



The Clean Air Group  
Driving the Future

**INTERIM MANAGEMENT REPORT  
AT 31 March 2023**

## CONTENTS

### 1. GENERAL INFORMATION

- 1.1. Corporate officers and information
- 1.2. Group Structure
- 1.3. Landi Renzo Group Financial Highlights
- 1.4. Significant events during the period

### 2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

- 2.1. Performance and notes on the main changes in the consolidated financial statements as at 31 March 2023
- 2.2. Significant events after the end of the quarter and likely future developments

### 3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March 2023

- 3.1. General accounting standards and consolidation principles
- 3.2. Consolidated Statement of Financial Position
- 3.3. Consolidated Income Statement
- 3.4. Consolidated Statement of Comprehensive Income
- 3.5. Consolidated Cash Flow Statement
- 3.6. Consolidated Statement of Changes in Shareholders' Equity

## 1. GENERAL INFORMATION

### 1.1. CORPORATE OFFICERS AND INFORMATION

The current corporate officers, appointed on 29 April 2022 for the 2022-2024 three-year period by the Shareholders' Meeting of the parent company Landi Renzo S.p.A., will remain in office until the Shareholders' Meeting to approve the financial statements at 31 December 2024. Also on 29 April 2022, the Board of Directors confirmed Stefano Landi as Executive Chairman, appointed Sergio Iasi as Vice Chairman and confirmed Cristiano Musi as Chief Executive Officer and General Manager.

On the date this Interim Management Report was drafted, the company officers were as follows:

#### **Board of Directors**

Executive Chairman	Stefano Landi
Vice Chairman	Sergio Iasi
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Massimo Lucchini
Director	Andrea Landi
Independent Director	Pamela Morassi
Independent Director	Sara Fornasiero (*)
Independent Director	Anna Maria Artoni

#### **Board of Statutory Auditors**

Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Luca Aurelio Guarna
Statutory Auditor	Diana Rizzo
Alternate Auditor	Luca Zoani
Alternate Auditor	Gian Marco Amico di Meane

#### **Control, Risks and Sustainability Committee**

Chairperson	Sara Fornasiero
Committee Member	Sergio Iasi
Committee Member	Anna Maria Artoni

#### **Appointment and Remuneration Committee**

Chairperson	Pamela Morassi
Committee Member	Massimo Lucchini
Committee Member	Anna Maria Artoni

#### **Committee for Transactions with Related Parties**

Committee Member	Sara Fornasiero
Committee Member	Pamela Morassi
Committee Member	Anna Maria Artoni

#### **Supervisory Board (Italian Legislative Decree 231/01)**

Chairperson	Jean-Paule Castagno
Board Member	Domenico Sardano
Board Member	Filippo Alliney

<b>Independent Auditing Firm</b>	PricewaterhouseCoopers S.p.A.
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<b>Financial Reporting Manager</b>	Vittorio Tavanti
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(\*) The Director also holds the office of Lead Independent Director

## **Registered office and company details**

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Landi Renzo S.p.A.  
Via Nobel 2/4  
42025 Corte Tegge – Cavriago (RE) – Italy  
Tel. +39 0522 9433  
Fax +39 0522 944044  
Share capital: Euro 22,500,000  
Tax ID and VAT Reg. No. IT00523300358

This report is available online at:  
[www.landirenzogroup.com](http://www.landirenzogroup.com)

## 1.2. GROUP STRUCTURE

Description	Registered Office	% stake at 31 March 2023		Notes
		Direct investment	Indirect investment	
<b>Parent Company</b>				
Landi Renzo S.p.A.	Cavriago (Italy)	Parent Company		
<b>Companies consolidated using the line-by-line method</b>				
Landi International B.V.	Utrecht (The Netherlands)	100.00%		
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)		100.00%	(1)
LR Indústria e Comércio Ltda	Rio de Janeiro (Brazil)	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	99.99%		
Landi Renzo RO S.r.l.	Bucharest (Romania)	100.00%		
Landi Renzo USA Corporation	Wilmington - DE (USA)	100.00%		
AEB America S.r.l.	Buenos Aires (Argentina)	96.00%		
Officine Lovato Private Limited	Mumbai (India)	74.00%		
OOO Landi Renzo RUS	Moscow (Russia)	51.00%		
SAFE&CEC S.r.l.	San Giovanni Persiceto (Italy)	51.00%		
SAFE S.p.A.	San Giovanni Persiceto (Italy)		100.00%	(2)
Idro Meccanica S.r.l.	Modena (Italy)		100.00%	(3)
IMW Industries LTD	Chilliwak (Canada)		100.00%	(2)
IMW Industries del Perú S.A.C.	Lima (Peru)		100.00%	(4)
IMW Industries LTDA	Cartagena (Colombia)		100.00%	(4)
IMW Energy Tech LTD	Suzhou (China)		100.00%	(4)
IMW Industries LTD Shanghai	Shanghai (China)		100.00%	(4)
Metatron S.p.A.	Castel Maggiore (Italy)	100.00%		
Metatron Control System (Shanghai)	Shanghai (China)		86.00%	(5)
<b>Associates and subsidiaries consolidated using the equity method</b>				
Krishna Landi Renzo India Private Ltd Held	Gurgaon - Haryana (India)	51.00%		(6)
<b>Other minor companies</b>				
Landi Renzo VE.CA.	Caracas (Venezuela)	100.00%		(7)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	100.00%		(7)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	50.00%		(6) (7)
Metatron Technologies India Plc	Mumbai (India)		75.00%	(7) (5)

### Detailed notes on investments:

- (1) Held indirectly through Landi International B.V.
- (2) Held indirectly through SAFE&CEC S.r.l.
- (3) Held indirectly through SAFE S.p.A., 100% consolidated line-by-line.
- (4) Held indirectly through IMW Industries LTD
- (5) Held indirectly through Metatron S.p.A.
- (6) Company joint venture
- (7) Not consolidated as a result of their irrelevance

### 1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

<b>ECONOMIC INDICATORS FOR THE FIRST QUARTER</b>	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>Change</b>	<b>%</b>
Revenues	71,168	66,918	4,250	6.4%
Adjusted gross operating profit (EBITDA) (1)	-961	2,668	-3,629	-136.0%
Gross operating profit (EBITDA)	-2,091	1,829	-3,920	-214.3%
Net operating profit (EBIT)	-6,284	-2,452	-3,832	
Earnings before taxes (EBT)	-10,057	-3,105	-6,952	
Net profit (loss) for the Group and minority interests	-9,939	-3,135	-6,804	
Adjusted gross operating profit (EBITDA) / Revenue	-1.4%	4.0%		
Gross operating profit (EBITDA) / Revenue	-2.9%	2.7%		
Net profit (loss) for the Group and minority interests / Revenue	-14.0%	-4.7%		

(Thousands of Euro)

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31/03/2023</b>	<b>31/12/2022</b>	<b>31/03/2022</b>
Net fixed assets and other non-current assets	153,003	155,331	159,039
Operating capital (2)	61,969	54,683	60,637
Non-current liabilities (3)	-11,462	-11,807	-10,289
NET INVESTED CAPITAL	203,510	198,207	209,387
Net financial position (4)	107,373	92,323	150,800
Net Financial Position - adjusted (5)	93,429	77,242	126,946
Shareholders' equity	96,137	105,884	58,587
BORROWINGS	203,510	198,207	209,387

(Thousands of Euro)

<b>KEY INDICATORS</b>	<b>31/03/2023</b>	<b>31/12/2022</b>	<b>31/03/2022</b>
Operating capital / Turnover (rolling 12 months)	20.0%	17.9%	21.0%
Adjusted net financial position / Shareholders' equity	0.97	0.73	2.17
Adjusted net financial position (5) / Adjusted EBITDA (rolling 12 months)	8.03	5.06	6.86
Personnel (peak)	942	951	965

(Thousands of Euro)

<b>CASH FLOWS</b>	<b>31/03/2023</b>	<b>31/12/2022</b>	<b>31/03/2022</b>
Gross operational cash flow	-13,585	5,831	-5,746
Cash flow for investment activities	-1,913	-39,020	-25,728
Gross FREE CASH FLOW	-15,498	-33,189	-31,474
Non-recurring expenditure for voluntary resignation incentives	-230	-439	0
Net FREE CASH FLOW	-15,728	-33,628	-31,474
Share capital increase	0	58,554	0
Repayment of leases (IFRS 16)	-887	-3,872	-1,045
Overall cash flow	-16,615	21,054	-32,519

(1) The data does not include the recognition of non-recurring costs. As EBITDA is not identified as an accounting measure under IAS/IFRS, it may be calculated in different manners. EBITDA is a measure used by the company's management to monitor and evaluate its operating performance. Management believes that EBITDA is an important parameter to measure the company's operating performance, as it is not influenced by the effects of the different criteria for determining the tax base, the amount and characteristics of invested capital and relative amortisation and depreciation policies. The company's way of calculating EBITDA may not be the same as the methods adopted by other companies/groups, and therefore its value may not be comparable with the EBITDA calculated by others.

(2) This is calculated as the difference between Trade Receivables, Inventories, Contract Work in Progress, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities.

(3) These are calculated by totalling Deferred Tax Liabilities, Defined Benefit Plans for employees and Provisions for Risks and Charges.

(4) The net financial position is calculated in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 as amended (as most recently amended on 5 May 2021, to adopt the new ESMA recommendations 32-232-1138 of 4 March 2021).

(5) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the remaining payable for the Metatron Control System put/call options

#### 1.4. SIGNIFICANT EVENTS DURING THE PERIOD

- In January, the business combination with Idro Meccanica S.r.l. was completed through the acquisition of the remaining 10% of the share capital, which was already established in the contract, for an equivalent value of Euro 640 thousand. In this regard, please recall that in January 2022, SAFE S.p.A., a SAFE&CEC Group company controlled by Landi Renzo S.p.A., acquired 90% of the share capital of Idro Meccanica S.r.l., a leader in the production of technologies and innovative systems for the compression of hydrogen, biomethane and natural gas which includes amongst its customers the main operators in hydrogen production and distribution, and boasts of a full range of products and applications to manage hydrogen compression up to 800 bars.
- On 2 March 2023, the Board of Directors approved the 2023 Budget, which, taking into account economic trends emerging in 2022, confirms the strategic development guidelines already set forth in the strategic plan.
- On 13 March 2023, following negotiations with the financing institutions, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 31 December 2022.

## 2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE

The green revolution, the energy transition and sustainable mobility are increasingly at the heart of the policies of governments all over the world, which are committed to engaging in a global effort against climate change, aimed at reducing the effects of global warming by seeking out new energy and socioeconomic models which, through a structural process, allow for the use of greener energy sources. Governments are placing a greater focus on the production of energy from renewable sources, including biomethane, and on policies for investments in hydrogen, as a means for favouring clean energy generation and storage. In particular, the REPowerEU Plan and the US Inflation Reduction Act rely significantly on hydrogen and biomethane as sources for the energy transition, with a series of investment support measures. Similar policies were adopted in Asia (first and foremost in China, but also in India), where countries continue to focus significantly on natural gas as an energy source for the transition towards cleaner energy in addition to making considerable investments in hydrogen.

Even in Europe, the awareness that battery electric vehicles (BEV) cannot be considered the only possible option for the passenger mobility of the future, especially in the medium term, is becoming increasingly apparent, while it is emerging on multiple fronts that the approach to real decarbonisation must be more holistic, or based on principles of technological neutrality and considering emissions from a “well to wheel” perspective. In this context, both bio-fuels and e-fuels, and increasingly hydrogen as well, are emerging as an energy source and fuel of the future.

In this context, awareness is growing at global level that to be feasible and concrete, energy decarbonisation must rely on the use of a range of technologies depending on usage and application. Bio-fuels (including biomethane) and hydrogen are emerging in particular amongst the high-potential technologies/energy sources. They are increasingly considered fundamental pieces of the energy mix of the future, also accompanied by technologies for capturing natural gas leakages and “carbon capture”. In particular, in the on-road and off-road applications sector, hydrogen is attracting growing international investor attention in the wake of the awareness of the potential of this source, not only for Mid & Heavy Duty transport, but also for Light Commercial Vehicles, Passenger cars and off-road (from stationary engines, to marine engines, to special and agricultural vehicles), fostered by new regulations that define hydrogen-fuelled combustion engines as “zero emission”. The growing importance of hydrogen, biomethane and natural gas as energy sources for the future and possible solutions that guarantee greater environmental sustainability combine well with the Group's green mission and with the role that it is able to play in the energy transition. Indeed, the Landi Renzo Group is present throughout the value chain for the distribution of natural gas, biomethane and hydrogen, through its subsidiary SAFE&CEC, which designs and distributes advanced systems for the compression and management of those gases from the “post-generation” phase to midstream and final distribution at fuel supply stations or in industrial applications (“Clean Tech Solutions” sector), and in the Green Mobility sector where the group is the recognised leader in the design, development and marketing of components for vehicles (passenger cars, light commercial vehicles or Mid & Heavy Duty vehicles) or other off-road applications fuelled by natural gas, biomethane, liquefied natural gas (LNG), LPG or hydrogen (“Green Transportation” segment).

In this expected future context, Group performance in the first quarter of 2023 was still characterised by varying trends depending on business segment.

The Green Transportation segment recorded revenue growth concentrated in the least profitable sales channel for the Group (Europe LPG OEM segment), while a reduction in revenue was observed in the After Market channel, due in particular to the deterioration of economic conditions, and in certain geographical areas (primarily North Africa and LatAm, but generally in all emerging countries), as well as the price of natural gas at the pump, which remained above historical values, despite lower international tensions surrounding gas prices. Also in Europe, vehicle conversion sales (AM) declined as they became less cost-effective following the decline in the price of oil and petrol. On the other hand, the Mid & Heavy Duty channel, which is highly strategic for Group development, recorded volumes and values



aligned with expectations and up compared with the same period of 2022, especially due to the market recovery in China.

Furthermore, there was a continuous increase in requests for estimates for hydrogen components, in Europe as well as in the United States and China, for both Fuel Cell Electric Vehicle (FCEV) applications and for endothermic vehicles fuelled by hydrogen, bearing witness to the strong interest with respect to innovative Group components in a segment with high growth potential.

India deserves particular mention, as it continues to be one of the countries in which gas mobility will develop over the coming years at a more sustained pace, also in the wake of increasing interest from the Indian government in the development of natural gas-based sustainable mobility. In this context, Krishna Landi Renzo, an Indian joint venture consolidated with the equity method, continued to increase its sale volumes to a leading Indian OEM customer in the first three months of 2023, recording revenue of Euro 8.6 million, up by 9.6% compared with 31 March 2022.

The trend in demand for compression systems continues to be highly positive. In the first quarter of 2023, SAFE&CEC continued to grow thanks to sustained demand and driven by applications for biomethane, hydrogen and in Oil & Gas to maximise the exploitation of natural gas, while demand for compression systems for fuel stations remained steady. Amongst the various geographical areas, constant growth was observed in the North American market as well as in the European market, driven by France and the UK. In this context, the order portfolio was also up significantly, with additional commercial negotiations in the advanced discussion phase especially for biomethane and hydrogen, from grid injection to fuel stations. As concerns hydrogen, also thanks to the acquisition of Idro Meccanica last year, it should be noted that the first assignment of 36 stations that will be funded by the NRRP is having positive impacts for SAFE&CEC.

Thanks to the investments made in research and development and in external growth, over the last few years the Landi Renzo Group has laid the foundations to be a strategic leader in the niches in which it operates, particularly in the biomethane and hydrogen segments, two alternatives to fossil fuels which offer significant benefits and advantages, as well as in the Mid-Heavy Duty segment.

## 2.1. PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March 2023

The following table sets out the main economic indicators of the Group for the first three months of 2023 compared with the same period in 2022.

(Thousands of Euro)	31/03/2023				31/03/2022			
	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated	Green Transportation	Clean Tech. Solutions	Adjustments	Landi Renzo Consolidated
<b>Net sales outside the Group</b>	<b>48,054</b>	<b>23,114</b>		<b>71,168</b>	<b>46,296</b>	<b>20,622</b>		<b>66,918</b>
Intersegment sales	145		-145	0	108	0	-108	0
Total Revenues from net sales and services	48,199	23,114	-145	71,168	46,404	20,622	-108	66,918
Other revenues and income	98	103		201	148	32		180
Operating costs	-50,818	-21,657	145	-72,330	-45,225	-19,313	108	-64,430
<b>Adjusted gross operating profit</b>	<b>-2,521</b>	<b>1,560</b>	<b>0</b>	<b>-961</b>	<b>1,327</b>	<b>1,341</b>	<b>0</b>	<b>2,668</b>
Non-recurring costs	-886	-244		-1,130	-780	-59		-839
<b>Gross operating profit</b>	<b>-3,407</b>	<b>1,316</b>	<b>0</b>	<b>-2,091</b>	<b>547</b>	<b>1,282</b>	<b>0</b>	<b>1,829</b>

Amortisation, depreciation and impairment	-3,498	-695	-4,193	-3,599	-682	-4,281		
<b>Net operating profit</b>	<b>-6,905</b>	<b>621</b>	<b>0</b>	<b>-6,284</b>	<b>-3,052</b>	<b>600</b>	<b>0</b>	<b>-2,452</b>
Financial income			175					23
Financial expenses			-2,583					-1,218
Exchange gains (losses)			-1,089					620
Income (expenses) from equity investments			-7					-107
Income (expenses) from joint ventures measured using the equity method			-269					29
<b>Profit (loss) before tax</b>			<b>-10,057</b>					<b>-3,105</b>
Taxes			118					-30
<b>Net profit (loss) for the Group and minority interests, including:</b>			<b>-9,939</b>					<b>-3,135</b>
Minority interests			-34					14
<b>Net profit (loss) for the Group</b>			<b>-9,905</b>					<b>-3,149</b>

Consolidated revenues for the first three months of 2023 totalled Euro 71,168 thousand, increasing by Euro 4,250 thousand (+6.4%) compared with the same period of the previous year.

This growth was driven by the Clean Tech Solutions segment (+12.1%) and more limited growth in the OEM segment (Passenger Cars and M&HD) of 3.8%. Despite the top-line growth, the Group's margins deteriorated (adjusted gross operating loss of Euro -961 thousand), driven by lower volumes and the % margins of the After Market channel.

Personnel costs rose from Euro 11,133 thousand as at 31 March 2022 to Euro 12,365 thousand as at 31 March 2023, marking an increase of 11.1%. This growth resulted primarily from SAFE's increase in volumes. The Group had a total of 942 employees, including 361 relating to the SAFE&CEC Group and 82 relating to the Metatron Group. Please also note that the Group heavily invested in highly specialised resources in order to support the development plan.

Allocations, write-downs and other operating expenses totalled Euro 1,177 thousand (Euro 1,250 thousand at 31 March 2022). The decrease is essentially due to lower provisions for bad debts, which were quite high in the first quarter of 2022 due to uncertainties with respect to the possibility of collecting receivables originating in the Russia/Ukraine area.

The adjusted Gross Operating Loss (EBITDA) was Euro -961 thousand as at 31 March 2023, compared with a profit of Euro 2,668 thousand in the same period of the previous year, while the Gross Operating Loss (EBITDA) was Euro -2,091 thousand (profit of Euro 1,829 thousand as at 31 March 2022), inclusive of non-recurring costs of Euro 1,130 thousand (Euro 839 thousand as at 31 March 2022).

(Thousands of Euro)	Q1 2023	Q1 2022
<b>NON-RECURRING COSTS</b>		
Strategic consultancy	-394	-106
Cyber attack consultancy	-75	0
Provision for risks on recoverability of tax credits	-105	0
Personnel for voluntary resignation incentives	-230	0

Other extraordinary costs	-326	-88
Extraordinary accruals - Ukraine and Russia	0	-424
Customer penalties for delivery delays	0	-221
<b>Total</b>	<b>-1,130</b>	<b>-839</b>

The Net Operating Profit (EBIT) for the period was negative at Euro 6,284 thousand (negative and equal to Euro 2,452 thousand at 31 March 2022), after accounting for amortisation, depreciation and impairment of Euro 4,193 thousand (Euro 4,281 thousand at 31 March 2022), of which Euro 842 thousand due to the application of IFRS - 16 Leases (Euro 976 thousand at 31 March 2022).

Net financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 3,497 thousand (Euro 575 thousand as at 31 March 2022) and include negative exchange effects of Euro 1,089 thousand (positive and equal to Euro 620 thousand as at 31 March 2022). Financial expenses alone, amounting to Euro 2,583 thousand, rose compared with the same period of the previous year (Euro 1,218 thousand), in line with the rising trend in interest rates on loans.

Expenses from equity investments are primarily connected to the value adjustment of Krishna Landi Renzo India Private Ltd, considering its profit and loss results.

The first three months of 2023 closed with a pre-tax loss (EBT) of Euro 10,057 thousand (loss of Euro 3,105 thousand as at 31 March 2022).

The net result of the Group and minority interests as at 31 March 2023 showed a loss of Euro 9,939 thousand compared with a Group and minority interest loss of Euro 3,135 thousand as at 31 March 2022.

## SEGMENT REPORTING

The management has identified two operating segments (“Cash Generating Units” or “CGUs”) in which the Landi Renzo Group operates, or:

- The **Green Transportation** (formerly Automotive) segment, referring primarily to the design, manufacture and sale through the OEM and After Market channels of mechanical and electronic systems and components for the use of automotive gas (CNG - Compressed Natural Gas, LNG – Liquid Natural Gas, LPG, RNG – Renewable Natural Gas and hydrogen) as well as, to a lesser extent, anti-theft alarms. This segment mainly includes the Landi Renzo, AEB, Lovato and Med brands. Since August 2021, the Green Transportation segment has also included the results of the Metatron Group, a leader in the supply of components for gas and hydrogen Mid & Heavy Duty mobility, in both Europe and China, where it serves the main segment operators based on well-established relationships.
- The **Clean Tech Solutions** segment, referring to the design and manufacture of compressors for the processing and distribution of gas (CNG, RNG and Hydrogen) as well as operations in the Oil&Gas market. The broad

range of SAFE&CEC Group products makes it possible to satisfy multiple market requirements for the construction of automotive CNG, RNG and hydrogen distribution stations.

### Breakdown of sales by business segment

(Thousands of Euro)

Distribution of revenues by segment	Q1 2023	% of revenues	Q1 2022	% of revenues	Changes	%
Green Transportation segment	48,054	67.5%	46,296	69.2%	1,758	3.8%
Clean Tech Solutions	23,114	32.5%	20,622	30.8%	2,492	12.1%
<b>Total revenues</b>	<b>71,168</b>	<b>100%</b>	<b>66,918</b>	<b>100%</b>	<b>4,250</b>	<b>6.4%</b>

### Breakdown of sales by geographical area

(Thousands of Euro)

Geographical distribution of revenues	At 31/03/2023	% of revenues	At 31/03/2022	% of revenues	Changes	%
Italy	6,477	9.1%	7,362	11.0%	-885	-12.0%
Europe (excluding Italy)	40,595	57.0%	31,781	47.5%	8,814	27.7%
America	13,987	19.7%	14,135	21.1%	-148	-1.0%
Asia and Rest of the World	10,109	14.2%	13,640	20.4%	-3,531	-25.9%
<b>Total</b>	<b>71,168</b>	<b>100.0%</b>	<b>66,918</b>	<b>100.0%</b>	<b>4,250</b>	<b>6.4%</b>

Regarding the geographical distribution of revenues, during the first three months of 2023 the Group achieved 90.9% (89.0% as at 31 March 2022) of its consolidated revenues abroad (66.1% in Europe and 33.9% outside Europe).

### Profitability

#### **Green Transportation operating segment performance**

(Thousands of Euro)

GREEN TRANSPORTATION	Q1 2023	Q1 2022	Changes	%
<b>Net sales outside the Group</b>	<b>48,054</b>	<b>46,296</b>	<b>1,758</b>	<b>3.8%</b>
Intersegment sales	145	108	37	34.3%
Total Revenues from net sales and services	48,199	46,404	1,795	3.9%
Other revenues and income	98	148	-50	-33.8%
Operating costs	-50,818	-45,225	-5,593	12.4%
<b>Adjusted gross operating profit (EBITDA)</b>	<b>-2,521</b>	<b>1,327</b>	<b>-3,848</b>	<b>-290.0%</b>
Non-recurring costs	-886	-780	-106	13.6%
<b>Gross operating profit (EBITDA)</b>	<b>-3,407</b>	<b>547</b>	<b>-3,954</b>	<b>-722.9%</b>
Amortisation, depreciation and impairment	-3,498	-3,599	101	-2.8%

<b>Net operating profit (EBIT)</b>	<b>-6,905</b>	<b>-3,052</b>	<b>-3,853</b>	<b>126.2%</b>
<b>Adjusted EBITDA margin</b>	<b>-5.2%</b>	<b>2.9%</b>		
<b>EBITDA margin</b>	<b>-7.1%</b>	<b>1.2%</b>		

Revenues from sales in the Green Transportation segment as at 31 March 2023 amounted to Euro 48,054 thousand, up by Euro 1,758 thousand (+3.8%) thanks to the recovery of the European market.

Group sales in the OEM channel, inclusive of the contribution of the Metatron Group, amounted to Euro 31,546 thousand, up by Euro 5,609 thousand compared with 31 March 2022 thanks to orders from a major OEM customer, which is focusing on LPG bifuel engines to develop its “green” low-cost vehicle range, and the gradual recovery of the M&HD market, primarily in relation to the Chinese market.

Sales in the After Market channel, amounting to Euro 16,508 thousand (Euro 20,467 thousand at 31 March 2022), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and declined mainly due to the continuing decrease in the price spread between gas and petrol/diesel in several Latam area markets and in India, as well as the delay in the granting of subsidies in certain markets.

On the After Market channel, the limited possibility of adjusting the sales price lists did not jeopardize the achievement of the expected margins. On the other hand, the drop in margins continues in the OEM channel due to the difficulty of passing certain costs over to the main OEM customer with whom negotiations are underway to adjust the sales price list, and a plan has been launched to further reduce purchase costs .

A breakdown of revenues from sales in the Green Transportation segment by geographical area is provided below.

(Thousands of Euro)							
<b>GREEN TRANSPORTATION</b>	<b>At 31/03/2023</b>	<b>% of revenues</b>	<b>At 31/03/2022</b>	<b>% of revenues</b>	<b>Changes</b>	<b>%</b>	
Italy	5,764	12.0%	6,302	13.6%	-538	-8.5%	
Europe (excluding Italy)	29,550	61.5%	23,104	49.9%	6,446	27.9%	
America	4,786	10.0%	7,215	15.6%	-2,429	-33.7%	
Asia and Rest of the World	7,954	16.6%	9,675	20.9%	-1,721	-17.8%	
<b>Total</b>	<b>48,054</b>	<b>100.0%</b>	<b>46,296</b>	<b>100.0%</b>	<b>1,758</b>	<b>3.8%</b>	

### Italy

Group sales in the Italian market dropped compared with the same period of the previous year (-8.5%), going against the new vehicle registration trend (+17.9% according to data from UNRAE - Association of foreign car makers operating in Italy), primarily due to a reduction in sales in the After Market channel.

### Europe

The rest of Europe represents 61.5% of total sales (49.9% in the first three months of 2022) and is up 27.9%.

### America

Sales in the first three months of 2023 on the American continent marked a decrease of 33.7% due to the negative performance of the Latam area because of the difference between the cost of petrol and gas in Brazil as well as

hyperinflation in Argentina, only partially offset by an increase in sales in the Mid & Heavy Duty channel in the United States.

### Asia and Rest of the World

Sales in Asia and the Rest of the World, amounting to 16.6% of total revenue (20.9% in the first three months of 2022), lost 17.8% primarily as a result of lower sales in the AM channel in North Africa and India, partially offset by the recovery of the Chinese MH&D market.

### Profitability

(Thousands of Euro)

<b>GREEN TRANSPORTATION</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
Revenues	48,054	46,296
Adjusted gross operating profit (EBITDA)	-2,521	1,327
% of revenues	-5.2%	2.9%
Gross operating profit (EBITDA)	-3,407	547
% of revenues	-7.1%	1.2%
Net operating profit (EBIT)	-6,905	-3,052
% of revenues	-14.4%	-6.6%
Change in Revenues compared with the previous year	1,758	
Change %	3.8%	

In the first three months of 2023, the adjusted Gross Operating Loss (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 886 thousand, came to Euro -2,521 thousand, equivalent to -5.2% of revenues, down compared with the same period of the previous year (Euro 1,327 thousand, equal to 2.9% of revenues and net of non-recurring costs of Euro 780 thousand).

### Clean Tech Solutions operating segment performance

(Thousands of Euro)

<b>CLEAN TECH SOLUTIONS</b>	<b>Q1 2023</b>	<b>Q1 2022</b>	<b>Changes</b>	<b>%</b>
<b>Net sales outside the Group</b>	<b>23,114</b>	<b>20,622</b>	<b>2,492</b>	<b>12.1%</b>
Intersegment sales	0	0	0	0.0%
Total Revenues from net sales and services	23,114	20,622	2,492	12.1%
Other revenues and income	103	32	71	221.9%
Operating costs	-21,657	-19,313	-2,344	12.1%
<b>Adjusted gross operating profit (EBITDA)</b>	<b>1,560</b>	<b>1,341</b>	<b>219</b>	<b>16.3%</b>
Non-recurring costs	-244	-59	-185	313.6%
<b>Gross operating profit (EBITDA)</b>	<b>1,316</b>	<b>1,282</b>	<b>34</b>	<b>2.7%</b>
Amortisation, depreciation and impairment	-695	-682	-13	1.9%
<b>Net operating profit (EBIT)</b>	<b>621</b>	<b>600</b>	<b>21</b>	<b>3.5%</b>
<b>Adjusted EBITDA margin</b>	<b>6.7%</b>	<b>6.5%</b>		
<b>EBITDA margin</b>	<b>5.7%</b>	<b>6.2%</b>		

## Sales revenues

In the first three months of 2023, the Clean Tech Solutions segment recorded Revenues of Euro 23,114 thousand, up by 12.1% compared with the same period of the previous year (Euro 20,622 thousand), further confirming the growing interest in the compression solutions for biomethane, hydrogen and natural gas offered by the Group, as well as increasing infrastructural investments concentrated in particular in the production and distribution of biomethane and hydrogen infrastructure development.

## Revenue by geographical area

(Thousands of Euro)						
<b>CLEAN TECH SOLUTIONS</b>	<b>At 31/03/2023</b>	<b>% of revenues</b>	<b>At 31/03/2022</b>	<b>% of revenues</b>	<b>Changes</b>	<b>%</b>
Italy	713	3.1%	962	4.7%	-249	-25.9%
Europe (excluding Italy)	11,045	47.8%	8,677	42.1%	2,368	27.3%
America	9,201	39.8%	7,018	34.0%	2,183	31.1%
Asia and Rest of the World	2,155	9.3%	3,965	19.2%	-1,810	-45.6%
<b>Total</b>	<b>23,114</b>	<b>100.0%</b>	<b>20,622</b>	<b>100.0%</b>	<b>2,492</b>	<b>12.1%</b>

Revenue by geographical area, an insignificant indicator for the Clean Tech Solutions segment, given its extreme variability depending on the projects completed during the period, recorded significant results in the America and Europe area, primarily due to the contracts intended for those markets, particularly for biomethane solutions, as well as the strong increase for hydrogen.

## Profitability

<b>CLEAN TECH SOLUTIONS</b>	<b>31/03/2023</b>	<b>31/03/2022</b>
Revenues	23,114	20,622
Adjusted gross operating profit (EBITDA)	1,560	1,341
% of revenues	6.7%	6.5%
Gross operating profit (EBITDA)	1,316	1,282
% of revenues	5.7%	6.2%
Net operating profit (EBIT)	621	600
% of revenues	2.7%	2.9%
Change in Revenues compared with the previous year	2,492	
Change %	12.1%	

For the Clean Tech Solutions segment, adjusted Gross Operating Profit (EBITDA) at 31 March 2023 amounted to Euro 1,560 thousand and was equivalent to 6.7% of revenues, compared with Euro 1,341 thousand (6.5% of revenues) in the same period of the previous year. Therefore, the positive margins expressed by the SAFE&CEC

Group are confirmed, which moreover has a steadily growing order portfolio.

SAFE and Idro Meccanica have launched a “lean world class manufacturing” project with a view to reducing order completion timing, boosting process effectiveness, optimising asset use and eliminating and reducing non-value added activities (efficiency), oriented towards increasing overall margins as well as improving financial performance with respect to working capital management.

## Invested capital

(Thousands of Euro)			
Statement of Financial Position	31/03/2023	31/12/2022	31/03/2022
Trade receivables	66,635	73,559	66,332
Inventories	97,400	97,109	95,542
Trade payables	-93,396	-98,033	-84,535
Other net current assets (liabilities) (*)	-8,670	-17,952	-16,702
<b>Net operating capital</b>	<b>61,969</b>	<b>54,683</b>	<b>60,637</b>
Tangible fixed assets	13,627	14,015	14,743
Intangible assets	107,240	108,536	103,134
Right-of-use assets	12,816	13,618	15,471
Other non-current assets	19,320	19,162	25,691
<b>Fixed capital</b>	<b>153,003</b>	<b>155,331</b>	<b>159,039</b>
TFR (employee severance pay), other provisions and others	-11,462	-11,807	-10,289
<b>Net invested capital</b>	<b>203,510</b>	<b>198,207</b>	<b>209,387</b>
<b>Financed by:</b>			
Net Financial Position (**)	107,373	92,323	150,800
Group shareholders' equity	90,133	99,917	52,547
Minority interests	6,004	5,967	6,040
<b>Borrowings</b>	<b>203,510</b>	<b>198,207</b>	<b>209,387</b>
Ratios	31/03/2023	31/12/2022	31/03/2022
Net operating capital	61,969	54,683	60,637
Net operating capital/Turnover (rolling)	20.0%	17.9%	21.0%
Net invested capital	203,510	198,207	209,387
Net capital employed/Turnover (rolling)	65.5%	64.7%	72.6%

(\*) Net of the remaining payable for the Metatron Control System put/call options

(\*\*) The net financial position at 31 March 2023 is inclusive of Euro 13,710 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases, a positive Euro 219 thousand for derivative financial instruments and Euro 453 thousand relating to the payable for the Metatron Control System put/call options



Net operating capital at the end of the period stood at Euro 61,969 thousand. This is an increase compared with the same figure at 31 December 2022 (Euro 54,683 thousand). In terms of percentages on rolling pro forma turnover, there was an increase in this figure, from 17.9% as at 31 December 2022 to the current 20.0% (21.0% as at 31 March 2022).

Trade receivables stood at Euro 66,635 thousand (of which Euro 23,098 thousand relating to the Clean Tech Solutions segment and Euro 4,000 thousand relating to the Metatron Group), basically unchanged compared with 31 March 2022 (Euro 66,332 thousand) and down by Euro 6,924 thousand compared with 31 December 2022. At 31 March 2023, derecognised receivables disposed through maturity factoring stood at Euro 15.9 million (Euro 14.8 million at 31 December 2022).

Inventories, totalling Euro 97,400 thousand, were up slightly compared with last year. This performance was due to an increase in inventories relating to some sales included in the forecast and not yet made, only partially offset by a decrease in work in progress relating to the Clean Tech Solutions segment.

Trade payables are down by Euro 4,637 thousand from Euro 98,033 thousand as at 31 December 2022 to Euro 93,396 thousand as at 31 March 2023 (of which Euro 25,301 thousand relating to the Clean Tech Solutions segment and Euro 3,242 thousand to the Metatron Group).

Fixed capital amounts to Euro 153,003 thousand and is inclusive of Euro 12,816 thousand for right-of-use assets recognised pursuant to IFRS 16 - Leases.

As at 31 March 2023, TFR (employee severance indemnity) and other provisions totalled Euro 11,462 thousand, down by Euro 345 thousand compared with 31 December 2022.

Net invested capital (Euro 203,510 thousand, equal to 65.5% of pro forma rolling turnover) is up compared with 31 December 2022 (Euro 198,207 thousand, equal to 64.7% of rolling turnover) following the increase in operating capital, and particularly the more than proportional decrease in current liabilities compared to current assets.

Particularly with regard to this last aspect, the first quarter of 2023 saw an increase of roughly Euro 1,625 thousand in Current Assets due for the most part to the recognition of Prepaid Expenses, which are typically more significant at the start of the year, and a decrease in Current Liabilities of Euro 7,046 thousand, mainly as a result of the decrease in payments on account in the Clean Tech Solutions segment. In this regard, Tax Liabilities were also down, by Euro 1,244 thousand, mainly due to the effect of withholding taxes connected to the holiday bonus, present only in December.

## Net financial position and cash flows

(Thousands of Euro)	31/03/2023	31/12/2022	31/03/2022
Cash and cash equivalents	52,104	62,968	36,379
Current assets for derivative financial instruments	289	412	0
Current financial assets	0	0	520
Bank financing and short-term loans	-32,237	-103,629	-54,881
Current right-of-use liabilities	-3,157	-3,196	-3,141
Other current financial liabilities	-3,975	-3,956	-274
<b>Net short term indebtedness</b>	<b>13,024</b>	<b>-47,401</b>	<b>-21,397</b>
Non-current bank loans	-84,965	-8,169	-61,820
Non-current right-of-use liabilities	-10,553	-11,314	-13,111
Other non-current financial liabilities	-24,356	-24,456	-46,870

Assets for derivative financial instruments	60	103	413
Liabilities for derivative financial instruments	-130	0	-1
<b>Net medium-long term indebtedness</b>	<b>-119,944</b>	<b>-43,836</b>	<b>-121,389</b>
Commitments for the purchase of equity investments	-453	-1,086	-8,014
<b>Net Financial Position</b>	<b>-107,373</b>	<b>-92,323</b>	<b>-150,800</b>
<b>Net Financial Position - adjusted (*)</b>	<b>-93,429</b>	<b>-77,242</b>	<b>-126,946</b>
- of which Green Transportation	-78,789	-68,511	- 111,695
- of which Clean Tech Solutions	-14,640	-8,731	- 15,251

(\*) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the payable for the Metatron Control System Ltd put/call options

The Net Financial Position as at 31 March 2023 is equal to Euro 107,373 thousand (Euro 92,323 thousand as at 31 December 2022), of which Euro 13,710 thousand due to the application of IFRS 16 - Leases and Euro 219 thousand due to the fair value of derivative financial instruments. Without considering the effects arising from the adoption of this accounting standard, the fair value of derivative financial instruments and the remaining payable for the acquisition of equity investments, the adjusted Net Financial Position as at 31 March 2023 would have been equal to Euro 93,429 thousand, of which Euro 14,640 thousand linked to the Clean Tech Solutions segment and Euro 78,789 thousand to the Green Transportation segment.

With reference to the financial covenants on the main Landi Renzo S.p.A. loans, the Company presented consent letters to the various financial institutions containing some specific requests for consent and/or exemption in relation to the outstanding loan agreements, particularly with reference to the possibility of failure to comply with financial covenants at 31 December 2022. As the consent of all credit institutions underwriting the loans was received on 13 March 2023, at 31 December 2022 the relative loans were all classified under current liabilities. On the other hand, as the relative consent letters had been received in the meantime, at 31 March 2023 the amounts beyond 12 months of the loans were reclassified to non-current liabilities.

The deterioration of the Net Financial Position with respect to 31 December 2022 was caused by the financial impact of the profit for the period as well as the decline in cash and cash equivalents generated by lower trade payables, only partially offset by a slight decrease in trade receivables. This trend is present in the Green Transportation and Clean Tech Solutions segments.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	31/03/2023	31/12/2022	31/03/2022
Gross operational cash flow	-13,585	5,831	-5,746
Cash flow for investment activities	-1,913	-8,337	-25,728
<b>Gross Free Cash Flow</b>	<b>-15,498</b>	<b>-2,506</b>	<b>-31,474</b>
Variation in the consolidation area	0	-30,683	0
Non-recurring expenditure for voluntary resignation incentives	-230	-439	0
<b>Net Free Cash Flow</b>	<b>-15,728</b>	<b>-33,628</b>	<b>-31,474</b>
Share capital increase (*)	0	58,554	0
Repayment of leases (IFRS 16)	-887	-3,872	-1,045

<b>Overall cash flow</b>	<b>-16,615</b>	<b>21,054</b>	<b>-32,519</b>
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(\*) net of expenses incurred

In the first three months of 2023, cash absorption amounted to Euro 16,615 thousand (absorption of Euro 32,519 thousand in the first three months of 2022), primarily linked to the operational cash flow deriving from the income part and, partially, due to the investment activities linked to development costs.

## **Investments**

Investments in property, plant, machinery and other equipment totalled Euro 778 thousand (Euro 892 thousand as at 31 March 2022) and refer to the investments made by the Group in the new production lines and moulds required to launch new products.

The increase in intangible assets amounted to Euro 1,226 thousand (Euro 1,073 thousand at 31 March 2022) and mainly referred to the capitalisation of costs of development projects relating to new products for the OEM and After Market channels, as well as for the Heavy Duty segment and for Hydrogen mobility as regards the Green Transportation segment and new hydrogen and biomethane products for the Clean Tech Solution segment.

### **2.1.2. Results of Parent Company**

In the first three months of 2023, Landi Renzo S.p.A. generated revenues of Euro 31,732 thousand compared with Euro 34,944 thousand in the same period of the prior year. EBITDA totalled Euro -2,449 thousand (inclusive of Euro 317 thousand in non-recurring costs), compared with Euro 580 thousand at 31 March 2022 (inclusive of Euro 754 thousand in non-recurring costs), while the Net Financial Position was Euro -77,865 thousand (Euro -73,837 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts) compared with Euro -68,453 thousand at 31 December 2022 (Euro -64,300 thousand, net of the effects deriving from the application of IFRS 16, the fair value of financial derivative contracts and the remaining payable for the acquisition of the Metatron Group).

At the end of the quarter, the Parent Company's workforce numbered 277 employees, basically in line with 31 December 2022 (292).

### **2.1.3. Impact of the COVID-19 pandemic on the activities of the Landi Renzo Group**

In the first quarter of 2023, the Group maintained all workplace health safety measures in place aimed at reducing the risk of contagion, which may include physical distancing, the use of personal protection systems and measures aimed at limiting the presence of personnel in the workplace.

#### **2.1.4. Impact of the Russia-Ukraine conflict on the activities of the Landi Renzo Group**

In the course of the early months of 2023, the continuing Russia-Ukraine crisis with resulting geopolitical and macroeconomic risks was focused on by the management, which has carefully monitored the situation since it began, evaluating its impacts on current activities. Please note that in the first quarter of 2023, the revenue earned by the Group in Russia and Ukraine was not significant, despite a slight increase in the first quarter of 2023 (Euro 633 at 31/03/2023).

#### **2.1.5. Transactions with related parties**

The Landi Renzo Group deals with related parties at conditions considered to be arm's length on the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties include:

- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company located in the town of Corte Tegge - Caviago;
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Caviago;
- the service contracts between Gireimm S.r.l. and SAFE S.p.A. for rent of the property used as the operational headquarters of the company located in San Giovanni in Persiceto;
- the service contracts between Reggio Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A., for the rents on properties used by the US company;
- supply of goods to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- the loan granted by Landi Renzo S.p.A. and Krishna Landi Renzo India Private Ltd Held;
- Supplies of materials by Clean Energy Fuel Corp, the minority shareholder of SAFE&CEC.

In accordance with Consob Regulation 17221/2010, and pursuant to Article 2391-bis of the Italian Civil Code, the Board of Directors has adopted the specific procedure for transactions with related parties. On 30 June 2021, the Board of Directors of Landi Renzo S.p.A. approved the update of procedures relating to transactions with related parties in order to align them with Consob Resolution no. 21624 of 10/12/2020. The new procedures entered into force as of 1 July 2021 and are also published on the Company's website.

## **2.2. SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER AND LIKELY FUTURE DEVELOPMENTS**

### **Significant events after the reporting period**

- On 26 April 2023, the Ordinary Shareholders' Meeting of Landi Renzo S.p.A.:
  - approved the Financial Statements at 31 December 2022 and approved covering the loss for the year of Euro 15,749,826.46 by using the Share premium reserve;
  - approved the first section of the Report on Remuneration and also expressed its opinion in favour of the second section, approved by the Board of Directors on 24 March 2023 and drafted pursuant to articles 123-ter of Italian Legislative Decree 58/98 and 84-quater of the regulation approved with Consob

resolution no. 11971 of 19 May 1999;

### Likely future developments

After the year 2022, albeit within an uncertain macroeconomic environment, the management took a series of actions at Group level to limit direct costs and improve productivity and working capital. The Group also continued with its integration of the newly-acquired companies, in order to maximise synergies and concentrate on the future growth of the hydrogen, biomethane and natural gas business, which in the course of 2023 will translate into a consolidation of turnover and margins, which will become more visible during the second half of the year.

Cavriago 12 May 2023

**Chief Executive Officer**  
**Cristiano Musi**

### **3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March 2023**

#### **3.1. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES**

##### **3.1.1. Introduction**

The Interim Management Report as at 31 March 2023, which has not been audited, has been prepared in compliance with art. 154 of Italian Legislative Decree no. 58 of 24 February 1998, as amended, and with the (Issuers' Regulations) issued by Consob (Italian Securities and Exchange Commission). Therefore, the provisions of the IAS on infra-annual financial information (IAS 34 – Interim Financial Reporting) were not adopted.

The Interim Management Report as at 31 March 2023 has been prepared in accordance with the IAS/IFRS. To this end, the data of the separate financial statements of the Italian and foreign subsidiaries have been reclassified and adjusted accordingly.

The line-by-line method is used for consolidation, which consists of stating all the items of assets and liabilities in their entirety, excluding the joint venture Krishna Landi Renzo India Private LTD Held, consolidated using the equity method.

Except for what is laid out below, the accounting standards, and the valuation and consolidation criteria used in preparing the Interim Management Report as at 31 March 2023 are not different to those used in drawing up the consolidated financial statements closed at 31 December 2022, which should be referred to for further information.

As well as the interim values as at 31 March 2023 and 2022, the financial data for the year ended on 31 December 2022 is shown for the purpose of comparison.

The functional and reporting currency is the Euro. Figures in the schedules and tables herein are in thousands of Euro.

##### **3.1.2. Amendments and revised accounting standards applied by the Group for the first time**

The accounting standards and calculation methods used for the preparation of this Interim Management Report were not modified compared to those used to prepare the consolidated financial statements at 31 December 2022. Please note that the valuation and measurement of the accounting items shown are based on International Accounting Standards and the relative interpretations currently in force, and that no new accounting standards were applied early.

##### **3.1.3. Consolidation procedures and valuation criteria**

The preparation of the Interim Management Report requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances. Application of these estimates and assumptions affects the amounts presented in the financial statements, such as 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 Cash Flow Statement, and in disclosures provided. Estimates are used in recognizing goodwill, impairment of fixed assets, development expenditure, taxes, provisions for bad debts and inventories write-down, employee benefits and other provisions. The estimates and assumptions are reviewed periodically and the effects of all changes are normally reflected immediately on the income statement.

However, some valuation processes, especially the more complex ones such as establishing any loss in value of non-current assets, are normally carried out to a fuller extent only during the preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are impairment indicators that require an immediate assessment of possible losses in value.

The Group performs activities that do not on the whole present significant seasonal or cyclical variations in total sales over the year, except for the signing of new supply contracts for the OEM channel which may involve planned and differing delivery schedules in the individual quarters.

The policies and principles of the Landi Renzo Group for the identification, management and control of risks related to the activity are described in detail in the Consolidated Financial Statements as at 31 December 2022, to which you may refer for a more complete description of such aspects.

#### **3.1.4. Scope of consolidation**

The scope of consolidation includes the Parent Company Landi Renzo S.p.A. and the companies in which it holds a direct or indirect controlling stake according to IFRS. There has been no change to the consolidation scope compared with 31 December 2022.

#### **Adoption of simplification of reporting obligations pursuant to Consob Resolution no. 18079 of 20 January 2012.**

Under Article 3 of Consob Resolution no. 18079 of 20 January 2012, Landi Renzo S.p.A. decided to adopt the opt-out system envisaged by Articles 70, par. 8, and 71, par. 1-*bis* of Consob Regulation no. 11971/99 (as amended). It is therefore able to opt out from the disclosure of the information documents listed in Annex 3B to the Consob Regulation, on occasion of significant mergers, demergers, increases in capital through contribution of goods in kind, acquisitions and disposals.

### 3.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	31/03/2023	31/12/2022	31/03/2022
<b>Non-current assets</b>			
Land, property, plant, machinery and other equipment	13,627	14,015	14,743
Development costs	10,468	11,141	11,521
Goodwill	80,132	80,132	75,341
Other intangible assets with finite useful lives	16,640	17,263	16,272
Right-of-use assets	12,816	13,618	15,471
Equity investments measured using the equity method	2,259	2,496	2,057
Investments in subsidiaries	0	0	6,400
Other non-current financial assets	1,054	847	812
Other non-current assets	1,720	1,710	2,556
Deferred tax assets	14,287	14,109	13,866
Assets for derivative financial instruments	60	103	413
<b>Total non-current assets</b>	<b>153,063</b>	<b>155,434</b>	<b>159,452</b>
<b>Current assets</b>			
Trade receivables	66,635	73,559	66,332
Inventories	82,102	76,680	75,731
Contract work in progress	15,298	20,429	19,811
Other receivables and current assets	18,773	17,148	15,037
Current financial assets	0	0	520
Assets for derivative financial instruments	289	412	0
Cash and cash equivalents	52,104	62,968	36,379
<b>Total current assets</b>	<b>235,201</b>	<b>251,196</b>	<b>213,810</b>
<b>TOTAL ASSETS</b>	<b>388,264</b>	<b>406,630</b>	<b>373,262</b>

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2023	31/12/2022	31/03/2022
<b>Shareholders' equity</b>			
Share capital	22,500	22,500	11,250
Other reserves	77,538	91,698	44,446
Profit (loss) for the period	-9,905	-14,281	-3,149
<b>Total Shareholders' equity of the Group</b>	<b>90,133</b>	<b>99,917</b>	<b>52,547</b>
Minority interests	6,004	5,967	6,040
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>96,137</b>	<b>105,884</b>	<b>58,587</b>
<b>Non-current liabilities</b>			
Non-current bank loans	84,965	8,169	61,820
Other non-current financial liabilities	24,356	24,456	46,870
Non-current liabilities for rights of use	10,553	11,314	13,111
Provisions for risks and charges	5,253	5,484	4,784
Defined benefit plans for employees	3,358	3,413	3,850
Deferred tax liabilities	2,851	2,910	1,655
Liabilities for derivative financial instruments	130	0	1
<b>Total non-current liabilities</b>	<b>131,466</b>	<b>55,746</b>	<b>132,091</b>
<b>Current liabilities</b>			
Bank financing and short-term loans	32,237	103,629	54,881
Other current financial liabilities	3,975	3,956	274
Current liabilities for rights of use	3,157	3,196	3,141
Trade payables	93,396	98,033	84,535
Tax liabilities	2,453	3,697	3,898
Other current liabilities	25,443	32,489	35,855
<b>Total current liabilities</b>	<b>160,661</b>	<b>245,000</b>	<b>182,584</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>388,264</b>	<b>406,630</b>	<b>373,262</b>



### 3.3. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

	31/03/2023	31/03/2022
<b>CONSOLIDATED INCOME STATEMENT</b>		
<b>Revenues from sales and services</b>	71,168	66,918
Other revenues and income	201	180
Cost of raw materials, consumables and goods and change in inventories	-46,189	-39,606
Costs for services and use of third-party assets	-13,729	-13,280
Personnel costs	-12,365	-11,133
Allocations, write-downs and other operating expenses	-1,177	-1,250
<b>Gross operating profit</b>	<b>-2,091</b>	<b>1,829</b>
Amortisation, depreciation and impairment	-4,193	-4,281
<b>Net operating profit</b>	<b>-6,284</b>	<b>-2,452</b>
Financial income	175	23
Financial expenses	-2,583	-1,218
Exchange gains (losses)	-1,089	620
Income (expenses) from equity investments	-7	-107
Income (expenses) from joint ventures measured using the equity method	-269	29
<b>Profit (loss) before tax</b>	<b>-10,057</b>	<b>-3,105</b>
Taxes	118	-30
<b>Net profit (loss) for the Group and minority interests, including:</b>	<b>-9,939</b>	<b>-3,135</b>
Minority interests	-34	14
Net profit (loss) for the Group	-9,905	-3,149
<b>Basic earnings (loss) per share (calculated on 225,000,000 shares)</b>	<b>-0.0440</b>	<b>-0.0280</b>
<b>Diluted earnings (loss) per share</b>	<b>-0.0440</b>	<b>-0.0280</b>

### 3.4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

	31/03/2023	31/03/2022
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Net profit (loss) for the Group and minority interests:</b>	<b>-9,939</b>	<b>-3,135</b>
<i>Profits/losses that will not be subsequently reclassified in the income statement</i>		
Remeasurement of employee defined benefit plans (IAS 19)	-7	99
<b>Total profits/losses that will not be subsequently reclassified in the income statement</b>	<b>-7</b>	<b>99</b>
<i>Profits/losses that could subsequently be reclassified in the income statement</i>		
Measurement of investments with the equity method	31	387
Fair value of derivatives, change for the period	-260	0
Exchange rate differences from the translation of foreign operations	441	610
<b>Total profits/losses that could subsequently be reclassified in the income statement</b>	<b>212</b>	<b>997</b>
<b>Profits/losses recorded directly in Shareholders' Equity after tax effects</b>	<b>205</b>	<b>1,096</b>
<b>Total consolidated income statement for the period</b>	<b>-9,734</b>	<b>-2,039</b>
Profit (Loss) for Shareholders of the Parent Company	-9,784	-2,341
Minority interests	50	302

### 3.5. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)		
CONSOLIDATED CASH FLOW STATEMENT	31/03/2023	31/03/2022
<b>Cash flows from operations</b>		
Pre-tax profit (loss) for the period	-10,057	-3,105
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	1,046	1,084
Amortisation of intangible assets	2,305	2,319
Depreciation of right-of-use assets	842	878
Loss (Profit) from disposal of tangible and intangible assets	-91	45
Share-based incentive plans	0	0
Impairment loss on receivables	56	451
Net financial charges	3,497	575
Income (expenses) attributable to equity investments measured using the equity method	269	-29
Profit (loss) attributable to interests	7	107
	<b>-2,126</b>	<b>2,325</b>
<i>Changes in:</i>		
Inventories and contract work in progress	-292	-10,993
Trade receivables and other receivables	5,233	-1,283
Trade payables and other payables	-15,422	4,351
Provisions and employee benefits	-294	221
<b>Cash generated from operations</b>	<b>-12,901</b>	<b>-5,379</b>
Interest paid	-916	-332
Interest received	43	26
Income taxes paid	-41	-61
<b>Net cash generated (absorbed) by operations</b>	<b>-13,815</b>	<b>-5,746</b>
<b>Cash flows from investments</b>		
Proceeds from the sale of property, plant and machinery	91	59
Purchase of property, plant and machinery	-778	-892
Purchase of intangible assets	-69	-94
Development costs	-1,157	-979
Purchase of equity investments	0	-23,822
Variation in the consolidation area	0	0
<b>Net cash absorbed by investment activities</b>	<b>-1,913</b>	<b>-25,728</b>
<b>Free Cash Flow</b>	<b>-15,728</b>	<b>-31,474</b>
<b>Cash flows from financing activities</b>		
Disbursements (reimbursements) of loans to associates	0	-520
Disbursements (reimbursements) of medium/long-term loans	4,176	36,730
Change in short-term bank debts	1,147	3,419
Repayment of leases (IFRS 16)	-887	-1,045
<b>Net cash generated (absorbed) by financing activities</b>	<b>4,436</b>	<b>38,584</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-11,292</b>	<b>7,110</b>
Cash and cash equivalents at 1 January	62,968	28,039
Effect of exchange rate fluctuation on cash and cash equivalents	428	1,230
<b>Closing cash and cash equivalents</b>	<b>52,104</b>	<b>36,379</b>

### 3.6. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Thousands of Euro)

	Share capital	Statutory reserve	Extraordinary and other reserves	Share premium reserve	Future share capital increase contributions	Profit (loss) for the year	Group shareholders' equity	Profit (Loss) attributable to minority interests	Capital and reserves attributable to minority interests	Total shareholders' equity
<b>Balance at 31/12/2021</b>	<b>11,250</b>	<b>2,250</b>	<b>4,552</b>	<b>28,946</b>	<b>8,867</b>	<b>-977</b>	<b>54,888</b>	<b>1,522</b>	<b>4,216</b>	<b>60,626</b>
Profit (loss) for the year						-3,149	-3,149	14		-3,135
Actuarial gains/losses (IAS 19)			99				99			99
Translation difference			322				322		288	610
Valuation of investments using equity method			0				0			0
Change in the cash flow hedge reserve			387				387			387
<b>Total overall profits/losses</b>	<b>0</b>	<b>0</b>	<b>808</b>	<b>0</b>	<b>0</b>	<b>-3,149</b>	<b>-2,341</b>	<b>14</b>	<b>288</b>	<b>-2,039</b>
Share-based incentive plans			0				0			0
Variation in the consolidation area									0	0
Allocation of profit			8,154	-9,131		977	0	-1,522	1,522	0
<b>Balance at 31/03/2022</b>	<b>11,250</b>	<b>2,250</b>	<b>13,514</b>	<b>19,815</b>	<b>8,867</b>	<b>-3,149</b>	<b>52,547</b>	<b>14</b>	<b>6,026</b>	<b>58,587</b>
<b>Balance at 31/12/2022</b>	<b>22,500</b>	<b>2,250</b>	<b>13,463</b>	<b>67,118</b>	<b>8,867</b>	<b>-14,281</b>	<b>99,917</b>	<b>14</b>	<b>5,953</b>	<b>105,884</b>
Profit (loss) for the year						-9,905	-9,905	-34		-9,939
Actuarial gains/losses (IAS 19)			-7				-7			-7
Translation difference			357				357		84	441
Valuation of investments using equity method			31				31			31
Valuation of cash flow hedge reserve			-260				-260			-260
<b>Total overall profits/losses</b>	<b>0</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>-9,905</b>	<b>-9,784</b>	<b>-34</b>	<b>84</b>	<b>-9,734</b>
Share capital increase	0			0			0			0
Variation in the consolidation area	0			0			0		-13	-13
Allocation of profit			0	-14,281		14,281	0	-14	14	0
<b>Balance at 31/03/2023</b>	<b>22,500</b>	<b>2,250</b>	<b>13,584</b>	<b>52,837</b>	<b>8,867</b>	<b>-9,905</b>	<b>90,133</b>	<b>-34</b>	<b>6,038</b>	<b>96,137</b>

**STATEMENT PURSUANT TO ARTICLE 154, PAR. 2, OF ITALIAN LEGISLATIVE DECREE NO. 58  
DATED 24 FEBRUARY 1998**

**Subject: Interim Management Report as at 31 March 2023**

I, the undersigned, Vittorio Tavanti, the Financial Reporting Officer of Landi Renzo S.p.A.,  
declare

in accordance with art. 154-bis, part IV, title III, chapter II, section V-bis, of Italian Legislative Decree 58/1998 that, to the best of my knowledge, the Interim Management Report as at 31 March 2023 corresponds to the accounting documents, ledgers and records.

Cavriago, 12 May 2023

Financial Reporting  
Officer  
Vittorio Tavanti