ensuring efficient, safe and digital power networks.
In the Railway sector, Tesmec continues to strengthen its international presence, benefitting from global network modernization programs and increasing demand for the digitalization of railway infrastructure. In this context, the Group solutions, particularly those dedicated to diagnostics, are playing an increasingly strategic role in supporting the transformation of the industry. With regard to Trencher technologies, end-use markets continue to offer positive growth prospects, supported by the strong expansion of solar and wind energy, the deployment of underground power cables, increasing connectivity requirements driven by data centers, and robust demand for transportation

and pipeline infrastructure. In this environment, significant opportunities are emerging in mechanized installation and safer, more sustainable mining technologies, areas in which Tesmec has a unique market positioning. At the same time, the Group continues to strengthen its business model by increasing the contribution of services and recurring revenues. This evolution is supported by a synergistic diversification of activities, a well-established international presence and a strong proximity to customers in key markets, with selective expansion in countries offering the most favorable conditions for long-term projects and sustainable value creation. The ESG strategy, fully integrated into the operating model, represents a cross-functional driver of competitiveness, innovation and value generation, strengthening the Group ability to operate sustainably in its target markets. Overall, Tesmec addresses global challenges with a clear, consistent and forward-looking strategy focused on technological innovation, geographic selectivity and the flexibility required to adapt to rapidly evolving environments.

In 2026, Tesmec expects to continue its sustainable growth trajectory, leveraging an order backlog that provides solidity, visibility and continuity of revenue. The revenue mix is expected to continue evolving towards higher value-added solutions and projects. From an operational standpoint, the Group expects further efficiency improvements, supporting margin and the increasing scalability of its industrial model. Financial discipline remains a strategic pillar: optimized working capital management, combined with the expected growth in profitability, is aimed at continuously improving the Net Financial Indebtedness and further strengthening the Group's overall financial solidity. Thanks to its manufacturing footprint in both Italy and the United States, its extensive international presence and a substantial order backlog across all Business Units, Tesmec has the flexibility required to effectively address the challenges of the current market environment.
Accordingly, for the full year 2026Tesmec Group expects growth across its main income statement indicators compared to full year 2025 and a further reduction in Net Financial Indebtedness compared to June 30, 2026, with a progressive acceleration in performance compared to the first half of the year. The Group outlook is supported by the solidity of its order backlog, the visibility of projects currently under execution, and structural market drivers, including investments in energy infrastructure, electrification processes, the growing demand for safety, monitoring and digitalization of strategic infrastructure, as well as the development and modernization of railway networks. These outlooks reflect the Group current assessments and remain subject to evolution in the international macroeconomic and geopolitical contexts, which continue to be closely monitored and which as of today have not resulted in any significant impact on business performance, as well as to uncertainties associated with inflationary dynamics.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL REPORT

Consolidated statement of financial position as at 30 June 2026 and as at 31 December 2025

(Euro in thousands)	Notes	30 June 2026	31 December 2025
NON-CURRENT ASSETS			
Intangible assets	6	48,591	46,430
Property, plant and equipment	7	36,412	37,384
Rights of use	8	17,893	19,826
Equity investments in associates measured using the equity method		14,594	13,165
Other equity investments		42	42
Financial receivables and other non-current financial assets	9	5,964	6,000
Derivative financial instruments	20	232	21
Deferred tax assets		12,396	13,825
Non-current trade receivables		6,118	1,476
Other non-current assets		7	6
TOTAL NON-CURRENT ASSETS		**142,249**	**138,175**
CURRENT ASSETS			
Work in progress contracts	10	30,603	34,251
Inventories	11	101,889	87,664
Trade receivables	12	72,918	61,089
of which with related parties:	*12*	*2,352*	*4,670*
Tax receivables		2,059	2,011
Other available-for-sale securities	20	11,409	302
Financial receivables and other current financial assets	13	24,650	22,082
of which with related parties:	*13*	*5,446*	*6,178*
Other current assets		15,237	16,241
Cash and cash equivalents		36,835	40,560
TOTAL CURRENT ASSETS		**295,600**	**264,200**
TOTAL ASSETS		**437,849**	**402,375**
SHAREHOLDERS' EQUITY			
GROUP SHAREHOLDERS' EQUITY			
Share capital		15,702	15,702
Reserves		57,559	53,362
Group net profit		4,302	1,691
TOTAL GROUP SHAREHOLDERS' EQUITY		**77,563**	**70,755**
Capital and reserves attributable to non-controlling interests		3,058	2,539
Net profit attributable to non-controlling interests		164	436
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**3,222**	**2,975**
TOTAL SHAREHOLDERS' EQUITY		**80,785**	**73,730**
NON-CURRENT LIABILITIES			
Medium/long-term loans	15	66,441	75,907
Non-current bond issue		4,895	5,855
Non-current financial liabilities from rights of use		15,591	18,019
of which with related parties:		*886*	*490*
Derivative financial instruments	20	14	83
Employee benefit liability		3,588	3,934

Deferred tax liabilities		1,878	1,874
TOTAL NON-CURRENT LIABILITIES		**92,407**	**105,672**
CURRENT LIABILITIES			
Interest-bearing financial payables (current portion)	16	95,537	81,989
of which with related parties:	*16*	*2,619*	*2,516*
Bond issue		1,913	1,902
Current financial liabilities from rights of use		8,752	9,624
of which with related parties:		*1,894*	*3,042*
Derivative financial instruments	20	14	-
Trade payables	17	106,588	103,782
of which with related parties:		*3,532*	*12,887*
Advances from customers		32,083	7,650
Income taxes payable		1,801	1,493
Provisions for risks and charges		2,943	2,583
Other current liabilities		15,026	13,950
TOTAL CURRENT LIABILITIES		**264,657**	**222,973**
TOTAL LIABILITIES		**357,064**	**328,645**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**437,849**	**402,375**

Consolidated income statement for the half-year ended 30 June 2026 and 2025

(Euro in thousands)	Notes	Half-year ended 30 June	
		2026	2025
Revenues from sales and services	18	**144,216**	**128,584**
of which with related parties:	*18*	*4,518*	*3,121*
Cost of raw materials and consumables		(67,755)	(58,297)
of which with related parties:		*(27)*	*(8)*
Costs for services		(29,139)	(23,799)
of which with related parties:		*(192)*	*(79)*
Payroll costs		(29,119)	(27,332)
Other net operating costs/revenues		(4,226)	(3,439)
of which with related parties:		*(79)*	*52*
Amortisation/Depreciation		(10,804)	(10,403)
Development costs capitalised		8,149	5,156
Portion of losses/(gains) deriving from the measurement of operational Joint Ventures		2,143	291
Total operating costs	19	**(130,751)**	**(117,823)**
Operating income		**13,465**	**10,761**
Financial expenses		(10,618)	(13,365)
of which with related parties:		*(110)*	*(187)*
Financial income		4,000	2,730
of which with related parties:		*101*	*12*
Portion of losses/(gains) deriving from the measurement of associated companies and non-operational Joint Ventures		9	(34)
Pre-tax profit/(loss)		**6,856**	**92**
Income tax		(2,390)	(192)
Net profit/(loss) for the period of continuing operations		**4,466**	**(100)**
Net loss for the period of assets held for sale		**-**	**(439)**
Net profit/(net loss) for the period		**4,466**	**(539)**
Profit/(loss) attributable to non-controlling interests		164	(344)
Group profit/(loss)		**4,302**	**(195)**
Basic and diluted earnings/(losses) per share		**0.0071**	**(0.0003)**

Consolidated statement of comprehensive income for the half-year ended 30 June 2026 and 2025

(Euro in thousands)	Notes	Half-year ended 30 June	
		2026	**2025**
NET PROFIT/(LOSS) FOR THE PERIOD		**4,466**	**(539)**
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		(202)	(4,689)
Other changes		1,579	(3,329)
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		220	60
Income tax		(53)	(14)
		167	46
Total other income/(losses) after tax		**1,544**	**(7,972)**
Total comprehensive income (loss) after tax		**6,010**	**(8,511)**
Attributable to:			
Shareholders of Parent Company		5,846	(8,167)
Non-controlling interests		164	(344)

Consolidated statement of cash flows for the half-year ended 30 June 2026 and 2025

(Euro in thousands)	Notes	Half-year ended 30 June	
		2026	2025
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) for the period of continuing operations		4,466	(100)
Adjustments to reconcile net income for the period with the cash flows generated by (used in) operating activities:			
Amortisation/Depreciation	6-7-8	10,804	10,403
Provisions for employee benefit liability		921	841
Provisions for risks and charges/inventory obsolescence/doubtful accounts		2,019	1,035
Employee benefit payments		(1,048)	(817)
Payments for provisions for risks and charges		-	(13)
Net change in deferred tax assets and liabilities		1,519	(593)
Change in fair value of financial instruments	20	(266)	(38)
Change in operating assets and liabilities:			
Trade receivables	12	8,653	(4,852)
of which with related parties:	*12*	*2,318*	*(446)*
Inventories	10-11	(10,539)	(13,862)
Trade payables	17	(663)	20,116
of which with related parties:		*(9,355)*	*1,363*
Other current assets and liabilities		2,298	832
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**18,164**	**12,952**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	7	(2,933)	(3,825)
Investments in intangible assets	6	(7,647)	(5,912)
Investments in Rights of use	8	(2,153)	(3,115)
(Investments)/disposals of financial assets		(14,889)	11,610
of which with related parties:		*732*	*624*
Sale of property, plant and equipment, intangible assets and rights of use	6-7-8	3,364	4,205
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		**(24,258)**	**2,963**
CASH FLOW FROM FINANCING ACTIVITIES			
Disbursement of medium/long-term loans	15	1,579	-
of which with related parties:	*15*	*103*	-
Recognition of financial liabilities from rights of use		2,024	5,249
of which with related parties:		*783*	*(1,753)*
Repayment of medium/long-term loans	15	(10,254)	(18,978)
of which with related parties:		*(1,502)*	
Repayment of financial liabilities from rights of use		(4,612)	(8,299)
Net change in short-term financial debt	15	10,663	9,340
of which with related parties:		*(33)*	*(210)*
Other changes		2,624	1,624
NET CASH FLOW GENERATED BY/(USED IN) FINANCING ACTIVITIES (C)		**2,024**	**(11,064)**
NET CASH FLOW GENERATED BY/(USED IN) ASSETS/LIABILITIES HELD FOR SALE (D)		-	**(7,568)**
TOTAL CASH FLOW (E=A+B+C+D)		**(4,070)**	**(2,717)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (F)		345	(733)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (G)		40,560	29,559
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (H=E+F+G)		**36,835**	**26,109**

Additional information:		
Interest paid	8,823	7,730
Income tax paid	302	446

Statement of changes in consolidated shareholders’ equity for the half-year ended 30 June 2026 and 2025

(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 2026	**15,702**	**2,684**	**39,215**	**(2,341)**	**(923)**	**14,727**	**1,691**	**70,755**	**2,975**	**73,730**
Profit/(loss) for the period	-	-	-	-	-	-	4,302	4,302	164	4,466
Other changes	-	-	-	-	1,579	-	-	1,579	-	1,579
Other profits/(losses)	-	-	-	-	(285)	167	-	(118)	83	(35)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**1,294**	**167**	**4,302**	**5,763**	**247**	**6,010**
Allocation of Profit/(Loss) for the period	-		-	-	-	1,691	(1,691)	-	-	-
Other changes	-	-	-	-	-	1,045	-	1,045	-	1,045
Balance as at 30 June 2026	**15,702**	**2,684**	**39,215**	**(2,341)**	**371**	**17,630**	**4,302**	**77,563**	**3,222**	**80,785**

(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 2025	**15,702**	**2,516**	**39,215**	**(2,341)**	**6,293**	**18,324**	**(5,181)**	**74,528**	**3,084**	**77,612**
Profit/(loss) for the period	-	-	-	-	-	-	(195)	(195)	(344)	(539)
Other changes	-	-	-	-	(3,329)	-	-	(3,329)	-	(3,329)
Other profits/(losses)	-	-	-	-	(4,338)	46	-	(4,292)	(351)	(4,643)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(7,667)**	**46**	**(195)**	**(7,816)**	**(695)**	**(8,511)**
Allocation of Profit/(Loss) for the period	-	168	-	-	-	(5,349)	5,181	-	-	-
Other changes	-	-	-	-	-	(263)	-	(263)	(142)	(405)
Change in the consolidation area	-	-	-	-	-	4,516	-	4,516	842	5,358
Balance as at 30 June 2025	**15,702**	**2,684**	**39,215**	**(2,341)**	**(1,374)**	**17,274**	**(195)**	**70,965**	**3,089**	**74,054**

Explanatory Notes

Accounting policies adopted in preparing the consolidated financial statements as at 30 June 2026

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 EURONEXT STAR Milan 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 2026 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union 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 2026 are those adopted for preparing the consolidated financial statements as at 31 December 2025, 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. Should these estimates and assumptions, which are based on the Directors' best assessments, deviate from actual circumstances in the future, 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 2025. The explanatory notes to the financial statements 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.

The interim condensed consolidated financial statements as at 30 June 2026 comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and related explanatory notes. Comparative figures are disclosed as required by IAS 34 (31 December 2025 for the statement of financial position, and the first half of 2025 for the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows).

The condensed consolidated half-year financial statements as of June 30, 2026, have been prepared on a going concern basis, as the Directors have verified the Company and the Group's ability to meet their obligations for the foreseeable future of at least 12 months. This was done by preparing a forecast document reviewed by the Board of Directors on August 5, 2026, on which the Budget forecasts were confirmed. In light of the Forecast and the related sensitivity analyses, the Board of Directors has positively assessed the existence of the going concern requirement, on which basis the half-year report was prepared and approved. Performance deviations from the company's forecasts and the related sensitivity analyses, or possible slowdowns in the completion of the order backlog and consequently in revenue reporting, could result in lower-than-expected results, potentially impacting the Company and the Group's ability to comply with financial covenants.

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 2026 was authorised by the Board of Directors on 5 August 2026.

At the financial statement date, there are outstanding debts owed to the exchequer which were subsequently subject to regularisation.

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 2026. The accounting standards and consolidation methods adopted in preparing these interim condensed consolidated financial statements as at 30 June 2026 are those adopted for preparing the consolidated financial statements as at 31 December 2025 to which reference is made for full details.

As at 30 June 2026, the consolidation area changed with respect to that as at 31 December 2025:

- on 29 June 2026, the subsidiary Marais Technologies SAS sold its entire 99% shareholding in the company Loire Sarthe Immobilier SCI to the related party M.T.S. Officine meccaniche S.p.A. for Euro 990, corresponding to the book value. Consequently, that company has been excluded from the scope of consolidation;

- on 29 June 2026, the parent company Tesmec S.p.A. bought back the 49% stake in Tesmec SA (Pty) Ltd. held by Simest S.p.A.. Since the shareholdings held by Simest S.p.A. are treated as a loan, this transaction did not entail any changes in the scope of consolidation.

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 subsidiaries 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	
	2026	**2025**	**2026**	**2025**
Australian Dollar	1.6544	1.7229	1.6612	1.7948
Renminbi	7.7314	7.9238	8.0073	8.3970
Algerian Dinar	151.7638	145.6799	153.5543	151.6252
GNF Franc	9,956.7293	9,413.8422	10,192.3200	10,108.1102
Moroccan dinar	10.6970	10.4600	10.7750	10.5820
New Zealand Dollar	2.0136	1.8827	1.9873	1.9334
Qatari Riyal	4.1474	3.9776	4.2464	4.2661
Russian Rouble	88.6472	94.5010	89.1026	92.2785
Saudi Riyal	4.2728	4.0978	4.3748	4.3950
Tunisian Dinar	3.3621	3.3526	3.3793	3.3917
US Dollar	1.1394	1.0927	1.1666	1.1720

CFA Franc	655.9570	655.9570	655.9570	655.9570
South African Rand	18.6544	20.082	19.1396	20.841

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 2025, with the exception of the adoption as from 1 January 2026 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.

IFRS accounting standards, amendments and interpretations applied as from 1 January 2026

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time on 1 January 2026:

- 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.

  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 18 December 2024, the IASB published an amendment called "***Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7***". The purpose of this document is to assist entities in reporting the financial effects of contracts to purchase electricity from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary due to uncontrollable factors such as the weather. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - clarifying the application of "own use" requirements to this type of contract;
    - criteria permitting hedge accounting if these contracts are used as hedging instruments; and,
    - adding new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendment will apply beginning on or after 1 January 2026, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 18 July 2024, the IASB published a document called "***Annual Improvements Volume 11***". The document contains clarifications, simplifications, corrections and amendments to improve the consistency of various IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and the related guidelines on the implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements; and
    - IAS 7 Statement of Cash Flows.

The amendments will apply beginning on or after 1 January 2026, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

IFRS accounting standards, amendments and interpretations approved by the European Union, not yet mandatorily applicable and not early adopted by the Group as at 30 June 2026

At the date of this document, the competent bodies of the European Union completed the approval process required for the adoption of the amendments and standards described below, but these standards are not mandatorily applicable and have not been adopted in advance by the Group as at 30 June 2026.

- 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 financial statements, with particular reference 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 statement of cash flows, including the requirement to use the operating income as the starting point for the presentation of the statement of cash flows 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.

IFRS accounting standards, amendments and 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 9 May 2024, the IASB published a new standard ***IFRS 19 Subsidiaries without Public Accountability: Disclosures.*** The new standard introduces some simplifications to the information required by the IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
  - it has not issued, nor is it in the process of issuing, any equity or debt instruments listed on a regulated market;
  - its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will become effective as from 1 January 2027, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 13 November 2025, the IASB published a document called "**Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21**", which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
  - its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or,
  - it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

  The amendments will apply as from the financial statements for years beginning on or after 1 January 2027. The directors do not expect an effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 27 May 2026, the IASB published **IFRS 20 – Regulatory Assets and Regulatory Liabilities**. The new standard applies to all entities subject to a specific type of tariff regulation, namely tariff regulation that gives rise to time differences.
  The new standard requires entities to provide relevant information reflecting the impact of income and expenses arising from regulated activities on the entity's profit or loss, as well as the impact of assets and liabilities arising from regulated activities on its financial position. To this end, the new standard sets out the requirements for the recognition, measurement, presentation and disclosure of assets, liabilities, income and expenses arising from regulated activities. Assets and liabilities arising from regulated activities constitute a subset of the rights and obligations created by a regulatory agreement. The information relating to this subset of rights and obligations enables users of the financial statements to understand:
  - the income and costs deriving from an entity's regulated activities, which derive from the assets and liabilities resulting from regulated activities. This understanding, together with the information required by other IFRSs, will provide guidance on the total permitted remuneration for regulated goods or services provided by the entity during a reporting period and, consequently, on the entity's profit or loss and the prospects for future cash flows;
  - the assets and liabilities arising from an entity's regulated activities. This understanding will provide information on the entity's financial position at the end of a reporting period and on the amount, timing and uncertainty of the entity's future cash flows.

  IFRS 20 will replace IFRS 14 – Regulatory Deferral Accounts and will become effective as from 1 January 2029, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

- On 27 June 2026, the IASB published a document called "**Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)**", which clarifies which entities are eligible to measure investments in associates and joint ventures using the fair value option provided for in IAS 28. The IASB has decided to draw up amendments to address:
  - the lack of clarity surrounding the definition of "similar entities, including investment-linked insurance funds", and whether this should be interpreted narrowly or broadly; and,
  - the different interpretations of the relationship between the scope of application of the fair value option in IAS 28 and the requirements of IFRS 18 relating to "specified main business activities".

  The amendments will apply at the same time as the application of IFRS 18 and, therefore, as from the financial statements for years beginning on or after 1 January 2027. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

5 Impairment Test

As required by IAS 36, the Group verifies at least at each reporting date whether there are any indicators that the value of its fixed assets may have been impaired, then estimates, in such circumstances, the recoverable amount of such assets and any difference compared to the carrying amounts. In assessing the possibility that one or more CGUs may have suffered an impairment loss, indications from both internal and external sources of information are considered.

For the purposes of preparing these condensed consolidated half-year financial statements, it should be noted that, as of the date of this Report, the share prices of Tesmec ordinary shares indicate a market capitalization value higher than the book value of the equity. This circumstance, combined with the evidence from the final data for the first six months of the financial year, which indicates Group-wide results consistent with the projections considered for each CGU in the impairment tests previously conducted for the purposes of the financial statements at December 31, 2025, did not reveal any impairment indicators pursuant to IAS 36.

Therefore, as of June 30, 2026, no elements are believed to exist that would warrant an update of the specific impairment analyses for the individual CGUs and/or the consolidated financial statements.

6 Intangible assets

The breakdown and changes in "Intangible assets" for the period ended 30 June 2026 are shown in the table below:

(Euro in thousands)	1 January 2026	Increases due to purchases	Reclassifications	Decreases	Amortisation	Exchange rate differences	30 June 2026
Start-up and expansion costs	5	-	-	-	(1)	-	4
Development costs	26,583	8	206	(25)	(4,116)	-	22,656
Rights and trademarks	1,982	4	-	-	(518)	26	1,494
Other intangible assets	3,452	47	4	-	(484)	-	3,019
Goodwill	3,014	-	-	(368)	-	-	2,646
Assets in progress	11,394	7,588	(210)	-	-	-	18,772
Total intangible assets	**46,430**	**7,647**	**-**	**(393)**	**(5,119)**	**26**	**48,591**

As at 30 June 2026, *intangible assets* totalled Euro 48,591 thousand, up Euro 811 thousand on the previous year net of total amortisation of Euro 2,161 thousand. The change mainly refers to:

- assets in progress of Euro 7,588 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 206 thousand in the first six months of 2026, and amortisation for the period of Euro 4,116 thousand. The increases in the period relate to assets in progress that have been completed and started to be amortised.

7 Property, plant and equipment

The breakdown and changes in "Property, plant and equipment" for the period ended 30 June 2026 are shown below:

(Euro in thousands)	1 January 2026	Increases due to purchases	Reclassifications	Decreases	Depreciation	Exchange rate differences	30 June 2026
Land	4,311	20	-	(246)	-	5	4,090
Buildings	12,881	10	-	(1,565)	(275)	131	11,182
Plant and machinery	3,555	272	-	(415)	(343)	16	3,085
Equipment	1,366	202	-	-	(287)	11	1,292
Other assets	14,323	1,679	33	(4)	(1,362)	464	15,133
Assets in progress	948	750	(33)	(35)	-	-	1,630
Total property, plant and equipment	**37,384**	**2,933**	**-**	**(2,265)**	**(2,267)**	**627**	**36,412**

As at 30 June 2026, property, plant and equipment totalled Euro 36,412 thousand, down compared to the previous year by Euro 972 thousand.
The change is mainly attributable to the decrease in "Buildings" of Euro 1,565 thousand relating to the property owned by Loire Sarthe Immobilier SCI. As described in Section 3, "Criteria and Scope of Consolidation," the company was sold to the related party M.T.S. Officine Meccaniche S.p.A., subsequently selling the related property, resulting in the disposal of the related assets. For further details, please refer to paragraph 22 "Related Party Transactions" in the explanatory notes.

8 Rights of use

The breakdown and changes in "Rights of use" for the period ended 30 June 2026 are shown in the table below:

(Euro in thousands)	1 January 2026	Increases due to purchases	Reclassifications	Decreases	Depreciation	Exchange rate differences	30 June 2026
Buildings - rights of use	4,433	1,431	-	(314)	(1,755)	31	3,826

Plant and machinery - rights of use	2,736	37	-	-	(179)	-	2,594
Equipment - rights of use	614	212	-	-	(216)	-	610
Other assets - rights of use	12,043	473	-	(392)	(1,268)	7	10,863
Total rights of use	**19,826**	**2,153**	**-**	**(706)**	**(3,418)**	**38**	**17,893**

As at 30 June 2026, rights of use totalled Euro 17,893 thousand, a decrease of Euro 1,933 thousand compared to the previous year, mainly due to the depreciation for the period.

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 2026 compared with 31 December 2025:

(Euro in thousands)	30 June 2026	31 December 2025
Guarantee deposits	51	38
Financial receivables from third parties	5,913	5,962
Financial receivables and other non-current financial assets	**5,964**	**6,000**

Financial receivables from third parties decreased by Euro 36 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 908 thousand (Euro 1,138 thousand as at 31 December 2025). 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 2026 and as at 31 December 2025:

(Euro in thousands)	30 June 2026	31 December 2025
Work in progress (Gross)	58,164	61,946
Advances from contractors	(27,561)	(27,695)
Work in progress contracts	**30,603**	**34,251**

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. The change in the period is related to the advances received from the Railway sector, in particular on the recently acquired contract with SŽ-Infrastruktura d.o.o.

11 Inventories

The following table provides a breakdown of Inventories as at 30 June 2026 compared to 31 December 2025:

(Euro in thousands)	30 June 2026	31 December 2025
Raw materials and consumables	72,899	57,014
Work in progress	7,385	7,394
Finished products and goods for resale	19,908	21,637
Advances to suppliers for assets	1,697	1,619
Total inventories	**101,889**	**87,664**

Inventories as of December 31, 2025, increased by Euro 14,225 thousand compared to the previous year due to increased procurement to support sales expected in the second half of the year.

The changes in the provisions for inventory obsolescence for the half-year ended 30 June 2026 compared with that as at 31 December 2025 are shown below:

(Euro in thousands)	30 June 2026	31 December 2025
Value as at 1 January	8,420	8,690
Provisions	1,253	2,177
Change in the consolidation area	-	(11)
Uses	(975)	(2,141)
Exchange rate differences	80	(295)
Total provisions for inventory obsolescence	**8,778**	**8,420**

The value of the provisions for inventory obsolescence increased also by Euro 358 thousand compared to the amount as at 31 December 2025. 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 2026 and as at 31 December 2025:

(Euro in thousands)	30 June 2026	31 December 2025
Trade receivables from third-party customers	70,566	56,419
Trade receivables from related parties	2,352	4,670
Total trade receivables	**72,918**	**61,089**

The changes in the provisions for doubtful accounts for the half-year ended 30 June 2026 compared with that as at 31 December 2025 are shown below:

(Euro in thousands)	30 June 2026	31 December 2025
Value as at 1 January	10,737	9,861
Provisions	500	109
IFRS 5 reclassification	-	267
Uses	(135)	(242)
Reclassifications	-	231
Exchange rate differences	455	511
Total provisions for doubtful accounts	**11,557**	**10,737**

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 2026 and as at 31 December 2025:

(Euro in thousands)	**30 June 2026**	**31 December 2025**
Financial receivables from related parties	5,446	6,178
Financial receivables from third parties	19,106	15,784
Other current financial assets	98	120
Total financial receivables and other current financial assets	**24,650**	**22,082**

The increase in *financial receivables and other current financial assets* from Euro 22,082 thousand to Euro 24,650 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 429 thousand (Euro 469 thousand as at 31 December 2025). 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.

14 Other reserves

The following table provides a breakdown of Other reserves as at 30 June 2026 and as at 31 December 2025:

(Euro in thousands)	**30 June 2026**	**31 December 2025**
Revaluation reserve	86	86
Extraordinary reserve	36,292	36,292
Reserve for first-time adoption of IFRS 9	(491)	(491)
Severance indemnity valuation reserve	(100)	(267)
Network reserve	825	825
Other reserves	(18,982)	(21,718)
Total other reserves	**17,630**	**14,727**

As a result of the resolution of 23 April 2026, with the approval of the 2025 financial statements, the Shareholders' Meeting of Tesmec S.p.A. decided to carry forward the loss for the year of the Parent Company of Euro 207 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 2026 and as at 31 December 2025, with separate disclosure of total loans and current portion:

(Euro in thousands)	**30 June 2026**	**of which current portion**	**31 December 2025**	**of which current portion**
Domestic fixed-rate bank loans	9,928	4,594	13,292	6,609
Domestic floating-rate bank loans	61,150	9,900	62,827	5,552

Foreign fixed-rate bank loans	1,491	1,219	758	445
Foreign floating-rate bank loans	10,611	1,026	10,788	995
Shareholder loan	1,644	1,644	1,635	1,635
Total medium/long-term loans	**84,824**	**18,383**	**89,300**	**15,236**
less current portion	(18,383)		(15,236)	
Non-current portion of medium/long-term loans	**66,441**		**74,064**	
Medium/long-term loan due to Simest	1,843	1,843	4,718	2,875
less current portion	(1,843)		(2,875)	
Medium/long-term loan due to Simest	**-**		**1,843**	
Total medium/long-term loans	**66,441**	**20,226**	**75,907**	**18,111**

Some loan contracts, the residual value of which at the end of the reporting period amounted to Euro 83.6 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.

The loan agreement of the subsidiary Tesmec USA, Inc. also provides for financial covenants to be calculated quarterly on the data of the combined financial statements of the Group's US subsidiaries. As at 30 June 2026, these parameters were met.

Looking ahead, the Directors have assessed the Company and the Group's ability to meet their obligations for the foreseeable future of at least 12 months, and specifically their ability to comply, including for the 2026 financial year, with the covenants relating to the most significant financing subject to such review. Following this analysis, the Directors concluded that there are no significant uncertainties regarding compliance with the covenants. Divergence from the company's forecasts and related sensitivity analyses, or possible slowdowns in the completion of the order backlog and consequently in revenue reporting, could result in lower-than-expected results, potentially impacting the Company and the Group's ability to comply with the financial covenants.

The payable to Simest S.p.A. of Euro 1,843 thousand consists of the amount relative to the capital shares held by Simest S.p.A. in the subsidiary 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 2026 and as at 31 December 2025:

(Euro in thousands)	**30 June 2026**	**31 December 2025**
Advances from banks against invoices and bills receivables	57,199	49,589
Payables due to factoring companies	16,949	13,343
Short-term loans to third parties	187	65
Financial payables due to Simest	1,843	2,875
Current portion of medium/long-term loans	16,740	13,601
Financial payables to related parties	2,619	2,516
Total interest-bearing financial payables (current portion)	**95,537**	**81,989**

Interest-bearing financial payables (current portion) increased by Euro 13,548 thousand, mainly due to a greater use of the export advance lines of Euro 7,610 thousand, the increase in payables due to factoring companies of Euro

3,606 thousand and the increase in the current portion of medium/long-term loans of Euro 3,139 due to the short-term reclassification of the portions to be repaid in 2026.

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 2026 and as at 31 December 2025, respectively, is indicated in the table below:

(Euro in thousands)	**30 June 2026**	**31 December 2025**
Trade payables due to third-party suppliers	103,056	90,895
Trade payables due to related parties	3,532	12,887
Total trade payables	**106,588**	**103,782**

Trade payables as at 30 June 2026 increased by Euro 2,806 thousand, 2.7% compared to the previous financial period as a result of a greater procurement to meet the increase in sales.
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 2026 and as at 30 June 2025:

(Euro in thousands)	**Half-year ended 30 June**	
	2026	**2025**
Sales of products	138,971	85,028
Services rendered	17,524	19,900
Changes in work in progress	(12,279)	23,656
Total revenues from sales and services	**144,216**	**128,584**

In the first six months of 2026, the Group consolidated revenues of Euro 144,216 thousand, with an increase of Euro 15,632 thousand (equal to 12.2%) compared to Euro 128,584 thousand in the same period of the previous year.

- The Energy segment recorded revenues of Euro 60,191 thousand, up by approximately 38.8% compared to Euro 43,369 thousand as at 30 June 2025. The positive performance was driven by significant growth in the Energy-Stringing segment, supported by demand that remains robust and expanding in a market with favourable prospects – where Tesmec's solutions are well positioned – and by a strong sales pipeline. The Energy-Automation segment also made a positive contribution, with an increase in turnover deriving from the progressive implementation of the order backlog, building on progress made in previous financial years. More specifically, it should be noted that the Energy-Stringing segment achieved revenues of Euro 42,762 thousand in the first half of 2026 compared to Euro 28,589 thousand in the same period of 2025 (+49.6%), while the Energy-Automation segment achieved revenues of Euro 17,429 thousand, compared to Euro 14,780 thousand as at 30 June 2025 (+17.9%).
- The Trencher segment recorded revenues of Euro 63,316 thousand, up by 5.2% compared to Euro 60,176 thousand as at 30 June 2025. This change reflects mixed trends across strategic markets, with growth in

the US, European and South American markets more than offsetting a weak start to the year in Australia (as a carry-over effect from the latter part of 2025), West Africa and the Middle East.

- The Rail segment recorded revenues of Euro 20,709 thousand, down by approximately 17.3% compared to Euro 25,039 thousand as at 30 June 2025. This reduction was in line with expectations for the first half of the financial year and was due to the expected slowdown in industrial production following the completion of older work orders; at the same time, a trend towards securing new and significant tenders began, generating initial collections, with positive growth prospects for the second half of the financial year as these new work orders enter the implementation phase.

In the half-year ended 30 June 2026, revenues of Euro 10.6 million (Euro 9 million as at 30 June 2025) relating to completed machinery (mainly trenchers) and not yet shipped to the customer (bill and hold) as at 30 June were recognised 2026 for reasons that do not depend on the will of the Group. These revenues were recognised in the income statement since the provisions of IFRS 15 were respected, including the presence of a substantial reason (such as the customer request motivated by objective and substantial circumstances), as well as the circumstance that the product has been identified separately and therefore ready to be transferred to the customer without the Group having the right to use it or allocate it to other customers. The determination of these aspects involved a subjective assessment by the Management of the elements to be considered and their scope in relation to the operation considered.

19 Operating costs

The item *operating costs* amounted to Euro 130,751 thousand, an increase of 11.0% compared to the previous year, less than the performance in revenues (+12.2%).

This increase is mainly attributable to the increase in costs for raw materials and consumables and costs for services in the presence of a less favorable sales mix that impacted industrial margins, compared to an improvement in production planning processes, with a related improvement in fixed capital.

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 2026	**31 December 2025**
NON-CURRENT ASSETS:		
Receivables and other financial assets	5,964	6,000
Derivative financial instruments	232	21
Non-current trade receivables	6,118	1,476
CURRENT ASSETS:		
Trade receivables	72,918	61,089
Financial receivables and other current financial assets	24,650	22,082
Other available-for-sale securities	11,409	302
Cash and cash equivalents	36,835	40,560

(Euro in thousands)	**Current/Non-current liabilities**	
	30 June 2026	**31 December 2025**
NON-CURRENT LIABILITIES:		
Medium/long-term loans	66,441	75,907

Bond issue	4,895	5,855
Non-current financial liabilities and rights of use	15,591	18,019
Derivative financial instruments	14	83
CURRENT LIABILITIES:		
Interest-bearing financial payables (current portion)	95,537	81,989
Bond issue	1,913	1,902
Current financial liabilities and rights of use	8,752	9,624
Derivative financial instruments	14	-
Trade payables	106,588	103,782
Advances from customers	32,083	7,650

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 2025, 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. 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 2026, the Tesmec Group's gross financial indebtedness decreased from Euro 130.4 million as at 31 December 2025 to Euro 120.3 million as at 30 June 2026. On 5 August 2026, the Board of Directors approved the Forecast document, which envisages a reduction in financial indebtedness at the end of the period (31 December 2025).

It should be noted that the Group's Business Plan is based on the assumption that the Tesmec Group will be able to comply with the covenants of existing financial contracts over the Plan period, by virtue of the expected generation of cash flows that are adequate and consistent with the cash outflows.

Based on the updated forecasts regarding the Group's expected economic and income performance for the 2026 financial year, in the Directors' opinion, compliance with these parameters is expected by the date of the next covenant compliance review (i.e., approval of the financial statements as of December 31, 2026).

If market conditions were to worsen, or the Group's operating results were to decline, a series of negative consequences could arise, including, for example, 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 issue guarantees to support its business, resulting in a reduced ability to seize 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.

With reference to the issue of the new tariff policy followed by the United States Administration, as of 30 June 2025 it has still had completely limited effects. The Company is keeping the situation carefully monitored and has launched a task force to evaluate its effects and above all its mitigation actions, particularly starting from the second half of the year. From this point of view, Tesmec expects to be able to mitigate the impacts deriving from the imposition of import duties by the USA, on the one hand, through the increase in sales prices, which are considered to present elements of flexibility also in light of inflation levels in that country and, on the other hand, by leveraging its productive presence in the United States. In fact, Tesmec has a factory in Alvarado (Texas) which will be able to play an important role in the assembly activities of Tesmec machines.

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.

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 period, 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 2025, divided into the three levels defined above:

(Euro in thousands)	**Book value as at 30 June 2026**	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Derivative financial instruments	232	-	232	-
Total non-current	**232**	**-**	**232**	**-**
Other available-for-sale securities	11,409	-	-	11,409
Derivative financial instruments	-	-	-	-
Total current	**11,409**	**-**	**-**	**11,409**
Total assets	**11,641**	**-**	**232**	**11,409**
Financial liabilities:				
Derivative financial instruments	14	-	14	-
Total non-current	**14**	**-**	**14**	**-**
Financial liabilities:				
Derivative financial instruments	14	-	14	-
Total current	**14**	**-**	**14**	**-**
Total liabilities	**28**	**-**	**28**	**-**

With reference to the item other securities available for sale, it should be noted that, during the month of April 2026, the parent company Tesmec S.p.A. signed an asset management contract that invested in Italian government bonds.

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.
- 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.

(Euro in thousands)	Half-year ended 30 June							
	2026				2025			
	Energy	Trencher	Rail	Consolidated	Energy	Trencher	Rail	Consolidated
Revenues from sales and services	60,191	63,316	20,709	144,216	43,369	60,176	25,039	128,584
Operating costs net of depreciation and amortisation	(46,484)	(54,240)	(19,223)	(119,947)	(35,491)	(51,118)	(20,811)	(107,420)
EBITDA	**13,707**	**9,076**	**1,486**	**24,269**	**7,878**	**9,058**	**4,228**	**21,164**
Amortisation/Depreciation	(3,109)	(4,828)	(2,867)	(10,804)	(3,071)	(4,724)	(2,608)	(10,403)
Total operating costs	**(49,593)**	**(59,068)**	**(22,090)**	**(130,751)**	**(38,562)**	**(55,842)**	**(23,419)**	**(117,823)**
Operating income	**10,598**	**4,248**	**(1,381)**	**13,465**	**4,807**	**4,334**	**1,620**	**10,761**
Net financial income/(expenses)				(6,609)				(10,669)
Pre-tax profit/(loss)				**6,856**				**92**
Income tax				(2,390)				(192)
Net profit/(loss) for the period of the year of continuing operations				**4,466**				**(100)**
Net profit/(loss) for the period of the year of assets held for sale				**-**				**(439)**
Profit/(loss) attributable to non-controlling interests				164				(344)
Group profit/(loss)				**4,302**				**(195)**

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 2026 and as at 31 December 2025:

(Euro in thousands)	As at 30 June 2026					As at 31 December 2025				
	Energy	Trencher	Rail	Not allocated	Consolidated	Energy	Trencher	Rail	Not allocated	Consolidated
Intangible assets	18,679	12,126	17,786	-	48,591	17,641	12,605	16,184	-	46,430
Property, plant and equipment	3,366	26,555	6,491	-	36,412	3,231	27,475	6,678	-	37,384
Rights of use	2,127	13,358	2,408	-	17,893	2,187	15,165	2,474	-	19,826
Financial assets	7,919	12,901	12	-	20,832	5,913	13,302	13	-	19,228
Other non-current assets	960	17,008	553	-	18,521	1,036	13,551	720		15,307
Total non-current assets	**33,051**	**81,948**	**27,250**	**-**	**142,249**	**30,008**	**82,098**	**26,069**	**-**	**138,175**
Work in progress contracts	7,065	-	23,538	-	30,603	5,301	-	28,950	-	34,251
Inventories	29,552	61,241	11,096	-	101,889	23,926	57,279	6,459	-	87,664
Trade receivables	12,202	54,802	5,914	-	72,918	10,200	44,864	6,025	-	61,089
Other current assets	2,196	25,788	14,063	11,308	53,355	2,073	29,725	8,838	-	40,636
Cash and cash equivalents	7,176	25,868	3,791	-	36,835	7,663	23,096	6,750	3,051	40,560
Total current assets	**58,191**	**167,699**	**58,402**	**11,308**	**295,600**	**49,163**	**154,964**	**57,022**	**3,051**	**264,200**
Total assets	**91,242**	**249,647**	**85,652**	**11,308**	**437,849**	**79,171**	**237,062**	**83,091**	**3,051**	**402,375**
Group shareholders' equity	-	-	-	77,563	77,563	-	-	-	70,755	70,755
Shareholders' equity attributable to non-controlling interests	-	-	-	3,222	3,222	-	-	-	2,975	2,975
Total shareholders' equity	**-**	**-**	**-**	**80,785**	**80,785**	**-**	**-**	**-**	**73,730**	**73,730**

Non-current financial liabilities	186	272	5,278	65,614	71,350	262	313	6,597	74,673	81,845
Non-current financial liabilities from rights of use	790	10,691	1,800	2,310	15,591	640	12,321	2,253	2,805	18,019
Other non-current liabilities	1,397	2,030	2,039	-	5,466	1,429	2,097	2,282	-	5,808
Non-current liabilities	**2,373**	**12,993**	**9,117**	**67,924**	**92,407**	**2,331**	**14,731**	**11,132**	**77,478**	**105,672**
Current financial liabilities	15,154	4,409	12,424	65,477	97,464	9,841	1,891	10,104	62,055	83,891
Current financial liabilities from rights of use	350	4,458	1,123	2,821	8,752	260	4,346	1,037	3,981	9,624
Trade payables	35,333	52,765	18,490	-	106,588	31,465	56,279	16,038	-	103,782
Other current liabilities	9,307	11,802	30,181	563	51,853	6,655	12,838	6,183	-	25,676
Total current liabilities	**60,144**	**73,434**	**62,218**	**68,861**	**264,657**	**48,221**	**75,354**	**33,362**	**66,036**	**222,973**
Total liabilities	**62,517**	**86,427**	**71,335**	**136,785**	**357,064**	**50,552**	**90,085**	**44,494**	**143,514**	**328,645**
Total shareholders' equity and liabilities	**62,517**	**86,427**	**71,335**	**217,570**	**437,849**	**50,552**	**90,085**	**44,494**	**217,244**	**402,375**

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:

	Half-year ended 30 June 2026					Half-year ended 30 June 2025				
(Euro in thousands)	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses	Revenues	Cost of raw materials	Costs for services	Other operating costs/revenues, net	Financial income and expenses
Associates:										
Locavert S.A.	458	-	-	-	-	28	-	-	-	-
Subtotal	**458**	**-**	**-**	**-**	**-**	**28**	**-**	**-**	**-**	**-**
Joint Ventures:										
Condux Tesmec Inc.	2,981	(1)	(52)	186	-	2,587	(3)	(26)	69	-
Groupe Marais SAS	777	(25)	(93)	(243)	101	-	-	-	-	-
Subtotal	**3,758**	**(26)**	**(145)**	**(57)**	**101**	**2,587**	**(3)**	**(26)**	**69**	**-**
Related parties:										
Ambrosio S.r.l.	-	-	-	(2)	-	-	-	-	(2)	(1)
TTC S.r.l.	-	-	(44)	2	-	-	-	(51)	-	-
Dream Immobiliare S.r.l.	-	-	-	(35)	(57)	-	-	-	(22)	(128)
FI.IND	-	-	-	-	-	-	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	302	(1)	-	13	(42)	506	(5)	(2)	7	(35)
TCB Sport S.r.l.	-	-	(3)	-	-	-	-	-	-	-
RX S.r.l.	-	-	-	-	(11)	-	-	-	-	(11)
Subtotal	**302**	**(1)**	**(47)**	**(22)**	**(110)**	**506**	**(5)**	**(53)**	**(17)**	**(175)**
Total	**4,518**	**(27)**	**(192)**	**(79)**	**(9)**	**3,121**	**(8)**	**(79)**	**52**	**(175)**

	30 June 2026						31 December 2025					
(Euro in thousands)	Trade receivables	Current financial receiv.	Non-current liabilities from rights of use	Current financial payables	Current liabilities from rights of use	Trade payables	Trade receivables	Current financial receiv.	Non-current liabilities from rights of use	Current financial payables	Current liabilities from rights of use	Trade payables
Associates:												
Locavert S.A.	10	-	-	-	-	-	17	-	-	-	-	-

Subtotal	**10**	**-**	**-**	**-**	**-**	**-**	**17**	**-**	**-**	**-**	**-**	**-**
Joint Ventures:												
Condux Tesmec Inc.	1,961	-	-	-	-	18	1,830	-	-	-	-	65
Groupe Marais SAS	129	3,837	-	-	-	209	2,460	5,307	-	-	-	8,623
Marais Lucas	-	794	-	-	-	-	-	794	-	-	-	-
Subtotal	**2,090**	**4,631**	**-**	**-**	**-**	**227**	**4,290**	**6,101**	**-**	**-**	**-**	**8,688**
Related parties:												
Ambrosio S.r.l.	-	-	-	-	-	5	-	-	-	-	-	5
TTC S.r.l.	2	-	-	-	-	178	-	-	-	-	-	134
Loire Sarthe Immobilier SCI	10	738	681	-	69	-	-	-	-	-	-	-
Dream Immobiliare S.r.l.	-	77	205	-	1,825	3,043	8	77	490	-	3,042	3,800
FI.IND	-	-	-	-	-	-	16	-	-	-	-	-
Triskell Conseil Partner	-	-	-	-	-	-	-	-	-	-	-	34
M.T.S. Officine meccaniche S.p.A.	240	-	-	1,422	-	43	326	-	-	1,422	-	90
TCB Sport S.r.l.	-	-	-	-	-	3	2	-	-		-	-
RX S.r.l.	-	-	-	1,197	-	33	11	-	-	1,094	-	136
Subtotal	**252**	**815**	**886**	**2,619**	**1,894**	**3,305**	**363**	**77**	**490**	**2,516**	**3,042**	**4,199**
Total	**2,352**	**5,446**	**886**	**2,619**	**1,894**	**3,532**	**4,670**	**6,178**	**490**	**2,516**	**3,042**	**12,887**

As reported in Section 3, "Criteria and Scope of Consolidation," on June 29, 2026, the subsidiary Marais Technologies SAS sold its entire 99% stake in Loire Sarthe Immobilier SCI to the related party M.T.S. Officine Meccaniche S.p.A. for Euro 990, corresponding to the book value.

This sale constituted a transaction of minor significance, as the total value of the transaction was below the materiality threshold set forth in paragraph 1.1, letter a) of Annex 3 to the Regulation for Related Party Transactions adopted by Consob (the "RPT Regulation"), and the total assets of Loire Sarthe Immobilier SCI, the subject of the transaction, were below the materiality threshold set forth in paragraph 1.1, letter b) of Annex 3 to the RPT Regulation.

The transaction was carried out in line with the overall restructuring plan of the Tesmec Group in France. In execution of the agreements reached between the parties, in December 2025, Loire Sarthe Immobilier SCI purchased the Durtal property from Groupe Marais, which had already been deconsolidated from the Tesmec Group (Joint Venture), at an appraised value of Euro 4 million, resulting in a capital gain on the sale of approximately Euro 2 million for Groupe Marais. In accordance with the provisions of IAS 28, the Tesmec Group suspended the recognition of its share (50%) of the capital gain in the financial statements as of December 31, 2025, as a profit arising from a transaction between a joint venture and a Group entity.

Given the exit of Loire Sarthe Immobilier SCI from the scope of consolidation and the fact that the Durtal property owned by the latter is partially occupied by the subsidiary Tesmec France under a specific lease agreement, a sale and leaseback transaction was implemented. Consequently, in accordance with the provisions of IFRS 16, the Tesmec Group recognized a right of use and the related lease liability for the portion of the property leased by Tesmec France. At the same time, the portion of the capital gain suspended as of December 31, 2025, was released in the amount of Euro 827 thousand, while the remaining portion, equal to Euro 181 thousand, will be released over the term of the lease agreement.

23 Legal and tax disputes

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

The scope of assessment for ongoing tax audits described below totals approximately Euro 1.6 million, with respect to which the Group, by virtue of the positive results of the judgements made so far and the opinions received from its consultants, believes that the risk of losing is possible or remote, therefore it has not set aside any provision in the financial statements for any liabilities deriving from them, in accordance with the accounting standards of reference that require the allocation of liabilities for probable and quantifiable risks.

In 2023, the subsidiary Tesmec Automation S.r.l. received a deed of collection, issued by the Italian Inland Revenue 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. This appeal was upheld in full by the Tax Court of first instance of Bergamo on 14 December 2023 and subsequently, following an appeal lodged by the Italian Inland Revenue against this decision, by the Tax Court of second instance of Lombardy on 26 September 2025.
In January 2025, this subsidiary received from the Italian Inland Revenue the notices of assessment relating to the tax audit carried out on the 2018 financial year and for which the subsidiary had received a report on findings in 2022. In line with the above assessment, the Italian Inland Revenue challenged the Company's undue utilisation of R&D tax credit totalling Euro 1.1 million in 2018 and 2019. The Company believes it has acted correctly in this case too and has filed its counterclaims with the assistance of its advisors. The Tax Court of first instance of Bergamo, by order of 2 October 2025, suspended the tax assessments in question, pending the final judgement of the successful dispute – both in first and second instance – concerning the 2017 tax year, as referred to in the previous point.
In relation to the latter dispute, in July 2025, the Company received a deed of collection for misuse to offset in 2020 the Research and Development tax credit for the 2018 tax year totalling Euro 120 thousand, plus penalties and interest. Also in this case, the Tax Court of first instance of Bergamo, by order of 22 January 2026, suspended the proceedings, pending the final judgement on the dispute concerning the 2017 tax year, as referred to in the previous point.

It should be noted that, for the years not subject to dispute, the parent company Tesmec S.p.A. and its subsidiaries Tesmec Rail S.r.l. and Tesmec Automation S.r.l. requested and obtained the MIMIT certification for research and development projects, the costs of which generated tax credits in previous financial years. This certification, issued by an expert registered with the MIMIT Register, confirms the eligibility of the research activity and the entitlement to the accrued tax credit, which is therefore fully validated.

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. On 21 October 2024, the Tax Court of Milan upheld the appeal of the parent company in full. The Italian Inland Revenue appealed against this decision and the case is scheduled for a hearing in November.

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 211,062 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:

- in July 2026, Tesmec was included among the 100 SMEs listed on Borsa Italiana that make up the Intermonte Valore Italia Index. This index was launched on 1 July 2026 as part of the PMI2Change project of Banca Generali. The Index focuses on SMEs with a capitalisation of less than Euro 1 billion that are not included in the FTSE MIB. Its purpose is to raise the profile of Italy's listed small and medium-sized enterprises, offering domestic and international investors a benchmark for the country's real economy and broadening investment opportunities compared to traditional indexes;

- on 15 July 2026, Caterina Caccia Dominioni, Chief Executive Officer of Tesmec S.p.A., was appointed Vice Chairperson of ANIE Assifer, the Association of Italian Railway Engineers, which forms part of the ANIE Federation, with responsibility for institutional relations for the two-year period from 2026 to 2028. This appointment recognises Tesmec's role in the Italian rail segment, where the Group is involved in designing, producing and maintaining systems and technologies for rail infrastructure, with production sites in Monopoli and Bitetto (Bari) dedicated to the Rail division;

- on 21 July 2026, Tesmec, through its subsidiary Tesmec Rail S.r.l., and the Politecnico di Bari signed a three-year collaboration agreement aimed at developing joint engineering projects in the fields of rail innovation, sustainability and the digitalisation of infrastructure. The agreement was signed in the Rector's Office at the Politecnico di Bari, in the presence of Rector Umberto Fratino and the Group's CEO, Caterina Caccia Dominioni. It sets out two key strategic guidelines: the development of innovative, environmentally friendly rolling stock for the construction, maintenance and diagnostics of rail infrastructure; and the design of diagnostic systems and data management platforms for infrastructure monitoring.

Certification pursuant to Article 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Ambrogio Caccia Dominioni and Ruggero Gambini, as the Chairman of the Board of Directors 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 2026.

2. We also certify that:

2.1 the condensed consolidated financial statements as at 30 June 2026:

   - 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 year 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 year. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

Grassobbio, 5 August 2026

Mr Ambrogio Caccia Dominioni	Mr Ruggero Gambini
Chairman of the Board of Directors	Manager responsible for preparing the Company’s financial statements

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte & Touche S.p.A.
Via Santa Sofia, 28
20122 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, 2026, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in shareholders' equity 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 issued by the International Accounting Standards Board and 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.

Deloitte.

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, 2026 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Umberto Zanetti
Partner

Milan, Italy
August 7, 2026

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.

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