

Pescarolo ed Uniti (CR) – April 12, 2023

Dear shareholders,

before talking about Lindbergh's state of health and prospects, I take this opportunity to tell you over and over again that you have invested in a **unique** company. When someone asks me why they should invest and bet on us this is my answer, we are **unique**. Of course being unique in itself is not enough to achieve ambitious growth objectives, but it is certainly an excellent starting point. When a new customer begins to use our services not only does he never leave us but it increases month after month the work, it hooks up to our IT systems, asks us to implement new processes that it hasn't found on the market. We are unique because we like to build our own market, think, experiment and implement services.

Furthermore, in all these years, the company has had the ability to generate ever greater cash flows deriving from operating activities. **In 2022 the operating cash flow** amounted to Euro 2.38 million, equal to 86.6% of the EBITDA.

The year 2022 passed quickly. A thousand worries assailed us just a year ago. We were faced with a completely new macroeconomic scenario and very negative prospects linked to the trend of the economy. Some energy-intensive factories had begun to stop production and some production chains sounded the alarm for the system tightness in the short term. I have learned over the years to stay focused only on what I can govern and direct and not to waste energy on what I can neither govern nor even direct. It is pointless therefore doing philosophical exercises to understand the macroeconomic scenarios of the future and wasting nights thinking what our daily work could be, with the factories closed or worse with a war on our doorstep. If it happened, the daily work would be the least of the problems. Here are, therefore, our priorities to continue sailing in a sea that has suddenly become stormy.

Inflation and contracts

My generation has never had to deal with inflation. Perhaps none of our team had ever experienced something similar in their life. We suddenly had a problem that impacted not only our lives but the life of the company and its ability to make profits. For the first time, our much-loved long-term contracts with customers were a problem. Nobody, in the previous years, had ever commercially dealt with the subject of inflation, the classic ISTAT adjustments many times were not even foreseen, in exchange for some other commercial concession. Fortunately the automatic adjustments with respect to the trend in fuel prices (envisaged by law) helped us. In this case too, however, we had adjustments that were triggered every six months, which were obviously no longer manageable with the price changes month after month. So we immediately started incessant work with customers to adjust all those contract clauses that were no longer current nor sustainable. We had to absolutely prevent inflation from eating up our margins. I publicly thank all the sales guys headed by Andrea Allegrini who brought home the result. And I also especially thank our customers who, with common sense, sat down with us to find the right way

As for me, the solidity, the health and reputation of a company are measured in these moments, we have come out of it with our customers.

France

2022 was supposed to be the year of recovery, the goal was achieved.

Today Lindbergh France is a company in economic and financial balance. The last quarter of 2022 achieved a positive sign. Finally, we have high expectations to continue increasing volumes and technicians served, by focusing on the quality of the service and on the implementation of the waste management service which, in Italy, has made us completely unique and has contributed decisively to the increase in margins.

We have consolidated the relationship with historical customers and we have started working with new customers who, after an initial phase of testing, have decided to continue with us, I confirm and I reiterate that the French market is a great growth opportunity for us.

In last year's letter I anticipated our interest in being able to look for some target companies to consolidate the structure of Lindbergh France. We spent a good part of the second half of 2022 in negotiations with one of our main suppliers, but, in the end, we decided independently not to proceed; in our opinion the economic and financial risks of the operation were too high. Certainly the sudden increase in interest rates did not help an operation that would have been financed entirely by debt.

In any case, starting from March 2023, we have appointed a new general manager of Lindbergh France, precisely with the aim of increasingly structuring the company and implementing the waste management service. After a year and a half of direct management of operations, it was a necessary step to make.

2023 will have to be the year of the first profits, the premises are good.

HR management

Another very delicate and impacting issue. Like all companies, we are experiencing a period of difficulty in finding suitable people for carrying out our activities in the field. This has a strong impact both in terms of waste of time and resources for research and staff training, and in terms of the quality of the work performed. Compared to 2021, our service levels, albeit still very high, have declined. As obvious we are looking for tools and ways to try to retain our employees. This picture includes the corporate welfare initiatives (starting from 2023) and the Stock Grant plan on the Group's 2022 results. Without a real and lasting stabilization of employment relationships it will be increasingly complicated and costly to provide innovative and quality services. Our employees are our first resource and for this reason we will increasingly try to enhance and retain them with all the means at our disposal

Consolidated numbers

Despite the difficulties I am here to show you results beyond expectations. By analyzing the consolidated financial statements IAS of the Group 2022, compared to IAS 2021, the most relevant data are as follows:

<i>Data in millions of euros</i>	2021	2022	Var. %
Revenues from sales and services	13,51	22,27	64,8%
for Italy	10,8	12,45	15,3%
for France	2,71 (4 months)	9,82 (12 months)	262,3%
Consolidated revenues	13,65	22,71	66,4%
EBITDA	2,08	2,81	35,1%
for Italy	2,43	2,73	12,3%
for France	-0,35 (4 months)	0,08 (12 months)	123,0%
EBITDA margin	15,4%	12,6%	-18,0%
for Italy	22,5%	21,9%	-2,5%
for France	-14,4%	0,8%	105,7%
Net income	0,71	0,87	22,5%
for Italy	1,09	0,9	-17,4%
for France	-0,38	-0,03	92,1%

Some clarifications to better interpret the results .Lindbergh France was consolidated for 12 months in 2022 and for four months in 2021(the controlling stake was purchased in August 2021). The effect can be seen very marked in revenues with a jump of 262% compared to 2021, and with a marked (but dampened) effect of the EBITDA. In percentage terms the EBITDA of France, calculated on French revenues, went from -14.4% in 2021 to + 0.8% in 2022, as an evident result of the restructuring work I mentioned earlier. Italy's results are also very good results , where revenues still grow by double digits (+15.3%). **The Group's net profit** marks an increase of 22.5% compared to 2021, the year in which the company had benefited from a tax discount on operating income of around 100 k euros (incentives for the capitalization of companies "super ACE"). The devaluation (by applying the IAS principles) of the value of investment funds, where from 2020 the company had placed part of the liquidity, reduced by around 55 k euros the net profit .With the collapse of the markets (especially bonds) at the beginning of 2022, also the value of these assets has also collapsed. To date, however, the value is gradually increasing compared to the lowest point reached in 2022. In addition to this, approximately 67k Stock Grants have already been accounted on an accrual basis, but which will actually be disbursed in 2023.

The breakdown of revenues by Business Unit is shown below :

Data in millions of euros	2021	2022	Var. %
BU Network Management	10,73	18,90	76,1%
for Italy	8,02	9,08	13,2%
for France	2,71 (4 months)	9,82 (12 months)	262,4%
BU Waste Management	2,21	2,54	14,9%
BU Warehouse Management	0,57	0,83	45,6%

As you can see, all the BU performed very well. The BU Waste Management, operating only in Italy, is giving very good results (also at the beginning of 2023) in terms of revenue growth, but above all in terms of margins. Precisely on this BU we have several very interesting commercial initiatives; the sensitivity of companies towards sustainability issues and more particularly towards circular economy projects, is a great opportunity for us to grow and develop in a sector, that of waste, that we know very well and in which we have been working for 15 years.

We also see an increase in the **Net Assets**, that pass from Euro 4.22 million in 2021 to Euro 5.25 million in 2022.

The **Group's Net Financial position** at December 31, 2022 is passive (debt) and equal to approximately €3.13 million compared to December 31, 2021 when it was passive (debt) and equal to approximately €2.78 million.

Against a slight increase in **Net Financial Debt** (+13%) and cash equivalents down by 1,799,794 euros (-41%), both current financial debt decreased (by 634,192 euros, -29%) and non-current financial debt (807,014 euros, -16%).

In terms of the **statement of cash flows**, the cash flow from operating activities amounted to Euro 2.38 million, equal to 86.6 % of the EBITDA compared to Euro 1.58 million (75.9% of the EIBTDA) in 2021.

Future

I reiterate our growth guidelines: **more technicians, more services, more technology**. Technicians, also for the reasons I mentioned earlier, are increasingly a scarce resource and therefore difficult to find on the market. For this very reason our services, aimed at increasing the productivity of technicians, fit perfectly into this new development trend. More and more companies, including small and medium-sized, have begun to ask themselves how best to use their workforce and are therefore more inclined to consider services like ours. Even the issue of waste recovery is playing a decisive role in the development of our business.

I would therefore add, to the three already mentioned, another direction of growth: **more sustainability**. We are planning and implementing services that must have a positive impact in terms of sustainability, for us and for our customers. This means an effort to organize and define processes which, for example, provide for an ever-increasing share of recovered or recycled waste, or a more sustainable use of cardboard packaging for shipments. It is precisely on this subject that we have recently closed an agreement with the KION Group (Still and Linde brands) which provides for the complete replacement of cardboard packaging up to used today for the transport of spare parts with fully tracked and traceable multipurpose boxes. The boxes will be our property and the customer will pay for a turnkey service.

We started a process of integration downstream of the technical assistance networks. With the purchase of the Hinet Group business branch in May 2022 we integrated around 10 IT technicians into our structure, thus directly offering after-sales services. A process that is continuing with the purchase of the majority of SMIT, a company active in technical assistance in the thermo-hydraulic sector. The goal of becoming a national market player by aggregating small local players is a strategy we are convinced of and which we will pursue in the coming months and years. This type of experiences are already a reality in countries such as France and Germany, in Italy there is still a huge fragmentation of the market and therefore also great growth opportunities with a new business model.

As you can see there is no shortage of projects and the will to implement them and to grow in a healthy and sustainable way and at the heart of our daily work in the company. Your trust makes us even more empowered and engaged in our growth path. From 2024, compatibly with the economic /financial aspects of the company, we will consider the opportunity to define a sustainable **dividend policy** and at the same time one of satisfaction for shareholders.

A big thank you to all those who are contributing to the realization of this project.

Michele Corradi - (CEO e co-founder di Lindbergh S.p.a.)