



Q1 2023 Financial Results

Cavriago, 15th May 2023



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Clean Tech BU grows in line with expectations, while uncertainty in developing Countries and delay in gross margin recovery slow down Green Transportation

Green Transportation (Automotive)

- **Macroeconomic difficulties** of emerging economies strongly **penalize After Market's** performance
- **OEM – PC volume** are **above expectations**, but **unfavorable mix** and **delays** in new price list with OEMs (**increased raw material costs to be transferred to the clients**) drive **down gross margins**
- **M&HD** market in **line** with **expectations**, with **positive outlook** suggested by worldwide **acceleration** on **H₂** and growing **market demand** in **China** for both **CNG** and **LNG**
- **Gas price** has **slowed CNG** market growth in **India**, with **improvement** in May expected to continue in **Q2**

Clean Tech Solutions (Infrastructure)

- **Q1 results**, with **more than 10% growth** in **revenues**, are **in line** with the **expectations**, with **positive outlook** for **Q2**
- **Strong momentum** in **RNG** and **H₂** infrastructure are **driving up compressor solutions demand**, with portfolio, book order and advanced negotiations **already covering almost full year plan**
- **R&D** and **operation investments** are ongoing to enlarge **product portfolio** and scale up **production capacity**

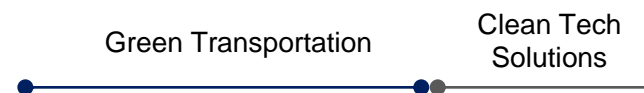
Operation improvement

- For the **Automotive BU**, management's key target are **gross margin** and **Net Working Capital** improvement, with several projects focused on **supply chain** and **procurement** areas
- For the **Infrastructure BU**, multiple **initiatives** are also under development with main activities focusing on **optimize purchasing efficiency** and **streamline internal processes**

Landi Renzo Group's pro-forma¹ revenues in Q1 accounts for ~80 M€, with KLR and Clean Tech Solutions partly offsetting Automotive BU's negative results

- **Group's revenues** account for ~80 M€, with **increasing weight** of **Hydrogen** products and **RNG** solutions (infrastructure)
- **Green Transportation** (net of KLR) **negative results** are mainly **driven** by **AM volume contraction** and **OEM lower gross margins** (delays in new price definition)
- **Volume contraction** affects also **KLR**, with **low EBITDA** driven also by **unfavorable** product mix, but **positive expectations** remain for the **rest of the year**
- Conversely, **Clean Tech Solutions** results are **in line** with **expectations**, with strong **potential** for **further improvements**
- **Green Transportation BU's negative results** and **seasonal increase** of **working capital** for **Infrastructure** drives up **NFP** at 95,6M€

Full year pro-forma figures



	<u>Landi plus Metatron</u>	<u>KLR</u>	<u>SAFE&CEC</u>	<u>Landi Renzo Group²</u>
Revenues	48,1M€	8,6M€	23,1M€	78,6M€
Adj. EBITDA	-2,5M€	0,5M€	1,6M€	-0,4M€
NFP ³	78,8M€	2,2M€	14,6M€	95,6M€
Investments	1,7M€	0,3M€	0,1M€	2,0M€

Q1 revenue show a ~6% growth vs. 2022, however negative results of Green Transportation affect overall Group's performances

M€; %	Green Transportation	Clean Tech Solutions	LRG ¹			
	Q1 2023	Q1 2023	Q1 2023	Q1 2022	delta	delta %
Revenues	48,1	23,1	71,2	66,9	+4,3	+6,4%
Adj. EBITDA	-2,5	1,6	-1,0	2,7	-3,6	-136,0%
% on rev.	-5,2%	6,7%	-1,4%	4,0%		
EBITDA	-3,4	1,3	-2,1	1,8	-3,9	n.a.
% on rev.	-7,1%	5,7%	-2,9%	2,7%		
EBIT	-6,9	0,6	-6,3	-2,5	-3,8	n.a.
% on rev.	-14,4%	2,7%	-8,8%	-3,7%		
EBT			-10,1	-3,1	-7,0	n.a.
% on rev.			-14,1%	-4,6%		
Net Result			-9,9	-3,1	-6,8	n.a.

Highlights

- **Revenues increase vs. 2022** (+4.3 M€ - 6.4%) is driven by **both divisions**, supported by **improving market conditions** in the **OEM** business and **fast-growing demand** for compressors
- **Adj. EBITDA** reflects the **combined dynamics** of different effects:
 - **Clean Tech** **marginality** is in line with **last year results** and shows **improvements** compared to **Q4 2022**
 - **Margin dilution in Green Transportation**, due to **delayed price increase** for **largest OEM client** and **unfavorable product mix**

Green Transportation shows an improvement in revenues

Green Transportation (Automotive)

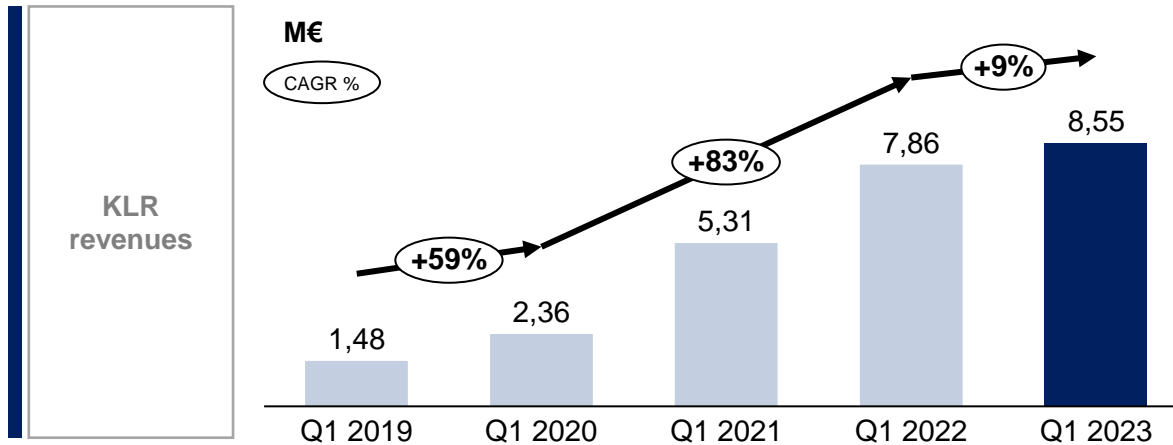
M€ ; %	Q1 2023	Q1 2022	delta	delta %
Revenues	48,1	46,3	+1,8	+3,8%
Adj. EBITDA	-2,5	1,3	-3,8	n.a.
% on rev.	-5,2%	2,9%		
EBIT	-6,9	-3,1	-3,9	n.a.
% on rev.	-14,4%	-6,6%		
NWC	47,8	45,0	+2,8	
NFP ⁽¹⁾	78,8	68,5 ⁽¹⁾	+10,3	

⁽¹⁾ at 31/12/2022

Highlights

- **Revenues growth (3,8%)** in spite of **lower demand** in developing countries for the **AM segment**, while both **OEM – PC** and **OEM – M&HD** segments show **double-digit growth** level vs. previous years
- **Adj. EBITDA** is influenced by **lower AM volumes** and general **below-expectations marginality**, due to **delays in definition** of a **price adjustment** with an important **OEM client**
- **Lower AM demand** and **product mix shift vs. expectations** generate an **increase of inventory**, **driving up NWC** compared to previous year's level, with **mitigating measures** already in place **through an analytic plan** (results already expected in Q2)

Indian JV KLR, not consolidated, slows down in Q1 due to natural gas price still to high; performance improvement expected in Q2



Highlights

- Compared to previous years, KLR revenue grows only single-digit, affected by natural gas price at the pump, still above average levels after 2022 energy crisis
- KLR performances started improving in May, with Q2 positive outlook driven also by expected decrease of natural gas price at the pump

Growth of Clean Tech Solution grows steadily at double-digit vs. 2022, fueled by Renewable Natural Gas and Hydrogen strong momentum

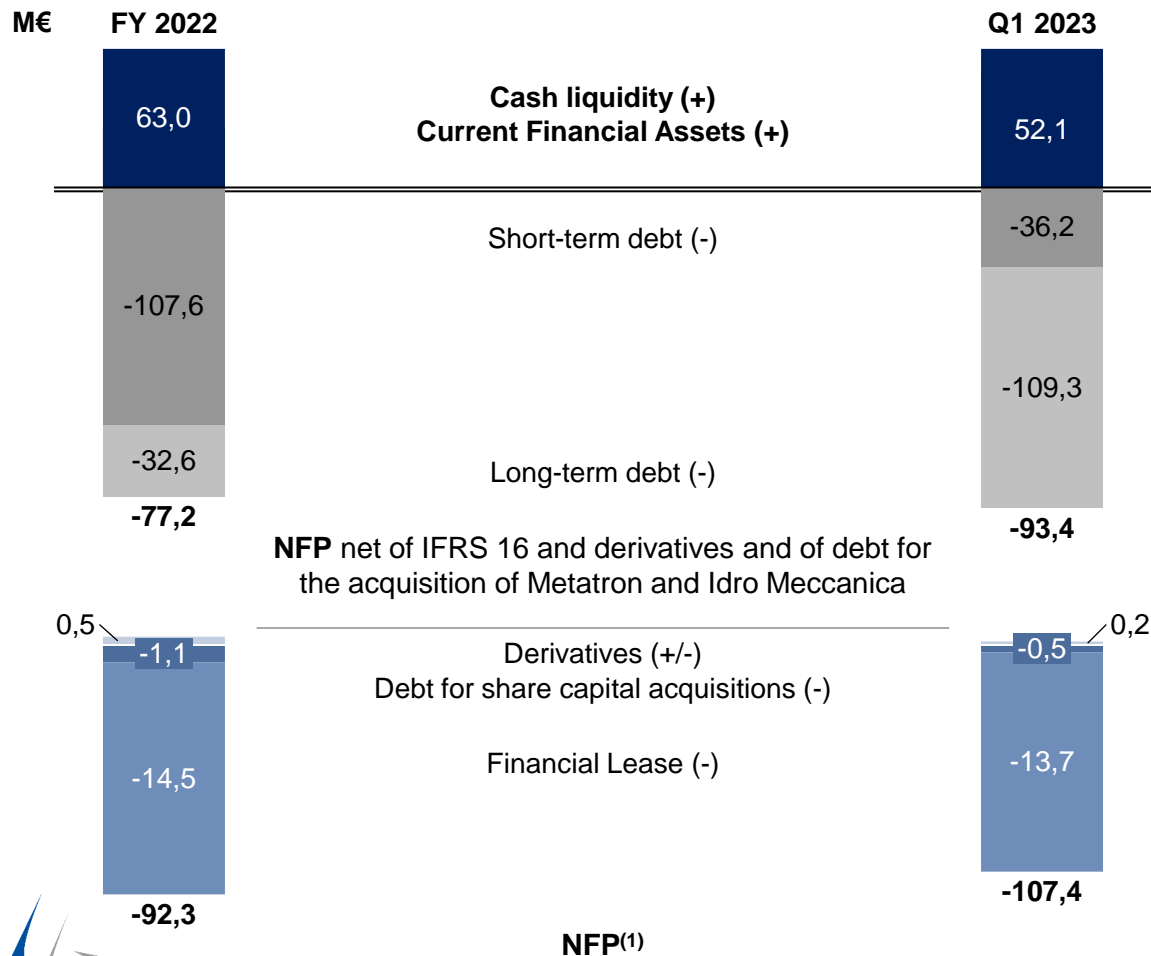
Highlights

Clean Tech Solutions	M€ ; %	Q1 2023	Q1 2022	delta	delta %
	Revenues		23,1	20,6	+2,5
Adj. EBITDA		1,6	1,3	+0,2	+16,3%
% on rev.		6,7%	6,5%		
EBIT		0,6	0,6	+0,0	+3,5%
% on rev.		2,7%	2,9%		
NWC		14,1	15,7	-1,6	
NFP ⁽¹⁾		14,6	8,7 ⁽¹⁾	+5,9	

⁽¹⁾ at 31/12/2022

- **Double-digit revenue increase (+12.1%)** is driven by **fast-growing demand for compressors** and **strong demand for Hydrogen and biomethane applications**
- **Adj. EBITDA** is improving compared to Q1 2022 and is expected to continue growing also thanks to **initiatives in place to reduce direct cost and recover extra costs**
- **Despite reduction of NWC** compared to Q1 2022, **PFN increase** (vs. end of 2022) is in line with **normal business cycle** (mainly related to advance payments for equipment orders)
- SAFE and Idro have launched a “**Lean World Class Manufacturing**” initiative to improve project **executions**, process **effectiveness**, **asset optimization** and reduce waste on not value added activities (efficiency)

LRG closes Q1 2023 with a NFP Adj. of 93.4 M€, due to negative results of green Transportation and physiological increase of WC for Clean Tech Solutions



Highlights

- At the end of Q1 2023, NFP increases by **16.2 M€**, due the combined effect of:
 - **Negative economic results of Green Transportation**, impacting also inventory levels
 - **Physiological increase** in the first quarter of the year of **Clean Tech Solutions' WC**
- **Reset of 2022 covenants** obtained in March allowed the reallocation of bank financing into **long-term debt**

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Landi Renzo - Company profile

BOARD OF DIRECTORS

Stefano Landi – Chairman
Sergio Iasi – Deputy Chairman
Cristiano Musi – CEO
Andrea Landi – Director
Silvia Landi – Director
Massimo Lucchini – Director
Anna Maria Artoni – Independent Director
Sara Fornasiero – Independent Director
Pamela Morassi – Independent Director

TOP MANAGERS



INVESTOR RELATIONS

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SHARE INFORMATION

Euronext STAR Milan segment of Borsa Italiana

N. of shares outstanding: 220.281.064

Price as of 12/05/2023: €0,550

CONSOLIDATED P&L

(thousands of Euro)

CONSOLIDATED INCOME STATEMENT	31/03/2023	31/03/2022
Revenues from sales and services	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
Gross Operating Profit	-2,091	1,829
Amortization, depreciation and impairment	-4,193	-4,281
Net Operating Profit	-6,284	-2,452
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 venture measured using the equity method	-269	29
Profit (Loss) before tax	-10,057	-3,105
Taxes	118	-30
Net profit (loss) for the Group and minority interests, including:	-9,939	-3,135
Minority interests	-34	14
Net profit (loss) for the Group	-9,905	-3,149
Basic earnings (loss) per share (calculated on 225,000,000 shares)	-0.0440	-0.0280
Diluted earnings (loss) per share	-0.0440	-0.0280

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

ASSETS	31/03/2023	31/12/2022
Non-current assets		
Land, property, plant, machinery and other equipment	13,627	14,015
Development expenditure	10,468	11,141
Goodwill	80,132	80,132
Other intangible assets with finite useful lives	16,640	17,263
Right-of-use assets	12,816	13,618
Equity investments measured using the equity method	2,259	2,496
Other non-current financial assets	1,054	847
Other non-current assets	1,720	1,710
Deferred tax assets	14,287	14,109
Non-current assets for derivative financial instruments	60	103
Total non-current assets	153,063	155,434
Current assets		
Trade receivables	66,635	73,559
Inventories	82,102	76,680
Contract work in progress	15,298	20,429
Other receivables and current assets	18,773	17,148
Current assets for derivative financial instruments	289	412
Cash and cash equivalents	52,104	62,968
Total current assets	235,201	251,196
TOTAL ASSETS	388,264	406,630

CONSOLIDATED BALANCE SHEET

(thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/03/2023	31/12/2022
Shareholders' Equity		
Share capital	22,500	22,500
Other reserves	77,538	91,698
Profit (loss) for the period	-9,905	-14,281
Total Shareholders' Equity of the Group	90,133	99,917
Minority interests	6,004	5,967
TOTAL SHAREHOLDERS' EQUITY	96,137	105,884
Non-current liabilities		
Non-current bank loans	84,965	8,169
Other non-current financial liabilities	24,356	24,456
Non-current liabilities for right-of-use	10,553	11,314
Provisions for risks and charges	5,253	5,484
Defined benefit plans for employees	3,358	3,413
Deferred tax liabilities	2,851	2,910
Liabilities for derivative financial instruments	130	0
Total non-current liabilities	131,466	55,746
Current liabilities		
Bank financing and short-term loans	32,237	103,629
Other current financial liabilities	3,975	3,956
Current liabilities for right-of-use	3,157	3,196
Trade payables	93,396	98,033
Tax liabilities	2,453	3,697
Other current liabilities	25,443	32,489
Total current liabilities	160,661	245,000
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	388,264	406,630