

Landi Renzo: Board of Directors approves financial results as of March 31, 2023

Consolidated revenues increased, driven by the Clean Tech Solutions segment, which reports steadily improving results, also in terms of industrial margins, thanks to the contribution from hydrogen and biomethane segments.

Turnover growth was moderate in the Green Transportation segment, whose industrial margins continued to be negatively affected by the crisis in some markets/segments in which the Group operates.

- **Consolidated revenues** was equal to €71,168 thousand up (+6.4%) from €66,918 thousand in the same period of the previous year.
- On a **sector basis**, revenues for the Clean Tech Solutions business amounted to €23,114 thousand, up 12.1% from the same period of the previous year. The **Green Transportation** segment reported Revenues of €48,054 thousand, up 3.8% from the same period of the previous year.
- **Adjusted EBITDA** was negative and amounted to €961 thousand, compared to a positive value of €2,668 thousand in the same period of the previous year; **EBITDA** was negative and amounted to €2,091 thousand (positive and equal to €1,829 thousand as of March 31, 2022), including non-recurring costs amounting to €1,130 thousand (€839 thousand as of March 31, 2022). Adjusted Ebitda of the Clean Tech Solutions segment is positive and amounts to €1,560 thousand, while that of the Green Transportation segment is negative and equal to €2,521 thousand.
- **Net result** was and equal to €9,939 thousand (negative and amounting to €3,135 thousand as of March 31, 2022).
- **Net Financial Debt** amounting to €107,373 thousand compared to €92,323 thousand as of December 31, 2022; the adjusted Net Financial Debt as of March 31, 2023, excluding the application of IFRS 16 and the fair value of derivative financial instruments, would have been €93,429 thousand.
- The Group confirms the positive outlook for both business sectors in which it operates, thanks to the action plan aimed at improving industrial profitability that the management is implementing and to the progressive reduction in the cost of energy that global markets are experiencing. The Group's focus on hydrogen and biomethane, with the high level of expertise consolidated also thanks to the recent acquisitions, underlines the correctness of the strategic vision adopted.

Caviago (RE), May 12, 2023 - The Board of Directors of Landi Renzo, chaired by Stefano Landi, met today and approved the Company's quarterly Financial Statements as of March 31, 2023.

Energy production from renewable sources, including biomethane, and the use of hydrogen as a means of fostering clean energy generation and storage, are continuing to be a catalyst for attention and investments from governments worldwide.

At the same time, awareness is growing worldwide that achieving energy decarbonization goals requires a holistic approach, namely one based on technology-neutral principles. Against this background, bio-fuels and hydrogen stand out for their embedded potential, as they are increasingly regarded as fundamental building blocks of the future energy mix, complemented also by technologies for natural-gas leakage capture and the so-called “coal capture” ones.

Such dynamics are boosting Landi Renzo Group’s positioning, operating along the value chain both in the natural gas, biomethane and hydrogen distribution (“Clean Tech Solutions” segment), and in the so-called “Green Mobility” sector, in which the Group is an acknowledged as leader in designing, developing and marketing vehicle components or other off-road applications powered by natural gas, biomethane, liquefied natural gas, LPG or hydrogen (“Green Transportation” segment).

In the framework of encouraging long-term trends, the Group managed to deliver an increase of the turnover in the first quarter of 2023 despite macroeconomic contingent effects, which resulted in cascade effects throughout the value chain. The trend of natural gas price at the pump, which was still above historical values, impacted the final demand for Landi Renzo Group’s applications on the After Market Channel globally. This was coupled with worsening economic conditions in emerging markets and the effects of rising interest rates on the cost structure.

“The first quarter of the year was marked by the persistence of the main turmoil elements that had shaped 2022, thus impacting several sectors, including the automotive one. However, in spite of this, the Mid&Heavy Duty channel, which is highly strategic for the Group’s development, showed increased volumes and figures compared to the same period of the previous year. At the same time, demand dynamics for compression systems continues to be very positive, confirmed by the continuous increase in the results of the Clean Tech Solutions sector. As a result of the growth strategy implemented by Landi Renzo over the past two years, both organically and inorganically, the Group is best positioned to stand out as a leader in the sectors in which it works, particularly in the Mid&Heavy Duty one and in the hydrogen and biomethane segments,”
Stefano Landi, Chairman of Landi Renzo S.p.A., said.

Cristiano Musi, Chief Executive Officer at Landi Renzo S.p.A., added: *“In the first quarter, Clean Tech Solutions showed a steady and significant growth, both in terms of revenues and order backlog, with further commercial negotiations at an advanced stage particularly for biomethane and hydrogen. In this scenario, the Group is continuing its investment plan on the one hand, and an intensive cost rationalisation plan on the other, to make the structure ready to seize market opportunities in both businesses in which we operate.”*

Key Consolidated results highlights as of March 31, 2023

Consolidated revenues for the first three months of 2023 amounted to €71,168 thousand, up by €4,250 thousand (+6.4%) from the same period of the previous year.

The growth is led by Clean Tech Solutions segment (+12,1%) and a more moderate growth in the OEM segment - Passenger Cars and M&HD – (+3.8%).

Group’s **adjusted EBITDA** as of March 31, 2023, was negative and equal to €961 thousand, compared to a positive value equal to €2,668 thousand in the same period of the previous year. The decline was due to lower volumes and margins recorded in the After Market channel and OEM.

Group's EBITDA was negative and amounted to €2,091 thousand (positive and equal to €1,829 thousand as of March 31, 2022), including non-recurring costs in the amount of €1,130 thousand (€839 thousand as of March 31, 2022).

Group's EBIT of the period was negative and amounted to €6,284 thousand (negative and amounted to €2,452 thousand as of March 31, 2022) after accounting for amortization and depreciation of €4,193 thousand (€4,281 thousand as of March 31, 2022), of which €842 thousand was due to the application of IFRS 16 - Leases (€976 thousand as of March 31, 2022).

Net **financial expenses** (interest income, interest expense, and exchange rates effects) amounted to €3,497 thousand (€575 thousand as of March 31, 2022) and included negative exchange rate effects amounting to €1,089 thousand (positive and amounting to €620 thousand as of March 31, 2022). Financial expenses alone, amounting to €2,583 thousand, were up compared to the same period of the previous year (€1,218 thousand), reflecting the dynamics of rising interest rates on loans.

The first three months of 2023 close with negative **EBT** amounting to €10,057 thousand (negative equal to €3,105 thousand as of March 31, 2022).

Group and third-party's **Net Result** as of March 31, 2023, reported a €9,939 thousand loss, compared to a loss by the Group and third-party equal to €3,135 thousand as of March 31, 2022.

The **Net Financial Debt** as of March 31, 2023, amounted to €107,373 thousand (€92,323 thousand as of December 31, 2022), of which €13,710 thousand was due to the application of IFRS 16 - Leases and €219 thousand to the fair value of derivative financial instruments. Without taking into account the effects of applying this accounting standard, the fair value of derivative financial instruments, and the outstanding debt from the acquisition of equity investments, the Adjusted Net Financial Debt as of March 31, 2023, would have been €93,429 thousand, of which €14,640 thousand is attributable to the Clean Tech Solutions segment and €78,789 thousand is attributable to the Green Transportation segment.

Performance of the "Green Transportation" operating segment (*Automotive*)

Revenues of Green Transportation segment as of March 31, 2023 amounted to €48,054 thousand, with an increase of €1,758 thousand (+3.8%), due to the recovery of the European market.

The Group's sales in the **OEM** channel, including the input of the Metatron Group, amounted to €31,546 thousand up by €5,609 thousand compared to March 31, 2022, due to the orders from the main OEM customer that focused on LPG bifuel engines for the development of its "green" low-cost car offering, and to the gradual recovery of the M&HD market mainly in relation to the Chinese market.

Sales in the **After Market** channel, equal to Euro 16,508 thousand (Euro 20,467 thousand as of 31 March 2022), are mainly related to orders from distributors and authorised installers, both domestic and foreign, and are decreasing mainly as a result of the persistent decrease in the price differential between gas and gasoline/diesel in some markets of the Latam area and India, as well as a delay in the granting of subsidies in some markets.

As for the sales distribution by geographical area in the *Green Transportation* segment:

- In **Italy**, there was a drop in the Group's sales compared to the same period of the previous year (-8.5%), against the trend of new vehicle registrations (+17.9% according to UNRAE data - Unione Nazionale Rappresentanti Autoveicoli Esteri), mainly due to a reduction in sales in the AM channel.
- The rest of **Europe** accounts for 61.5% of total sales (49.9% in the 2022 first quarter) and was up 27.9%.
- In the **American continent** sales showed a 33.7% decrease due to the negative performance in Latam due to the differential between gasoline and gas cost in Brazil, as well as to hyperinflation in Argentina, only partially offset by increased sales in the Mid&Heavy Duty Channel in the United States.
- Sales in **Asia** and the **Rest of the World** account for 16.6% of total turnover (20.9% in the first three months of 2022), reporting a decrease of 17.8% mainly due to reduced sales on the AM Channel in North Africa and India, partly offset by the recovery of the MH&D Chinese market.

In the first three months of 2023, the **adjusted EBITDA** of the Green Transportation segment, excluding nonrecurring costs amounting to €886 thousand, was negative and amounted to €2,521 thousand, equal to -5.2% of revenues, decreasing from the same period of the previous year (€1,327 thousand, equal to 2.9% of revenues and excluding nonrecurring costs amounting to €780 thousand).

Performance of the “Clean Tech Solutions” operating segment

In the first three months of 2023, the Clean Tech Solutions segment reported **Revenues** amounting to €23,114 thousand, up 12.1% compared to the same period of the previous year (€20,622 thousand), further confirming the growing interest in biomethane, hydrogen and natural gas compression solutions provided by the Group, as well as the increasing infrastructure investments mainly focused on biomethane production and distribution and hydrogen infrastructure developments.

Adjusted EBITDA as of March 31, 2023 amounted to €1,560 thousand and was equal to 6.7% of revenues, compared to €1,341 thousand (6.5% of revenues) in the same period of the previous year.

Key performance highlights of Landi Renzo S.p.A. (Parent Company) as of March 31, 2023

In the first three months of 2023 Landi Renzo S.p.A. reported revenues of €31,732 thousand, compared to €34,944 thousand in the same period of the previous year. Ebitda amounted to €-2,449 thousand (including non-recurring charges totaling €317 thousand) compared to €580 thousand as of March 31, 2022 (including non-recurring charges totaling €754 thousand), while Net Financial Debt was negative and amounted to €77,865 thousand (negative and equal to €73,837 thousand excluding the effects of the application of IFRS 16, the fair value of derivative financial contracts) compared to negative and amounting to €68,453 thousand as of December 31, 2022 (negative and amounting to €64,300 thousand excluding the effects of the application of IFRS 16, the fair value of derivative financial contracts and the residual debt for the acquisition of the Metatron Group).

At the end of the quarter, the Parent Company had 277 employees, substantially in line with December 31, 2022 (292 employees).

Significant events after the end of Q1 2023

On April 26, 2023, the Ordinary Shareholders' Meeting of Landi Renzo S.p.A.:

- Approved the Financial Statements as of December 31, 2022 and approved to cover the loss for the year amounting to €15,749,826.46 through the use of the Share Premium Account;
- Approved the first section of the Remuneration Report, as well as expressed a favourable opinion with reference to the second section, approved by the Board of Directors on March 24, 2023 and drafted pursuant to Articles 123-ter of Legislative Decree 58/98 and 84-quater of the regulation approved by Consob resolution no. 11971 of 19th May 1999;

Foreseeable management development

Following the end of fiscal year 2022, notwithstanding the uncertain macroeconomic environment, the Group's Management has taken actions aimed at limiting direct costs and enhancing productivity and working capital. Moreover, the Group pursued the integration of the newly-acquired companies, in order to fully maximise synergies and focus on the future growth of the hydrogen, biomethane and natural gas business, which is expected to be reflected in a consolidation of turnover and margins in 2023, which would be more visible in the second half of the year.

Pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree No. 58 of February 24, 1998, the Financial Reporting Manager in charge of drawing the Company's financial statements, Vittorio Tavanti, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records. This press release is also available on the corporate website www.landirenzogroup.com

Landi Renzo is the global leader in the natural gas, biomethane and hydrogen sustainable mobility and infrastructure sector. The Group stands out for its extensive presence at global level in over 50 countries, generating nearly 90% of its revenues abroad. Landi Renzo S.p.A. has been listed on the Euronext STAR Milan segment of Borsa Italiana since June 2007.

This press release is a translation. The Italian version will prevail

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Press Release

12 May 2023



(thousands of Euro)

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

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

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

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