



The Clean Air Group  
Driving the Future

**INTERIM MANAGEMENT REPORT  
AT 31 MARCH 2022**

## 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 2022
- 2.2. Significant events after the end of the quarter and likely future developments

### 3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

- 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

On 29 April 2022, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2022-2024. They will therefore remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024. On the same date, 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	Zoani Luca
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.
----------------------------------	-------------------------------

<b>Financial Reporting Manager</b>	Paolo Cilloni
------------------------------------	---------------

(\*) The Director also holds the office of Lead Independent Director

---

**Registered office and company details**

---

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 11,250,000

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 2022		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)
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)	72.43%		
Metatron Control System (Shanghai)	Shanghai (China)		90.00%	(5)
<b>Associates and subsidiaries consolidated using the equity method</b>				
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	51.00%		(6)
<b>Other minor companies</b>				
Idro Meccanica S.r.l.	Modena (Italy)		90.00%	(3) (8)
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.

(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

(8) Not consolidated considering the limited turnover recorded during the quarter as well as the difficulties and uncertainties identified in the precise reporting of accounting data, especially with reference to periods prior to the quarter under examination

### 1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

<b>ECONOMIC INDICATORS FOR THE FIRST QUARTER</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>Change</b>	<b>%</b>
Revenues	66,918	33,259	33,659	101.2%
Adjusted gross operating profit (EBITDA) (1)	2,668	508	2,160	425.2%
Gross operating profit (EBITDA)	1,829	357	1,472	412.3%
Net operating profit (EBIT)	-2,452	-2,979	527	
Earnings before taxes (EBT)	-3,105	-4,075	970	
Net profit (loss) for the Group and minority interests	-3,135	-4,130	995	
Adjusted gross operating profit (EBITDA) / Revenue	4.0%	1.5%		
Gross operating profit (EBITDA) / Revenue	2.7%	1.1%		
Net profit (loss) for the Group and minority interests / Revenue	-4.7%	-12.4%		

(Thousands of Euro)

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31/03/2022</b>	<b>31/12/2021</b>	<b>31/03/2021</b>
Net fixed assets and other non-current assets	159,039	150,192	105,552
Operating capital (2)	60,637	53,891	35,304
Non-current liabilities (3)	-10,289	-9,964	-4,752
<b>NET INVESTED CAPITAL</b>	<b>209,387</b>	<b>194,119</b>	<b>136,104</b>
Net financial position (4)	150,800	133,493	85,511
Net Financial Position - adjusted (5)	126,946	95,137	80,607
Shareholders' equity	58,587	60,626	50,593
<b>BORROWINGS</b>	<b>209,387</b>	<b>194,119</b>	<b>136,104</b>

(Thousands of Euro)

<b>KEY INDICATORS</b>	<b>31/03/2022</b>	<b>31/12/2021</b>	<b>31/03/2021</b>
Operating capital / Turnover (rolling 12 months)	21.0%	19.4%	25.5%
Net Financial Position / Shareholders' equity (6)	2.57	1.57	1.69
Adjusted net financial position (5) / Adjusted EBITDA (rolling 12 months)	6.86	6.51	14.29
Personnel (peak)	965	987	557

(Thousands of Euro)

<b>CASH FLOWS</b>	<b>31/03/2022</b>	<b>31/12/2021</b>	<b>31/03/2021</b>
Gross operational cash flow	-5,746	7,390	-8,861
Cash flow for investment activities	-25,728	-4,532	-1,337
Gross FREE CASH FLOW	-31,474	2,858	-10,198
Non-recurring expenditure for voluntary resignation incentives	0	-425	0
Net FREE CASH FLOW	-31,474	2,433	-10,198
Repayment of leases (IFRS 16)	-1,045	-3,473	-580
Overall cash flow	-32,519	-1,040	-10,778

(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 (net of the payable for the acquisition of the Metatron Group).

(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 acquisitions of the Metatron Group and Idro Meccanica.

(6) In order to calculate the indicator in question at 31 March 2022, following the line-by-line consolidation of the SAFE&CEC Group as of May 2021 and the Metatron Group as of August 2021, the figures relating to rolling 12-month EBITDA and revenue were expressed pro forma taking into consideration the profit (loss) of the SAFE&CEC Group and the Metatron Group for the other months during which they were not consolidated.

#### 1.4. SIGNIFICANT EVENTS DURING THE PERIOD

- 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 700 bars; the acquisition of the remaining 10% of the share capital is already contractually established and will be carried out in the coming months. The total price for the acquisition of 100% of the share capital was Euro 6,400 thousand.
- In February 2022 Landi Renzo S.p.A. completed the acquisition of an additional 23.43% of the share capital of Metatron S.p.A., so it now holds a 72.43% stake in that company. The acquisition is part of a more extensive transaction for the acquisition of 100% of the share capital of Metatron. The remaining stake, representing 27.57% of the share capital of Metatron, owned by the shareholder Italy Technology Group, will be acquired by Landi Renzo S.p.A. in 2022 for Euro 7,374 thousand. For the payment of the total consideration to the minority shareholders and Italy Technology Group S.r.l., amounting to Euro 18,062 thousand, Girefin S.p.A., the controlling shareholder of Landi Renzo S.p.A., made a lump-sum amount available to the Company corresponding to the entire amount of the above-mentioned consideration by means of a shareholder loan bearing interest at an annual rate of 1% disbursed in February 2022. Pursuant to the related party transaction procedure adopted by the Company, the above-mentioned shareholder loan should be considered “significant” and, as such, it was submitted for a preventive opinion to the Committee for transactions with related parties, consisting exclusively of independent directors, which expressed its favourable opinion on the Company’s interest in entering into the shareholder loan agreement, as well as the cost effectiveness and fairness of the relative conditions.
- In February 2022, following punctual negotiations with the financing institutions, all credit institutions underwriting the loans provided their consent to the requests made by the parent company Landi Renzo S.p.A., issuing waiver letters with respect to the financial covenants as at 31 December 2021, consent to taking out a new planned subsidised medium/long-term loan finalised in 2022 and, with respect to the loan taken out from a pool of banks in 2019, consent to the deferment of the principal instalment falling due on 31 December 2021, which was rescheduled in an equal amount to the following three instalments falling due on 30 June 2022, 31 December 2022 and 30 June 2023. The above-mentioned waiver letters are expressly subject to the finalisation of the share capital increase of the parent company Landi Renzo S.p.A. to be carried out in an amount of at least Euro 25.4 million, by no later than 30 June 2022.
- In March 2022, the Board of Directors approved the new 2022-2025 business plan, which forecasts significant Group growth as a strategic specialist in the biomethane and hydrogen segments, offering products throughout the entire value chain, from compression for injection into the network or transport of biomethane and hydrogen, to compression solutions along the pipeline and for distribution, with a complete range for sustainable gas and hydrogen mobility as well, for the After Market, Passenger Cars and Mid & Heavy Duty segments.
- Also in March 2022, Chairman Stefano Landi informed the Board of Directors Landi Renzo S.p.A. about the signing by the controlling shareholders of Landi Renzo S.p.A. - Girefin S.p.A. and Gireimm S.r.l., which hold a total joint investment of 59.16% of the share capital of Landi Renzo S.p.A. - of a non-binding term sheet with Itaca Equity Holding S.p.A., which lays the foundation for a minority investment in the share capital of Landi Renzo, as a long-term investor, aiming to support the Landi Renzo Group’s expansion in the

compression and automotive segments. The main shareholder of Itaca Equity Holding S.p.A. is Tamburi Investment Partners. The transaction calls for a co-investment by the Chief Executive Officer of Landi Renzo S.p.A. Cristiano Musi. Within the new business plan and in order to provide the Group with the necessary financial resources, the Board of Directors approved the proposal to the upcoming shareholders' meeting to delegate the Board of Directors pursuant to Article 2443 of the Italian Civil Code to increase the share capital by a maximum of Euro 60 million, indivisible up to Euro 50 million, with the option right, to be paid up by means of contributions in cash and by the voluntary offsetting, pursuant to Article 1252 of the Italian Civil Code, of receivables due to the subscribers from Landi Renzo and to be subscribed by no later than 31 December 2023, proposing that the price for the subscription of the shares be determined as the lower of Euro 0.6 per share and the TERP calculated on the basis of the weighted average stock exchange prices of the LR share in the 5 days prior to the date on which the price is set, applying a 15% discount. The share capital increase is guaranteed by the Landi Family and by Itaca Equity Holding S.p.A. up to Euro 50.0 million, assuming the completion of the transaction between the Landi Family and Itaca Equity Holding.

- In March, Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) disbursed a new loan of Euro 19.5 million in favour of Landi Renzo S.p.A. with a duration of 6 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Decree-Law no. 41/2021, Interministerial Decree of 5 July 2021 and Executive Decree of 3 September 2021.

## **2. DIRECTORS' OBSERVATIONS ON BUSINESS PERFORMANCE**

In the first quarter of 2022, Group trends were characterised by varying trends depending on business segment. In general, after the market destabilisation caused by the Covid-19 pandemic, the recovery was impacted by part by the outbreak of the conflict between Russia and Ukraine and the ensuing increase in the cost of energy and gas, particularly in Europe and China, as well as the shortage of electronic components (especially semi-conductors) and continuously rising raw material costs, although some positive trends are being observed on growth in demand.

Indeed, while on one hand sales continue to suffer in the automotive market (registrations down by 10.6% in the European market in first quarter of 2022 compared with the same period of the previous year), especially due to the scarcity of microchips and other electronic components, which provoked temporary production facility closures, growth in after-market demand resumed, also due to increasing petrol prices at global level. Indeed, while the cost of compressed natural gas and LNG at the pump has risen considerably in Europe and the price of LNG has remained high in China, the price of LPG and gas in other geographical areas grew less than that of conventional fuels, fuelling demand for After Market conversion systems, which have become even more cost effective.

With reference to the OEM segment, the trends observed vary depending on the type of application and the geographical area. While demand for LPG vehicle components has continued to grow in Europe (with new LPG vehicle sales +16.6% compared with the first quarter of the previous year), new CNG vehicle registrations have marked negative growth, due to the impact of fuel prices as well as the limited offer of new models. On the other hand, sales continued to grow very significantly in India, where petrol-CNG bi-fuel vehicles account for more than 20% of new vehicle registrations.

As concerns Mid & Heavy Duty applications, demand for gas-fuelled (both CNG and LNG) vehicle components remained stable in Europe, was up consistently in the US market and was impacted in China by the price of LNG as well as the lockdown imposed in the last part of the quarter. Furthermore, there was a continuous increase in requests for estimates for hydrogen components, in Europe as well as in the United States and China, bearing witness to the strong interest with respect to innovative Group components in a segment with high growth potential.

In light of these demand trends, the increase in component costs was only partially transferred to end customers, particularly in the After Market channel, and so ended up impacting overall OEM segment margins.

India deserves particular mention, as it continues to be one of the countries in which gas mobility for Green Transportation and Clean Tech Solutions 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 2022, recording revenue of Euro 7.8 million, up by 47% compared with 31 March 2021.

The trend in demand for compression systems continues to be highly promising. In the first quarter of 2022, SAFE&CEC continued to grow thanks to sustained demand across all applications. In particular, while demand for compression systems at fuel stations remains constant, significant growth has been observed in compressors for the injection of biomethane into the grid ("grid injection") and to be used throughout the value chain. In this context, at the end of the quarter the order portfolio was up significantly with respect to the same period of 2021, with additional commercial negotiations in the advanced discussion phase.

On the other hand, difficulties in obtaining electrical components slowed the production capacity of electrical panels, with a general impact on the completion of orders and on growth in working capital, which in any event is traditionally higher in the first quarter than in the remainder of the year. Raw material prices also impacted the gross margin, which however remained aligned with that of 2021. Furthermore, following the completion of the acquisition of 90%

of Idro Meccanica, the group intensified its efforts in the hydrogen sector, which is expected to grow extensively over the coming years.

Despite the current market situation, the focus on sustainable mobility is growing and constitutes an objective recognised at international level by all developed economies. In this context, the Landi Renzo Group has always played a leading role in green mobility by designing, developing and marketing components for vehicles (passenger cars, light commercial vehicles or Mid & Heavy Duty vehicles) fuelled by natural gas, biomethane, liquefied natural gas (LNG), LPG or Hydrogen, which are sold directly to vehicle manufacturers, or are sold in kits for petrol fuelled vehicles in the After Market channel.

The Landi Renzo Group has continued to invest in strategic acquisitions to be able to take advantage of all opportunities that the market will provide once the current economic situation has been put behind us. After the acquisition of the Metatron Group, which made it possible to strengthen the Group's presence in the OEM sector (Mid & Heavy Duty) and in the "hydrogen" segment, and the agreement entered into to obtain greater decision-making and operational autonomy of the SAFE&CEC Group, which allowed for a further reinforcement of its presence throughout the natural gas and biomethane, natural gas and hydrogen distribution value chain from the "post-generation" phase to the fuel station, in January 2022 SAFE S.p.A. acquired the company 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 700 bars. The total price for the acquisition was Euro 6,400 thousand, financed through the issue of a bond with a nominal value of Euro 7 million, subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.).

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.

Confirming the Landi Renzo Group's strong strategic positioning and its appealing market prospects, in both the Green Transportation (automotive) and Clean Tech Solutions (infrastructure) segments, in April Girefin S.p.A. and Gireimm S.r.l., which jointly hold 59.11% of Landi Renzo S.p.A., entered into an investment agreement for the investment in Landi Renzo S.p.A. of Itaca Equity Holding S.p.A., a top-tier private equity financial operator. This transaction will take place through the establishment of a new company ("NewCo") which will control Landi Renzo S.p.A. and in which Itaca Equity Holding S.p.A. will hold a minority interest. The transaction aims to support the Landi Renzo Group's investment plan in the sustainable mobility segment and in the segment of infrastructure required for the development of hydrogen, biomethane and biogas as fuel sources of the future, accelerating the relative development of activities without causing any substantial alteration in the control and governance structures of Landi Renzo S.p.A.

According to the investment agreement, Girefin S.p.A. and Gireimm S.r.l. will contribute the equity investment they hold in Landi Renzo S.p.A. to the NewCo, as well as assign to it, without recourse, their receivables due from Landi Renzo S.p.A., for a nominal amount of Euro 18.1 million and, at the same time, Itaca Equity Holding S.p.A. will subscribe a NewCo share capital increase for a total of Euro 39.4 million. The NewCo will use this funding to subscribe its share of the share capital increase Landi Renzo S.p.A. for a total of up to Euro 60 million (inclusive of any share premium) reserved as an option to all shareholders, approved by the Shareholders' Meeting of 29 April 2022, as well as any amount that remains un-opted up to a maximum of Euro 50 million. Tamburi Investment Partners S.p.A., the single largest shareholder of Itaca Equity Holding S.p.A., has made the commitment to guarantee, in cash, the entire amount pertaining to Itaca Equity Holding S.p.A. Girefin S.p.A. and Gireimm S.r.l. have committed to guaranteeing, through the voluntary offsetting of part of the receivable, the capital portion necessary to guarantee the share capital

increase up to Euro 50 million to complement the guarantee commitment assumed by Tamburi Investment Partners S.p.A.

The CEO of LR, Cristiano Musi, will invest Euro 300 thousand in the NewCo.

After the share capital increase, in any event, the equity investment of Girefin S.p.A. and Gireimm S.r.l. in the NewCo will be equal to or greater than 51% of its share capital, so they will continue to hold de jure control over the NewCo and, indirectly, Landi Renzo S.p.A.

## **2.1. PERFORMANCE AND NOTES ON THE MAIN CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March 2022**

As illustrated in the Annual Financial Report as at 31 December 2021, during the previous year the following transactions took place:

1. in April 2021, Landi Renzo S.p.A. and Clean Energy Fuels Corp entered into an agreement to amend the shareholders' agreements of the investee company SAFE&CEC S.r.l. (consolidated until that date with the equity method) which granted increased decision-making autonomy to Landi Renzo S.p.A., allowing it to exercise control over SAFE&CEC S.r.l. and resulting in its line-by-line consolidation as of May 2021, as the assumptions for the acquisition of control as set forth in the international accounting standards (IFRS 10) were met;
2. in August 2021, Landi Renzo S.p.A. completed the acquisition of 49% of the share capital of Metatron S.p.A., a company with registered office in Castel Maggiore (BO) and an international leader in alternative fuel solutions for Mid & Heavy Duty vehicles, from Italy Technology Group S.r.l., the majority shareholder of Metatron S.p.A. This acquisition was part of a broader transaction intended to acquire the remaining 51% of the share capital of Metatron S.p.A. from Italy Technology Group S.r.l. and the other current shareholders as well, enabling Landi Renzo S.p.A. to acquire 100% of Metatron S.p.A. Given the absence of conditions precedent on the commitment to purchase the remaining 51% and taking into account the governance system contractually defined by the parties, which inter alia allowed for the appointment by Landi Renzo S.p.A. of 3 out of the 5 members of the Board of Directors, the results of the Metatron Group were consolidated starting from August 2021, as the requirements for the acquisition of control established by the international accounting standards (IFRS 10) were met.

The consolidated financial performance as at 31 March 2022 is not therefore directly comparable with that of the same period of the previous year due to the line-by-line consolidation as of May 2021 of the results of the SAFE&CEC Group and as of August 2021 of the results of the Metatron Group.

The following table sets out the main economic indicators of the Group for the first three months of 2022 compared with the same period in 2021.

(Thousands of Euro)

	31/03/2022				31/03/2021			
	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>46,296</b>	<b>20,622</b>		<b>66,918</b>	<b>33,259</b>			<b>33,259</b>
Intersegment sales	108		-108	0	0			0
Total Revenues from net sales and services	46,404	20,622	-108	66,918	33,259	0	0	33,259
Other revenues and income	148	32		180	134			134
Operating costs	-45,225	-19,313	108	-64,430	-32,885			-32,885
<b>Adjusted gross operating profit</b>	<b>1,327</b>	<b>1,341</b>	<b>0</b>	<b>2,668</b>	<b>508</b>	<b>0</b>	<b>0</b>	<b>508</b>
Non-recurring costs	-780	-59		-839	-151			-151
<b>Gross operating profit</b>	<b>547</b>	<b>1,282</b>	<b>0</b>	<b>1,829</b>	<b>357</b>	<b>0</b>	<b>0</b>	<b>357</b>
Amortisation, depreciation and impairment	-3,599	-682		-4,281	-3,336			-3,336
<b>Net operating profit</b>	<b>-3,052</b>	<b>600</b>	<b>0</b>	<b>-2,452</b>	<b>-2,979</b>	<b>0</b>	<b>0</b>	<b>-2,979</b>
Financial income				23				54
Financial expenses				-1,218				-821
Exchange gains (losses)				620				-511
Income (expenses) from equity investments				-107				0
Income (expenses) from joint ventures measured using the equity method				29				182
<b>Profit (loss) before tax</b>				<b>-3,105</b>				<b>-4,075</b>
Taxes				-30				-55
<b>Net profit (loss) for the Group and minority interests, including:</b>				<b>-3,135</b>				<b>-4,130</b>
Minority interests				14				30
<b>Net profit (loss) for the Group</b>				<b>-3,149</b>				<b>-4,160</b>

Consolidated revenues for the first three months of 2022 totalled Euro 66,918 thousand, increasing by Euro 33,659 thousand (+101.2%) compared with the same period of the previous year. On a like-for-like basis, or considering only the Green Transportation segment, consolidated revenue as at 31 March 2022 would have totalled Euro 43,358 thousand (net of Euro 2,938 thousand linked to the Metatron Group), increasing by Euro 10,099 thousand (+30.4%) compared with 31 March 2021 (Euro 33,259 thousand).

Costs of raw materials, consumables and goods and changes in inventories increased overall from Euro 19,311 thousand at 31 March 2021 to Euro 39,606 thousand at 31 March 2022, influenced by top-line growth as well as the line-by-line consolidation of the SAFE&CEC Group and the Metatron Group, in addition to the international increase in prices of raw materials, particularly for electronic components.

The costs of services and use of third-party assets amounted to Euro 13,280 thousand, compared with Euro 7,614 thousand in the first three months of the previous year. Net of the consolidation of the SAFE&CEC Group and the Metatron Group, these costs increased less than proportionately with respect to revenue growth, thanks to the actions taken by the management to limit them. Costs for services and use of third party assets as at 31 March 2022 are

inclusive of non-recurring expenses relating to strategic consulting (Euro 106 thousand) and other costs (Euro 88 thousand).

Personnel costs rose from Euro 5,603 thousand as at 31 March 2021 to Euro 11,133 thousand as at 31 March 2022. Net of the consolidation of the SAFE&CEC Group and the Metatron Group, personnel costs would have been up by 14.8% compared with the same period of the previous year following the greater recourse made to temporary labour, which was required to handle the production peaks linked to the increase in orders. The Group had a total of 965 employees, including 333 relating to the SAFE&CEC Group and 100 relating to the Metatron Group. The Group heavily invested in highly specialised resources to support the increasing research and development performed for new products and solutions, particularly for the Heavy Duty market and hydrogen and biomethane mobility, capitalised when they meet the requirements laid out in IAS 38.

On 29 April 2022, the Shareholders' Meeting approved, pursuant to Article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the "2022-2024 Landi Renzo S.p.A. Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares (to the extent of one share for each right assigned) free of charge, subject to meeting the entry gate and based on the degree to which specific performance objectives are reached. The plan is for the Chief Executive Officer and General Manager of the Company as well as other managers, who will be identified by the Board of Directors, after consulting with the Remuneration Committee, who carry out significant roles or functions and for whom an action to strengthen their loyalty is justified with a view to creating value. The plan, which constitutes a valid tool for boosting the loyalty of and incentivising beneficiaries, did not have any economic effects on the first quarter of 2022, as it was approved by the Shareholders' Meeting on a subsequent date.

Allocations, write-downs and other operating expenses totalled Euro 1,250 thousand (Euro 508 thousand at 31 March 2021), up due to the consolidation of the SAFE&CEC Group and the Metatron Group, following:

- the increased provisions for warranties, directly linked to turnover trends;
- the prudential, non-recurring provision for bad debts (Euro 424 thousand) recognised by the management on the Group's receivables due from Russian and Ukrainian customers, considering the most recent developments in the conflict;
- the provision for customer penalties (Euro 221 thousand), prudentially recognised by the management for disputes received from a South American customer on delivery delays not attributable to the Group and in light of which negotiations are under way in order to minimise the relative outlay.

The adjusted Gross Operating Profit (EBITDA) was Euro 2,668 thousand as at 31 March 2022, compared with Euro 508 thousand in the same period of the previous year, while the Gross Operating Profit (EBITDA) was Euro 1,829 thousand (Euro 357 thousand as at 31 March 2021), inclusive of non-recurring costs of Euro 839 thousand (Euro 151 thousand as at 31 March 2021).

(Thousands of Euro)	31/03/2022	31/03/2021	Change
<b>NON-RECURRING COSTS</b>			
Strategic consultancy	-106	-67	-39
Extraordinary accruals - Ukraine and Russia	-424	0	-424
Customer penalties for delivery delays	-221	0	-221
Medium/long-term performance bonus	0	-44	44
Other extraordinary costs	-88	-40	-48

<b>Total</b>	<b>-839</b>	<b>-151</b>	<b>-688</b>

The Net Operating Profit (EBIT) for the period was negative at Euro 2,452 thousand (negative and equal to Euro 2,979 thousand at 31 March 2021), after accounting for amortisation, depreciation and impairment of Euro 4,281 thousand (Euro 3,336 thousand at 31 March 2021), of which Euro 976 thousand due to the application of IFRS - 16 Leases (Euro 554 thousand at 31 March 2021).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 575 thousand (Euro 1,278 thousand as at 31 March 2021) and include positive exchange effects of Euro 620 thousand (negative and equal to Euro 511 thousand as at 31 March 2021). Financial expenses alone, amounting to Euro 1,218 thousand, rose compared with the same period of the previous year (Euro 821 thousand) following the line-by-line consolidation of the SAFE&CEC Group and the Metatron Group. On a like-for-like basis, financial expenses amounted to Euro 838 thousand, substantially in line with the same period of the previous year.

Expenses from equity investments are primarily connected to the write-down of Metatron Technologies India Plc, in light of the profit and loss results.

The first three months of 2022 closed with a pre-tax loss (EBT) of Euro 3,105 thousand (loss of Euro 4,075 as at 31 March 2021).

The net result of the Group and minority interests as at 31 March 2022 showed a loss of Euro 3,135 thousand compared with a Group and minority interest loss of Euro 4,130 thousand as at 31 March 2021.

## 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.

As described more extensively below in this report in the “Scope of consolidation” section, Idro Meccanica S.r.l., acquired by SAFE S.p.A. in January 2022 and categorised within the Clean Tech Solutions CGU, considering the limited turnover recorded during the quarter as well as the difficulties and uncertainties identified in the precise reporting of accounting data, especially with reference to periods prior to the quarter under examination, has not been subject to consolidation, and instead will be consolidated when the consolidated half-yearly report is drafted. The value of the equity investment recognised in the financial statements is equal to the total of the contractual price, given the absence of conditions precedent on the commitment for the acquisition of the remaining 10%.

### Breakdown of sales by business segment

(Thousands of Euro)

Distribution of revenues by segment	31/03/2022	% of revenues	31/03/2021	% of revenues	Change	%
Green Transportation segment	46,296	69.2%	33,259	100.0%	13,037	39.2%
Clean Tech Solutions	20,622	30.8%	0	0.0%	20,622	N/A
<b>Total revenues</b>	<b>66,918</b>	<b>100.0%</b>	<b>33,259</b>	<b>100.0%</b>	<b>33,659</b>	<b>101.2%</b>

As at 31 March 2022, Green Transportation segment revenues included revenues earned by the Metatron Group equal to Euro 2,938 thousand.

Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the Clean Tech Solutions segment data are not directly comparable with the same period of the previous year. As a result, the data for the first three months of 2022 are shown below compared with the same period of the previous year, not subject to line-by-line consolidation.

(Thousands of Euro)

Distribution of revenues by segment	31/03/2022	% of revenues	31/03/2021	% of revenues	Change	%
Green Transportation segment	46,296	69.2%	33,259	65.5%	13,037	39.2%
Clean TechSolutions segment (pro-forma)	20,622	30.8%	17,556	34.5%	3,066	17.5%
<b>Total revenues</b>	<b>66,918</b>	<b>100.0%</b>	<b>50,815</b>	<b>100.0%</b>	<b>16,103</b>	<b>31.7%</b>

### Breakdown of sales by geographical area

(Thousands of Euro)

Geographical distribution of revenues	At 31/03/2022	% of revenues	At 31/03/2021	% of revenues	Change	%
Italy	7,362	11.0%	4,268	12.8%	3,094	72.5%
Europe (excluding Italy)	31,781	47.5%	17,856	53.7%	13,925	78.0%
America	14,135	21.1%	3,246	9.8%	10,889	335.5%
Asia and Rest of the World	13,640	20.4%	7,889	23.7%	5,751	72.9%
<b>Total</b>	<b>66,918</b>	<b>100.0%</b>	<b>33,259</b>	<b>100.0%</b>	<b>33,659</b>	<b>101.2%</b>

Regarding the geographical distribution of revenues, during the first three months of 2022 the Group achieved 89% (87.2% as at 31 March 2021) of its consolidated revenues abroad (47.5% in Europe and 41.5% outside Europe).

## Profitability

### Green Transportation operating segment performance

(Thousands of Euro)

<b>GREEN TRANSPORTATION</b>	<b>31/03/2022</b>	<b>31/03/2021</b>	<b>Change</b>	<b>%</b>
<b>Net sales outside the Group</b>	<b>46,296</b>	<b>33,259</b>	<b>13,037</b>	<b>39.2%</b>
Intersegment sales	108	0	108	100.0%
Total Revenues from net sales and services	46,404	33,259	13,145	39.5%
Other revenues and income	148	134	14	10.4%
Operating costs	-45,225	-32,885	-12,340	37.5%
<b>Adjusted gross operating profit (EBITDA)</b>	<b>1,327</b>	<b>508</b>	<b>819</b>	<b>161.2%</b>
Non-recurring costs	-780	-151	-629	416.6%
<b>Gross operating profit (EBITDA)</b>	<b>547</b>	<b>357</b>	<b>190</b>	<b>53.2%</b>
Amortisation, depreciation and impairment	-3,599	-3,336	-263	7.9%
<b>Net operating profit</b>	<b>-3,052</b>	<b>-2,979</b>	<b>-73</b>	<b>2.5%</b>
<b>Adjusted EBITDA margin</b>	<b>2.9%</b>	<b>1.5%</b>		
<b>EBITDA margin</b>	<b>1.2%</b>	<b>1.1%</b>		

Revenues from sales in the Green Transportation segment as at 31 March 2022 amounted to Euro 46,296 thousand (inclusive of revenues of Euro 2,938 thousand of the Metatron Group), up by Euro 13,037 thousand (+39.2%) thanks to the recovery of the After Market channel in Latam and Asia, as well as increasing orders from a leading OEM customer.

The persistence of logistics sector difficulties, raw material (particularly semiconductor) shortages and increasing energy costs, as well as the climate of uncertainty deriving from the Russia-Ukraine conflict, are continuing to influence the results of components manufacturers throughout the supply chain. This market situation is continuing to result on one hand in a reduction or deferral of orders (deriving from the need for automotive manufacturers to limit costs and to manage temporary production site closures) and on the other in difficulties in fulfilling existing orders.

Group sales in the OEM channel, inclusive of the contribution of the Metatron Group, amounted to Euro 25.9 million, up by Euro 11.3 million at 31 March 2021 thanks to consistent orders from a major OEM customer, which is focusing on LPG bifuel engines to develop its "green" product range.

Sales in the After Market channel, amounting to Euro 20.4 million (Euro 18.6 million at 31 March 2021), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and rose mainly due to the recovery in several Latam area markets and the Asian market.

In the After Market channel, after continued updating of sale price lists, margins remained stable with respect to the previous year. On the other hand, in the OEM channel margins are down, linked primarily to the difficulty of transferring component and raw material price hikes to customers, only in part offset by improved sales margins on

Mid-Heavy Duty components. In any event, negotiations are under way with the main OEM customers in order to adapt sale price lists.

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 31/03/2022</b>	<b>% of revenues</b>	<b>At 31/03/2021</b>	<b>% of revenues</b>	<b>Change</b>	<b>%</b>
Italy	6,302	13.6%	4,268	12.8%	2,034	47.7%
Europe (excluding Italy)	23,104	49.9%	17,856	53.7%	5,248	29.4%
America	7,215	15.6%	3,246	9.8%	3,969	122.3%
Asia and Rest of the World	9,675	20.9%	7,889	23.7%	1,786	22.6%
<b>Total</b>	<b>46,296</b>	<b>100.0%</b>	<b>33,259</b>	<b>100.0%</b>	<b>13,037</b>	<b>39.2%</b>

#### Italy

Bucking the new vehicle registration trend (-23.9% according to data from UNRAE - Association of foreign car makers operating in Italy), Group sales in the Italian market grew compared with the same period of the previous year (+47.7%), primarily thanks to rising demand in the After Market channel. The strong increase in CNG prices at the pump had a negative effect on CNG vehicle registrations, offset by the increase in LPG vehicle registrations. Overall, in the first quarter of 2022, gas-fuelled (CNG and LPG) vehicle registrations represented 10% of total vehicles registered.

#### Europe

The rest of Europe represents 49.9% of total sales (53.7% in the first three months of 2021) and is up 29.4% thanks primarily to growing orders from a major OEM customer, which is basing the development of its “green” product line on LPG bifuel engines. The current semiconductor shortage situation in the market led to temporary suspensions of production, with the resulting postponement of a portion of the orders expected to be delivered during the quarter.

#### America

Sales in the first three months of 2022 on the American continent, amounting to Euro 7,215 thousand (Euro 3,246 thousand at 31 March 2021), marked an increase of 122.3% thanks to the positive performance of the Latam area and the United States for the Mid & Heavy Duty components.

#### Asia and Rest of the World

The Asian and Rest of the World markets, amounting to 20.9% of total revenue (23.7% in the first three months of 2021) rose by 22.6% thanks to the positive performance of the Asian market.

### **Profitability**

(Thousands of Euro)		
<b>GREEN TRANSPORTATION</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
Revenue	46,296	33,259
Adjusted gross operating profit (EBITDA)	1,327	508
% of revenues	2.9%	1.5%
Gross operating profit (EBITDA)	547	357

% of revenues	1.2%	1.1%
Net operating profit (EBIT)	-3,052	-2,979
% of revenues	-6.6%	-9.0%
Change in Revenues compared with the previous year	13,037	
Change %	39.2%	

In the first three months of 2022, the adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment, net of non-recurring costs of Euro 780 thousand, was positive at Euro 1,327 thousand, equivalent to 2.9% of revenues, up compared with the same period of the previous year (Euro 508 thousand, equal to 1.5% of revenues and net of non-recurring costs of Euro 151 thousand).

Despite the current macroeconomic scenario, also penalised by the climate of uncertainty deriving from the Russia-Ukraine crisis, Green Transportation segment margins recovered, thanks to the good trend of the After Market segment, up in terms of both turnover and margins, and the continuous updating of sale price lists; in addition to growth in margins on Mid-Heavy Duty components in the OEM channel.

The adjusted Gross Operating Profit (EBITDA) of the Green Transportation segment includes non-recurring provisions of Euro 424 thousand due to the write-down of receivables due from Russian and Ukrainian customers, as well as the provisions recognised for penalties due to delivery delays not directly attributable to Landi Renzo for Euro 221 thousand.

### Clean Tech Solutions operating segment performance

Following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the Clean Tech Solutions segment data are not directly comparable with the same period of the previous year. To better understand the segment's performance, data are provided below in terms of revenues from sales and adjusted EBITDA for the first three months of 2022 compared with the same period of the previous year.

(Thousands of Euro)

<b>CLEAN TECH SOLUTIONS</b>	<b>31/03/2022</b>	<b>31/03/2021 (*)</b>	<b>Changes</b>	<b>%</b>
Revenues from net sales and services	20,622	17,556	3,066	17.5%
Adjusted gross operating profit (EBITDA)	1,341	439	902	205.5%
Net operating profit (EBIT)	600	-221	821	-371.5%
Adjusted EBITDA margin	6.5%	2.5%		
EBIT margin	2.9%	-1.3%		

(\*) not consolidated as of 31 March 2021

### Sales revenues

In the first three months of 2022, the Clean Tech Solutions segment recorded Revenues of Euro 20,622 thousand, up by 17.5% compared with the same period of the previous year (Euro 17,556 thousand), confirming the growing interest in gas mobility on the part of many countries, which are strengthening their distribution networks. This result is of particular interest considering the difficulties identified during the quarter in obtaining the components necessary

to make progress on and complete orders.

The SAFE&CEC Group continues to present growing results and an order portfolio capable of covering the entirety of 2022.

### Revenue by geographical area

(Thousands of Euro)		
Clean Tech Solutions	At 31/03/2022	% of revenues
Italy	962	4.7%
Europe (excluding Italy)	8,677	42.1%
America	7,018	34.0%
Asia and Rest of the World	3,965	19.2%
<b>Total</b>	<b>20,622</b>	<b>100.0%</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 biogas solutions.

### Profitability

CLEAN TECH SOLUTIONS	31/03/2022	31/03/2021 (*)
Revenue	20,622	17,556
Adjusted gross operating profit (EBITDA)	1,341	439
% of revenues	6.5%	2.5%
Gross operating profit (EBITDA)	1,282	439
% of revenues	6.2%	2.5%
Net operating profit (EBIT)	600	-221
% of revenues	2.9%	-1.3%
Change in Revenues compared with the previous year	3,066	
Change %	17.5%	

(\*) not consolidated as of 31 March 2021

For the Clean Tech Solutions segment, adjusted Gross Operating Profit (EBITDA) at 31 March 2022 amounted to Euro 1,341 thousand and was equivalent to 6.5% of revenues, compared with Euro 439 thousand (2.5% of revenues) in the same period of the previous year. The improvement in margins of the SAFE&CEC Group already seen starting from the second half of the previous year was confirmed, linked to the positive effects deriving from product standardisation, which is generating significant results with a considerable reduction in production costs.

## Invested capital

(Thousands of Euro)			
<b>Statement of Financial Position</b>	<b>31/03/2022</b>	<b>31 December 2021</b>	<b>31/03/2021</b>
Trade receivables	66,332	66,048	37,134
Inventories	95,542	84,549	46,966
Trade payables	-84,535	-82,886	-49,847
Other net current assets (liabilities) (*)	-16,702	-13,820	1,051
<b>Net operating capital</b>	<b>60,637</b>	<b>53,891</b>	<b>35,304</b>
Tangible assets	14,743	14,977	12,650
Intangible assets	103,134	104,274	49,783
Right-of-use assets	15,471	11,991	4,401
Other non-current assets (***)	25,691	18,950	38,718
<b>Fixed capital</b>	<b>159,039</b>	<b>150,192</b>	<b>105,552</b>
TFR (severance pay), other provisions and others	-10,289	-9,964	-4,752
<b>Net invested capital</b>	<b>209,387</b>	<b>194,119</b>	<b>136,104</b>
<b>Financed by:</b>			
Net Financial Position (**)	150,800	133,493	85,511
Group shareholders' equity	52,547	54,888	51,076
Minority interests	6,040	5,738	-483
<b>Borrowings</b>	<b>209,387</b>	<b>194,119</b>	<b>136,104</b>
<b>Ratios</b>	<b>31/03/2022</b>	<b>31 December 2021</b>	<b>31/03/2021</b>
Net operating capital	60,637	53,891	35,304
Net operating capital/Turnover (rolling)	21.0%	19.4%	25.5%
Net invested capital	209,387	194,119	136,104
Net capital employed/Turnover (rolling)	72.6%	69.8%	98.2%

(\*) Net of the remaining payable for the acquisition of the Metatron Group and Idro Meccanica

(\*\*) The net financial position at 31 March 2022 is inclusive of Euro 16,252 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases, a positive Euro 432 thousand for derivative financial instruments plus Euro 7,374 thousand relating to the payable for the acquisition of Metatron and Euro 640 thousand relating to the payable for the acquisition of Idro Meccanica

(\*\*\*) Inclusive of the value of the equity investment in Idro Meccanica S.r.l. of Euro 6,400 thousand

Net operating capital at the end of the period stood at Euro 60,637 thousand. This is an increase compared with the same figure at 31 December 2021 (Euro 53,891 thousand). In terms of percentages on "pro-forma" rolling turnover, there was a slight increase in this figure, from 19.4% as at 31 December 2021 to the current 21% (25.5% as at 31 March 2021).

Trade receivables stood at Euro 66,332 thousand (of which Euro 19,423 thousand relating to the Clean Tech Solutions segment and Euro 6,311 thousand relating to the Metatron Group), substantially aligned with 31 December 2021 (Euro 66,048 thousand, of which Euro 17,557 thousand relating to the Clean Tech Solutions segment and Euro

7,751 thousand to the Metatron Group). At 31 March 2022, derecognised receivables disposed through maturity factoring stood at Euro 14.8 million (Euro 12.2 million at 31 December 2021).

Inventories, totalling Euro 95,542 thousand (Euro 84,549 thousand as at 31 December 2021), increased due to:

- acquisitions of electronic components and other strategic components, in order to handle the current procurement difficulties linked to the shortage of raw materials in the market and intended to guarantee production continuity;
- lots intended for major customers not shipped by the end of the quarter and postponed following the difficulties encountered in the logistics market and in obtaining containers;
- the increase in work in progress on orders of the Clean Tech Solutions segment due to delays in the completion of several orders following difficulties in obtaining components and electrical panels.

Trade payables are up by Euro 1,649 thousand from Euro 82,886 thousand as at 31 December 2021 to Euro 84,535 thousand as at 31 March 2022 (of which Euro 22,420 thousand relating to the Clean Tech Solutions segment and Euro 3,303 thousand to the Metatron Group).

Fixed capital, amounting to Euro 159,039 thousand and inclusive of Euro 15,471 thousand for right-of-use assets recognised pursuant to IFRS 16 - Leases. This item includes Euro 6,400 thousand for the value of the equity investment in Idro Meccanica. As described more extensively below in this report in the "Scope of consolidation" section, Idro Meccanica S.r.l., acquired by SAFE S.p.A. in January 2022 and categorised within the Clean Tech Solutions CGU, considering the limited turnover recorded during the quarter as well as the difficulties and uncertainties identified in the precise reporting of accounting data, especially with reference to periods prior to the quarter under examination, has not been subject to consolidation, and instead will be consolidated when the consolidated half-yearly report is drafted. Net of this amount, fixed capital at 31 March 2022 was basically aligned with the figure at 31 December 2021.

As at 31 March 2022, TFR (employee severance indemnity) and other provisions totalled Euro 10,289 thousand, basically in line with the previous year (Euro 9,964 thousand).

Net invested capital (Euro 209,387 thousand, equal to 72.6% of pro-forma rolling turnover) is up compared with 31 December 2021 (Euro 194,119 thousand, equal to 69.8% of rolling turnover) following the increase in working capital, and particularly in inventories, as well as the increase in fixed capital due to the fact that Idro Meccanica S.r.l. was not consolidated.

### Net financial position and cash flows

(Thousands of Euro)	31/03/2022	31/12/2021	31/03/2021
Cash and cash equivalents	36,379	28,039	15,180
Current financial assets	520	0	2,780
Bank financing and short-term loans	-54,881	-103,408	-29,420
Current right-of-use liabilities	-3,141	-2,624	-2,098
Other current financial liabilities	-274	-274	-376
<b>Net short term indebtedness</b>	<b>-21,397</b>	<b>-78,267</b>	<b>-13,934</b>
Non-current bank loans	-61,820	-10,174	-68,349
Non-current right-of-use liabilities	-13,111	-10,197	-2,411
Other non-current financial liabilities	-46,870	-9,320	-422

Assets for derivative financial instruments	413	0	0
Liabilities for derivative financial instruments	-1	-99	-395
<b>Net medium-long term indebtedness</b>	<b>-121,389</b>	<b>-29,790</b>	<b>-71,577</b>
Commitments for the purchase of equity investments	-8,014	-25,436	0
<b>Net Financial Position</b>	<b>-150,800</b>	<b>-133,493</b>	<b>-85,511</b>
<b>Net Financial Position - adjusted (*)</b>	<b>-126,946</b>	<b>-95,137</b>	<b>-80,607</b>
- of which Green Transportation	-111,695	-91,114	-80,607
- of which Clean Tech Solutions	-15,251	-4,023	0

(\*) Not including the effects of the adoption of IFRS 16 - Leases, the fair value of derivative financial instruments and the payables for the acquisition of the Metatron Group and Idro Meccanica.

The Net Financial Position as at 31 March 2022 is equal to Euro 150,800 thousand (Euro 133,493 thousand as at 31 December 2021), of which Euro 16,251 thousand due to the application of IFRS 16 - Leases, Euro 412 thousand due to the fair value of derivative financial instruments and a total of Euro 8,014 thousand due to the remaining payable for the acquisition of the Metatron Group and Idro Meccanica (amounts classified in the item Other current liabilities of the consolidated statement of financial position). 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 2022 would have been equal to Euro 126,946 thousand, of which Euro 15,251 thousand linked to the Clean Tech Solutions segment and Euro 111,695 thousand to the Green Transportation segment.

The payable for commitments for the purchase of equity investments, equal to Euro 25,436 at 31 December 2021, related to the remaining payable to Italy Technology Group S.r.l. and the minority shareholders of Metatron for the acquisition of 100% of the respective shares. In the course of the first quarter of 2022, Girefin S.p.A. granted a Euro 18,062 thousand loan to Landi Renzo S.p.A. to finance the acquisition by Landi Renzo S.p.A. of an additional 23.43% of the share capital of Metatron S.p.A., after which time it came to hold 72.43% of the shares of Metatron S.p.A. This loan, bearing interest at the rate of 1%, was classified in "Other non-current financial liabilities" at 31 March 2022. Albeit with no effects on the overall Net financial position, this entailed an increase of an equal amount in the adjusted Net financial position. At 31 March 2022, commitments for the purchase of equity investments amounted to Euro 8,014 thousand, of which Euro 7,324 thousand relating to the payable for the acquisition of the remaining 27.57% of the shares of Metatron S.p.A. and Euro 640 thousand relating to the remaining payable for the acquisition of the remaining 10% of Idro Meccanica S.r.l.

(Thousands of Euro)	31/03/2022	31/12/2021	Change
Net Financial Position - adjusted	-111,695	-91,114	-20,581
Metatron acquisition normalisation	18,062	0	18,062
<b>Net Financial Position - adjusted normalised</b>	<b>-93,633</b>	<b>-91,114</b>	<b>-2,519</b>

Net of this effect, the adjusted Net financial position of the Green Transportation segment was basically stable with respect to December 2021.

With reference to the financial covenants on the main Landi Renzo S.p.A. loans, on 3 December 2021 the Company presented to the various financial institutions "Waiver Letters" 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 2021. As the consent of all credit institutions underwriting the loans was received on 9 February 2022, at 31 December 2021 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 2022 the amounts beyond 12 months of the loans were reclassified to non-current liabilities.

The increase in the item “Other non-current financial liabilities” is linked to the Green Transportation segment and is related to:

- the disbursement by Invitalia (Agenzia Nazionale per l'Attrazione degli Investimenti e lo sviluppo di impresa SpA) of a new loan of Euro 19.5 million with a duration of 6 years - of which one year of pre-amortisation - at a facilitated rate, drawn on the Fund Supporting Large Companies in difficulty - art. 37 of Decree-Law no. 41/2021, Interministerial Decree of 5 July 2021 and Executive Decree of 3 September 2021;
- the shareholder loan amounting to Euro 18,062 thousand bearing interest at an annual rate of 1% disbursed in February 2022 by Girefin S.p.A., the controlling shareholder of Landi Renzo S.p.A., and aimed at financing the acquisition by Landi Renzo S.p.A. of an additional 23.43% of the share capital of Metatron S.p.A. from Italy Technology Group S.r.l. and minority shareholders. Pursuant to the related party transaction procedure adopted by the Company, the above-mentioned shareholder loan should be considered “significant” and, as such, it was submitted for a preventive opinion to the Committee for transactions with related parties, consisting exclusively of independent directors, which expressed its favourable opinion on the Company’s interest in entering into the shareholder loan agreement, as well as the cost effectiveness and fairness of the relative conditions.

With reference to the Clean Tech Solutions segment, the change in the adjusted net financial position is due to:

- the acquisition of Idro Meccanica S.r.l., which entailed a financial outlay of Euro 5,760 thousand (for 90% of the shares), financed through the issue of a bond for a nominal value of Euro 7 million, subscribed by Finint (Finanziaria Internazionale Investments SGR S.p.A.) and disbursed on 30 December 2021;
- the increase in working capital, particularly Contract work in progress, due to the difficulties identified in obtaining components and electrical panels, which are indispensable to completing these contracts.

The Extraordinary Shareholders' Meeting of 29 April 2022 approved the assignment to the Board of Directors of the right, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches, up to a maximum equivalent value (inclusive of any share premium) of Euro 60 million, of which Euro 50 million guaranteed by Girefin S.p.A., Gireimm S.r.l. and Itaca Equity Holding S.p.A. This transaction, which confirms the increasing interest in green mobility of the main financial players, will allow for a significant reinforcement of the Group’s financial structure and make it possible to financially support the development plans defined in the 2022-2025 strategic plan approved in March of this year.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	31/03/2022	31/12/2021	31/03/2021
Gross operational cash flow	-5,746	7,390	-8,861
Cash flow for investment activities	-25,728	-8,107	-1,337
<b>Gross Free Cash Flow</b>	<b>-31,474</b>	<b>-717</b>	<b>-10,198</b>

Variation in the consolidation area	0	3,575	0
Non-recurring expenditure for voluntary resignation incentives	0	-425	0
<b>Net Free Cash Flow</b>	<b>-31,474</b>	<b>2,433</b>	<b>-10,198</b>
Repayment of leases (IFRS 16)	-1,045	-3,473	-580
<b>Overall cash flow</b>	<b>-32,519</b>	<b>-1,040</b>	<b>-10,778</b>

In the first three months of 2022, cash absorption amounted to Euro 32,519 thousand (absorption of Euro 10,778 thousand in the first three months of 2021), primarily linked to financial outflows relating to the acquisitions of Idro Meccanica S.r.l. (Euro 5,760 thousand) and Metatron (Euro 18,062 thousand). Net of these effects, the Group would have recorded cash absorption of Euro 8,697 thousand, primarily associated with the increase in net working capital, and particularly inventories and contract work in progress.

### Investments

Investments in property, plant, machinery and other equipment totalled Euro 892 thousand (Euro 822 thousand as at 31 March 2021) 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 1,073 thousand (Euro 1,081 thousand at 31 March 2021) 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 2022, Landi Renzo S.p.A. generated revenues of Euro 34,944 thousand compared with Euro 27,014 thousand in the same period of the prior year. EBITDA totalled Euro 580 thousand (inclusive of Euro 754 thousand in non-recurring costs), compared with Euro 399 thousand at 31 March 2021 (inclusive of Euro 151 thousand in non-recurring costs), while the net financial position was Euro -118,557 thousand (Euro -106,232 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) compared with Euro -88,317 thousand at 31 December 2021 (Euro -83,894 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts).

At the end of the quarter, the Parent Company's workforce numbered 292 employees, basically in line with 31 December 2021 (316).

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

Although the first quarter of 2022 was characterised by another resumption in infections, the effects on the Group's reference operating markets were less severe than those recorded in the two previous years. However, the expected recovery in the markets and consumer confidence, particularly with respect to the purchase of durable goods, did not take place, also due to higher energy prices and the Russia-Ukraine crisis. It should be noted that the recent lockdowns imposed on several regions of China are having negative effects on production activities in China and on

the availability of electronic components, which are generally imported from that country. This had particular repercussions on the results of the Metatron Group, a leading player in the Chinese OEM market, and specifically in the Heavy Duty segment.

In the first quarter of 2022, the Group maintained all workplace health safety measures in place aimed at reducing the risk of contagion, which include physical distancing, the use of personal protection systems and measures aimed at limiting the presence of personnel in the workplace, with recourse to remote working.

#### **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 2022, the Russia-Ukraine crisis brought to the fore new, unexpected geopolitical and macroeconomic risks, which the management immediately began to monitor carefully, evaluating their impacts on current activities. Considering that exposure to the Russian and Ukrainian markets is currently limited for the Landi Renzo Group, the management, in light of the most recent developments in the conflict, has written off the receivables due from Ukrainian customers (Euro 180 thousand) and recognised a prudential write-down (of Euro 244 thousand) on the receivables due from Russian customers, taking into account the specific situation of each of them. Please note that in the first quarter of 2022, the revenue earned by the Group in Russia and Ukraine accounted for less than 1% of the Group's total turnover.

#### **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 - Cavriago;
- 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 Cavriago;
- 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;
- the loan granted by SAFE S.p.A. to Idro Meccanica S.r.l. (not consolidated as specified in the "Scope of consolidation" section);
- relationships for the supply of services between Italy Technology Group S.r.l. and Metatron S.p.A. relating to lease payments on the properties in Castel Maggiore (Bologna) and Volvera (Turin), used as the operational headquarters and research centre, respectively.

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 29 April 2022, the Ordinary Shareholders' Meeting of Landi Renzo S.p.A.:
  - approved the Financial Statements at 31 December 2021 and approved covering the loss for the year of Euro 9,130,903.21 by using the Share premium reserve;
  - appointed the Board of Directors for the 2022-2024 three-year period, consisting of 9 members and led by Chairman Stefano Landi;
  - appointed the Board of Statutory Auditors for the 2022-2024 three-year period;
  - 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 29 March 2022 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;
  - approved pursuant to article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998 the medium/long-term incentive plan based on the assignment of Landi Renzo S.p.A. ordinary shares.

In extraordinary session, the Shareholders' Meeting also approved the assignment to the Board of Directors of the right, pursuant to article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches, up to a maximum equivalent value (inclusive of any share premium) of Euro 60 million, by means of the issue of ordinary shares with the same characteristics as those outstanding, to be offered as an option to the shareholders pursuant to article 2441 of the Italian Civil Code, to be freed up by contributions in cash as well as by voluntary offsetting, pursuant to article 1252 of the Italian Civil Code, of receivables due to the subscribers from the Company, to be subscribed in any event by 31 December 2023, with all of the most extensive rights to establish, from time to time, in compliance with the limits set forth above, the methods, terms and conditions of the transaction, including entitlement, without prejudice to the fact that (a) the newly issued ordinary shares will have the same characteristics as those outstanding and will be offered as an option to the shareholders in proportion with the equity investment held, and (b) the newly issued ordinary shares will be offered at the price (inclusive of any share premium) that will be established by the Board of Directors when it exercises the delegation, equal to the lesser between: (i) Euro 0.60 per ordinary share; and (ii) the price per ordinary share to be calculated by applying a 15% discount on the TERP (Theoretical Ex-Right Price) in turn determined on the basis of the weighted average trading price of Landi Renzo ordinary shares in the 5 previous trading days: (x) the day on which the Board of Directors exercises the delegation; or in any event (y) the day on which the price will be determined (irrespective of the technical form for the determination of the price).

The Shareholders' Meeting held on the same date confirmed Stefano Landi as Executive Chairman, appointed Sergio Iasi as Vice Chairman and confirmed Cristiano Musi as Chief Executive Officer and General Manager.

- On 28 April 2022, Girefin S.p.A. and Gireimm S.r.l., as majority shareholders of Landi Renzo S.p.A., and

Itaca Equity Holding S.p.A. entered into an investment agreement governing the terms and conditions relating to the finalisation of an indirect minority investment of Itaca Equity Holding S.p.A. in Landi Renzo S.p.A., to be carried out through a newly established company ("NewCo"), aimed at supporting an investment plan by the Landi Renzo Group in the market of systems and components for LPG, CNG, biogas and hydrogen vehicles. The investment agreement establishes that at the transaction closing date, subject to the satisfaction of specific conditions precedent, Girefin S.p.A., Gireimm S.r.l. and Itaca Equity Holding S.p.A. will enter into a shareholders' agreement, which will govern the relationships between the parties following the finalisation of the transaction.

After the transaction, Girefin S.p.A. and Gireimm S.r.l. will maintain exclusive de facto and de jure control over the NewCo, which will hold de facto and de jure control over Landi Renzo S.p.A. Furthermore, on the same date, Girefin S.p.A., Gireimm S.r.l. and Itaca Equity Holding S.p.A. and Mr Cristiano Musi, chief executive officer Landi Renzo S.p.A., entered into an investment agreement governing the terms and conditions of the investment of Cristiano Musi in the NewCo, as well as the financial rights incorporated into the special shares of the NewCo that will be subscribed in full and paid up by Cristiano Musi at the closing date, along with several rules on their transfer.

In brief, the agreements mentioned above establish:

- i. The investment agreement concerns, inter alia, (a) the establishment of the NewCo by Girefin S.p.A. and Gireimm S.r.l. in the form of a joint stock company, (b) the contribution in kind to the NewCo, by Girefin S.p.A. and Gireimm S.r.l. of all shares they hold in the share capital of Landi Renzo S.p.A. and therefore, respectively, the 61,495,130 Landi Renzo S.p.A. shares, equal to 54.662% of the share capital, currently corresponding to 122,990,260 voting rights, equal to 68.709% of the voting rights, held by Girefin S.p.A., and the 5,000,000 Landi Renzo S.p.A. shares, equal to 4.444% of the share capital, currently corresponding to 10,000,000 voting rights, equal to 5.587% of the voting rights, held by Gireimm S.r.l., as well as (c) the subscription in cash, by Itaca Equity Holding S.p.A., of an indivisible share capital increase reserved to it in the NewCo, for an amount of Euro 39.4 million, inclusive of any share premium. The investment agreement contains several provisions, ordinary for transactions of this type, functional to the performance of the transaction and relevant pursuant to art. 122, paragraph 1 of the TUF.
- ii. The shareholders' agreement concerns, inter alia, NewCo governance and share transfers, and contains terms and conditions that are significant pursuant to art. 122, paragraphs 1 and 5 of the TUF. The shareholders' agreement concerns the following equity investments: (i) the equity investment which, on finalisation of the transaction, Girefin S.p.A. and Gireimm S.r.l. will hold in the NewCo, overall equal to at least 51% of the relative share capital and (ii) the equity investment which, on finalisation of the transaction, Itaca Equity Holding S.p.A. will hold, directly or indirectly, in the NewCo, in any case not to exceed 49% of the relative share capital.
- iii. The special shares investment agreement concerns (a) the investment of Cristiano Musi in the NewCo, through the subscription and full payment in cash of an indivisible share capital increase which will be approved by the NewCo and reserved to him, for the amount of Euro 300 thousand, inclusive of the share premium, through the issue of special category NewCo shares, representative of roughly 0.3% of its share capital, incorporating certain special rights, as well as (b) the rules on the financial rights incorporated into such special category shares and rules on their transfer. The agreements set forth in the special shares investment agreement are therefore significant pursuant to art. 122, paragraphs 1 and 5 of the TUF. The special shares investment agreement concerns the following equity investments: (i) the equity investment which, on finalisation of the transaction, Girefin S.p.A. and Gireimm S.r.l. will hold

in the NewCo, overall equal to at least 51% of the relative share capital; (ii) the equity investment which, on finalisation of the transaction, Itaca Equity Holding S.p.A. will hold, directly or indirectly, in the NewCo, in any case not to exceed 49% of the relative share capital; and (iii) the equity investment which, on finalisation of the transaction, Cristiano Musi will hold in the NewCo, equal to roughly 0.3% of the relative share capital.

### **Likely future developments**

Although the international geopolitical and international scenario is expected to deteriorate, the management expects to achieve growth in 2022 compared with 2021, also by virtue of certain signs of a recovery being seen in the After Market channel and the significant order portfolio of the Clean Tech Solutions Business Unit, driven by growing market interest in biomethane and hydrogen solutions. The group's management has taken a series of measures to minimise the impacts of the increase in the costs of certain commodities, including gas, and any shortages in components.

Cavriago 13 May 2022

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

### **3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March 2022**

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

##### **3.1.1. Preamble**

The Interim Management Report as at 31 March 2022, 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 2022 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 2022 are not different to those used in drawing up the consolidated financial statements closed at 31 December 2021, which should be referred to for further information.

As well as the interim values as at 31 March 2022 and 2021, the financial data for the year ended on 31 December 2021 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 2021. 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 course of the year, except for the signing of new supply contracts in the OEM channel which may provide for 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 2021, 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 2021.

Following the acquisition of Idro Meccanica S.r.l., the Group immediately launched a complex process aimed at improving business procedures and information systems and overcoming the accounting and administrative shortcomings identified, which were highlighted during the due diligence performed on periods prior to the company's acquisition.

This process, aimed at adopting an adequate operating model, turned out to be more complex and longer than expected, due to (i) the operating difficulties identified in promptly phasing out previous practices and procedures, (ii) the timing necessary for the full implementation and customisation of new information systems, adopted for the prompt reporting of business events, particularly with reference to inventories, (iii) the necessary organisational changes and personnel training with the introduction of administrative and accounting procedures aligned with those adopted by the Group, (iv) the need to place in the correct periods and on the basis of previous business procedures the differences that were identified during accounting due diligence and since the instatement of the new administrative body, a circumstance that did not yet permit the formation, by the subsidiary, of the financial statements closed as at 31 December 2021, (v) the introduction of new company managers and new operating figures that had to modify working methodologies, continuing with and intensifying the activities that were under way, (vi) the numerous absences due to Covid-19 infections and quarantine periods which, during a phase of significant operational changes, caused a significant slowdown in the innovation and optimisation process in the course of introduction.

Therefore, considering the limited turnover recorded during the quarter as well as the difficulties represented and the uncertainties identified in the precise reporting of accounting data relating to Idro Meccanica S.r.l., especially with reference to periods prior to the quarter under examination, the decision has been made not to consolidate the data of the above-mentioned subsidiary, which will instead be consolidated when the consolidated half-yearly report is drafted. In the meantime, activities have been intensified for the accounting reconstruction and adaptation of the accounting and administrative system of Idro Meccanica S.r.l., including with the operational support of specialised

consultants. On the basis of the schedule examined, it is expected that the activities under way may be completed by the end of this June.

**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)			
<b>ASSETS</b>	<b>31/03/2022</b>	<b>31 December 2021</b>	<b>31/03/2021</b>
<b>Non-current assets</b>			
Land, property, plant, machinery and other equipment	14,743	14,977	12,650
Development costs	11,521	12,222	9,188
Goodwill	75,341	75,341	30,094
Other intangible assets with finite useful lives	16,272	16,711	10,501
Right-of-use assets	15,471	11,991	4,401
Equity investments measured using the equity method	2,057	2,028	22,870
Investments in subsidiaries	6,400	0	0
Other non-current financial assets	812	882	809
Other non-current assets	2,556	2,556	2,850
Deferred tax assets	13,866	13,484	12,189
Assets for derivative financial instruments	413	0	0
<b>Total non-current assets</b>	<b>159,452</b>	<b>150,192</b>	<b>105,552</b>
<b>Current assets</b>			
Trade receivables	66,332	66,048	37,134
Inventories	75,731	68,896	46,966
Contract work in progress	19,811	15,653	0
Other receivables and current assets	15,037	14,443	7,097
Current financial assets	520	0	2,780
Cash and cash equivalents	36,379	28,039	15,180
<b>Total current assets</b>	<b>213,810</b>	<b>193,079</b>	<b>109,157</b>
<b>TOTAL ASSETS</b>	<b>373,262</b>	<b>343,271</b>	<b>214,709</b>

(Thousands of Euro)			
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>31/03/2022</b>	<b>31 December 2021</b>	<b>31/03/2021</b>
<b>Shareholders' equity</b>			
Share capital	11,250	11,250	11,250
Other reserves	44,446	44,615	43,986
Profit (loss) for the period	-3,149	-977	-4,160
<b>Total Shareholders' equity of the Group</b>	<b>52,547</b>	<b>54,888</b>	<b>51,076</b>
Minority interests	6,040	5,738	-483
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>58,587</b>	<b>60,626</b>	<b>50,593</b>
<b>Non-current liabilities</b>			
Non-current bank loans	61,820	10,174	68,349
Other non-current financial liabilities	46,870	9,320	422
Non-current liabilities for rights of use	13,111	10,197	2,411
Provisions for risks and charges	4,784	4,535	3,005
Defined benefit plans for employees	3,850	3,977	1,440
Deferred tax liabilities	1,655	1,452	307
Liabilities for derivative financial instruments	1	99	395
<b>Total non-current liabilities</b>	<b>132,091</b>	<b>39,754</b>	<b>76,329</b>
<b>Current liabilities</b>			
Bank financing and short-term loans	54,881	103,408	29,420
Other current financial liabilities	274	274	376
Current liabilities for rights of use	3,141	2,624	2,098
Trade payables	84,535	82,886	49,847
Tax liabilities	3,898	3,758	1,288
Other current liabilities	35,855	49,941	4,758
<b>Total current liabilities</b>	<b>182,584</b>	<b>242,891</b>	<b>87,787</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>373,262</b>	<b>343,271</b>	<b>214,709</b>

### 3.3. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

	31/03/2022	31/03/2021
<b>CONSOLIDATED INCOME STATEMENT</b>		
<b>Revenues from sales and services</b>	66,918	33,259
Other revenues and income	180	134
Cost of raw materials, consumables and goods and change in inventories	-39,606	-19,311
Costs for services and use of third-party assets	-13,280	-7,614
Personnel costs	-11,133	-5,603
Allocations, write-downs and other operating expenses	-1,250	-508
<b>Gross operating profit</b>	<b>1,829</b>	<b>357</b>
Amortisation, depreciation and impairment	-4,281	-3,336
<b>Net operating profit</b>	<b>-2,452</b>	<b>-2,979</b>
Financial income	23	54
Financial expenses	-1,218	-821
Exchange gains (losses)	620	-511
Income (expenses) from equity investments	-107	0
Income (expenses) from joint ventures measured using the equity method	29	182
<b>Profit (loss) before tax</b>	<b>-3,105</b>	<b>-4,075</b>
Taxes	-30	-55
<b>Net profit (loss) for the Group and minority interests, including:</b>	<b>-3,135</b>	<b>-4,130</b>
Minority interests	14	30
<b>Net profit (loss) for the Group</b>	<b>-3,149</b>	<b>-4,160</b>
<b>Basic earnings (loss) per share (calculated on 112,500,000 shares)</b>	<b>-0.0280</b>	<b>-0.0370</b>
<b>Diluted earnings (loss) per share</b>	<b>-0.0280</b>	<b>-0.0370</b>

### 3.4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

	31/03/2022	31/03/2021
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Net profit (loss) for the Group and minority interests:</b>	<b>-3,135</b>	<b>-4,130</b>
<i>Profits/losses that will not be subsequently reclassified in the income statement</i>		
Remeasurement of employee defined benefit plans (IAS 19)	99	29
<b>Total profits/losses that will not be subsequently reclassified in the income statement</b>	<b>99</b>	<b>29</b>
<i>Profits/losses that could subsequently be reclassified in the income statement</i>		
Measurement of investments with the equity method	0	179
Fair value of derivatives, change for the period	387	47
Exchange rate differences from the translation of foreign operations	610	-1,890
<b>Total profits/losses that could subsequently be reclassified in the income statement</b>	<b>997</b>	<b>-1,664</b>
<b>Profits/losses recorded directly in Shareholders' Equity after tax effects</b>	<b>1,096</b>	<b>-1,635</b>
<b>Total Consolidated Income Statement for the period</b>	<b>-2,039</b>	<b>-5,765</b>
Profit (Loss) for Shareholders of the Parent Company	-2,341	-5,755
Minority interests	302	-10

### 3.5. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)

CONSOLIDATED CASH FLOW STATEMENT	31/03/2022	31/03/2021
<b>Financial flows deriving from operating activities</b>		
Pre-tax profit (loss) for the period	-3,105	-4,075
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	1,084	1,002
Amortisation of intangible assets	2,319	1,780
Depreciation of right-of-use assets	878	554
Loss (Profit) from disposal of tangible and intangible assets	45	131
Share-based incentive plans	0	44
Impairment loss on receivables	451	0
Net financial charges	575	1,278
Income (expenses) attributable to equity investments measured using the equity method	-29	-182
Profit (loss) attributable to interests	107	0
	<b>2,325</b>	<b>532</b>
<i>Changes in:</i>		
Inventories and contract work in progress	-10,993	-4,957
Trade receivables and other receivables	-1,283	1,946
Trade payables and other payables	4,351	-5,965
Provisions and employee benefits	221	20
<b>Cash generated from operations</b>	<b>-5,379</b>	<b>-8,424</b>
Interest paid	-332	-314
Interest received	26	2
Income taxes paid	-61	-125
<b>Net cash generated (absorbed) by operations</b>	<b>-5,746</b>	<b>-8,861</b>
<b>Cash flows from investments</b>		
Proceeds from the sale of property, plant and machinery	59	566
Purchase of property, plant and machinery	-892	-822
Purchase of intangible assets	-94	-82
Development costs	-979	-999
Purchase of equity investments	-23,822	0
<b>Net cash absorbed by investment activities</b>	<b>-25,728</b>	<b>-1,337</b>
<b>Free Cash Flow</b>	<b>-31,474</b>	<b>-10,198</b>
<b>Cash flows from financing activities</b>		
Disbursements (reimbursements) of loans to associates	-520	0
Disbursements (reimbursements) of medium/long-term loans	36,730	-31
Change in short-term bank debts	3,419	6,525
Repayment of leases (IFRS 16)	-1,045	-580
<b>Net cash generated (absorbed) by financing activities</b>	<b>38,584</b>	<b>5,914</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,110</b>	<b>-4,284</b>
Cash and cash equivalents at 1 January	28,039	21,914
Effect of exchange rate fluctuation on cash and cash equivalents	1,230	-2,450
<b>Closing cash and cash equivalents</b>	<b>36,379</b>	<b>15,180</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 31/12/2020</b>	11,250	2,250	11,364	30,718	8,867	-7,662	56,787	-188	-285	56,314
Profit (loss) for the year						-4,160	-4,160	30		-4,130
Actuarial gains/losses (IAS 19)			29				29			29
Translation difference			-1,850				-1,850		-40	-1,890
Valuation of investments using equity method			179				179			179
Change in the cash flow hedge reserve			47				47			47
<b>Total overall profits/losses</b>	0	0	-1,595	0	0	-4,160	-5,755	30	-40	-5,765
Share-based incentive plans			44				44			44
Allocation of profit			-7,662			7,662	0	188	-188	0
<b>Balance at 31/3/2021</b>	11,250	2,250	2,151	30,718	8,867	-4,160	51,076	30	-513	50,593
<b>Balance at 31/12/2021</b>	11,250	2,250	4,552	28,946	8,867	-977	54,888	1,522	4,216	60,626
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
Change in the cash flow hedge reserve			387				387			387
<b>Total overall profits/losses</b>	0	0	808	0	0	-3,149	-2,341	14	288	-2,039
Allocation of profit			8,154	-9,131		977	0	-1,522	1,522	0
<b>Balance at 31/3/2022</b>	11,250	2,250	13,514	19,815	8,867	-3,149	52,547	14	6,026	58,587

**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 2022**

I, the undersigned, Paolo Cilloni, 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 2022 corresponds to the accounting documents, ledgers and records.

Cavriago, 13 May 2022

Financial Reporting  
Officer  
Paolo Cilloni