Independent Auditor's Report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of
Landi Renzo SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Landi Renzo SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Landi Renzo SpA as of 31 December 2019 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of Landi Renzo SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill and of equity investment in the subsidiary Lovato Gas *See notes 4 and 7 and the paragraph titled "Accounting standards and valuation criteria" of the explanatory notes*	
As of 31 December 2019 the book values of goodwill and equity investments in subsidiaries recognised in the financial statements amounted respectively to Euro 2.4 million and Euro 54.3 million. The Company verifies, at least annually, the recoverability of goodwill recognised in the financial statements and carries out an analysis in order to identify any impairment indicators of the equity investments in subsidiaries and, should these indicators be identified, the Company determines the recoverable value of each equity investment. This was considered a key audit matter for the purpose of the statutory audit of the financial statements in consideration of the significant impact of this caption on the statement of the financial position of Landi Renzo SpA and also in consideration of the revenue growth forecasts included in the Strategic Plan 2020-2025 approved by the Company's board of directors on 12 March 2020 (hereinafter also the "Strategic Plan"). The valuation models underlying the determination of the recoverable amounts (value in use) of the Cash Generating Unit (CGU) including the goodwill and of the equity investments in subsidiaries are based on complex evaluations and estimates of management, having as a reference the Strategic Plan mentioned above. In particular, the valuation models of the recoverable amounts of the CGU including the goodwill and of the equity investments in subsidiaries and the assumptions included in such models are influenced by future market conditions as regards the expected cash flows, the perpetuity growth rate and the discount	Our audit approach preliminarily consisted of understanding and evaluating the methods and the procedures defined by the Company to determine the recoverable amounts of the CGU including the goodwill and of the equity investments in subsidiaries, as approved by the statutory board of directors on 12 March 2020 in compliance with IAS 36 as adopted by the European Union. Moreover, we verified the reasonableness of the methods adopted and of the main assumptions reflected in the valuation model (discounted cash flow method), both for goodwill both for investment in Lovato Gas, also involving PwC network valuation experts. In particular, we verified the reasonableness of the discount rates and perpetuity growth rates in relation to the valuation practices usually adopted for companies belonging to the industry in whichLandi Renzo Group operates. We also verified that the cash flows included in the valuation models were consistent with those included in the Strategic Plan above mentioned. Considering that forecast cash flows are a particularly significant parameter for the determination of the recoverable amounts of the CGU including the goodwill and the equity investments as they depend on future and uncertain events, we analysed the reasonableness of the estimated future cash flows through interviews with Company's management and the involvement of experts in the Automotive segment of the PwC

rate. In order to evaluate the recoverability of goodwill and of the subsidiary in Lovato Gas SpA, the directors of Landi Renzo, however, have prepared specific impairment tests respectively on Landi Renzo SpA and on the separated subsidiary..	network, who supported us in the critical analysis of the reasonableness of the forecasts included in the Strategic Plan. Furthermore, we verified the mathematical accuracy of the valuation models prepared by the Company. Finally, we verified the disclosures provided by the Company in the financial statements about the method adopted to determine the recoverable amounts of the CGU including the goodwill and the equity investment and the results of the valuations performed.
Recoverability of deferred tax assets *See note 11 and paragraph "Accounting standards and valuation criteria" of the explanatory notes* Deferred tax assets recognised in the financial statements as of 31 December 2019 amounted to Euro 10.6 million, partially offset by deferred tax liabilities equal to Euro 1.6 million, giving a net deferred tax asset equal to Euro 9.0 million. Deferred tax assets relate for Euro 2.9 million to temporary differences between the book values of assets and liabilities recognised in the financial statements and the corresponding tax values and for Euro 7.7 million to prior tax losses. The recoverability of deferred tax assets was considered a key audit matter for the purpose of the statutory audit of the financial statements in consideration of the significant impact of this caption on the statement of the financial position and on the income statement of Landi Renzo SpA, as well as due to the complexity of the evaluation of the recoverability of these receivables which is closely related to the achievability of the above mentioned Strategic Plan.	Our audit procedures preliminarily included understanding and evaluating the process adopted by the Company to verify the recoverability of deferred tax assets. We carried out an in-depth analysis of deferred tax assets related to prior tax losses as their recoverability is closely related to the existence of future taxable income and, therefore, to the achievement of the prospective results included in the above mentioned Strategic Plan. We obtained the analysis performed by the Company of the recoverability of deferred tax assets closely related to the existence of future taxable income of the companies included in the tax consolidation scheme of the Landi Renzo Group for the period 2020-2024, which are based on the net results included in the Strategic Plan. We verified the reasonableness of the net results included in the Strategic Plan through interviews with company management and the involvement of PwC network experts in the Automotive segment, who supported us in the critical analysis of the reasonableness of the forecasts in the Strategic Plan.

Finally, we verified the disclosures provided by the Company in the financial statements about the elements supporting the recoverability of deferred tax assets.

Evaluation of investment in SAFE&CEC Srl

See notes 8 and 43 of the explanatory notes

At December 31, 2019, the carrying amount of the investment in the company SAFE&CEC Srl measured with the equity method amounted to € 22.8 million.
The Company verifies for the presence of impairment indicators that could give rise to doubts about the recoverability of the value of the investment.
This aspect was considered of particular relevance for the statutory audit of the financial statements in consideration of the significant impact of the item on the statement of financial position and on the income statement of the Landi Renzo SpA, also considering the value of goodwill included in the participation. The directors of Landi Renzo SpA have requested and obtained the following documentation prepared by management of SAFE&CEC Srl, for the purpose of evaluating the carrying value of the equity investment held in SAFE&CEC Srl and of the analysis of any presence of impairment indicators: (i) special consolidated financial information prepared for Landi Renzo Group's consolidation purpose as at 31 December 2019 and (ii) impairment test on the goodwill recorded in the special consolidated financial information of SAFE&CEC Srl at 31 December 2019. Following the aforementioned analysis, no impairment indicators were identified with reference to the book value of the equity investment of SAFE&CEC Srl.

The audit approach preliminarily consisted of understanding and evaluating of the methods adopted by the directors of Landi Renzo SpA for the purpose of recording the value of the equity investment of the company SAFE&CEC Srl with the equity method and of the analyses carried out by the same with reference to the presence of any impairment indicators.
We also verified the reasonableness of the methods adopted and of the main assumptions reflected in the impairment test evaluation model (method of discounting cash flows) prepared by the directors of SAFE&CEC Srl with the support of external advisors, also involving PwC network valuation experts. In particular, we verified the reasonableness of the discount rate and the perpetual growth rate with respect to the valuation practices usually adopted for companies belonging to the industry in which Landi Renzo Group operates. We also verified that the cash flow included in the valuation model were consistent with those included in the plans approved by the directors.
Considering that the forecast cash flows are a particularly significant parameter for the determination of the recoverable amount as it depends on to future and uncertain events, we analysed the reasonableness of the estimated future cash flow through interviews with company management of Landi Renzo SpA and SAFE&CEC Srl, with the consultants engaged by the directors of SAFE&CEC Srl also through the involvement of PwC network

	experts of the Automotive segment, who supported us in the critical analysis about the reasonableness of the forecasts included in the plans. Finally, we verified the disclosures provided by the Company in the consolidated financial statements about the analyses carried out to identify the lack of impairment.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 29 April 2016, the shareholders of Landi Renzo SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

Management of Landi Renzo SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Company as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Landi Renzo SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Landi Renzo SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 30 March 2020

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.