

A photograph showing a person driving a convertible car on a road during sunset. The sun is low on the horizon, casting a warm glow over the scene. The person's arm is extended out of the car window, pointing towards the horizon. The road is straight and leads towards the sunset.

The Clean Air Group
Driving the Future

**HALF-YEARLY FINANCIAL REPORT
AT 30 JUNE 2021**

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

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2019, 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 2019-2021. They will therefore remain in office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2021. The Meeting changed the number of Directors to nine. Also on the same date, the Board of Directors appointed Cristiano Musi as Chief Executive Officer and General Manager and confirmed Stefano Landi as Executive Chairman of the Board.

On the date on which this Consolidated Half-Yearly Financial Report was drafted, the company officers were as follows:

Board of Directors

Executive Chairman	Stefano Landi
Honorary Chairperson - Director	Giovannina Domenichini
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Angelo Iori
Director	Paolo Emanuele Maria Ferrero
Independent Director	Dario Patrizio Melpignano
Independent Director	Sara Fornasiero (*)
Independent Director	Vincenzo Russi

Board of Statutory Auditors

Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Diana Rizzo
Statutory Auditor	Domenico Sardano
Alternate Auditor	Marina Torelli
Alternate Auditor	Gian Marco Amico di Meane

Control and Risks Committee

Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Remuneration Committee

Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Committee for Transactions with Related Parties

Chairperson	Sara Fornasiero
Committee Member	Vincenzo Russi

Supervisory Board (Italian Legislative Decree 231/01)

Chairperson	Jean-Paule Castagno
Board Member	Sara Fornasiero
Board Member	Domenico Sardano

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

Financial Reporting Manager

Paolo Cilloni

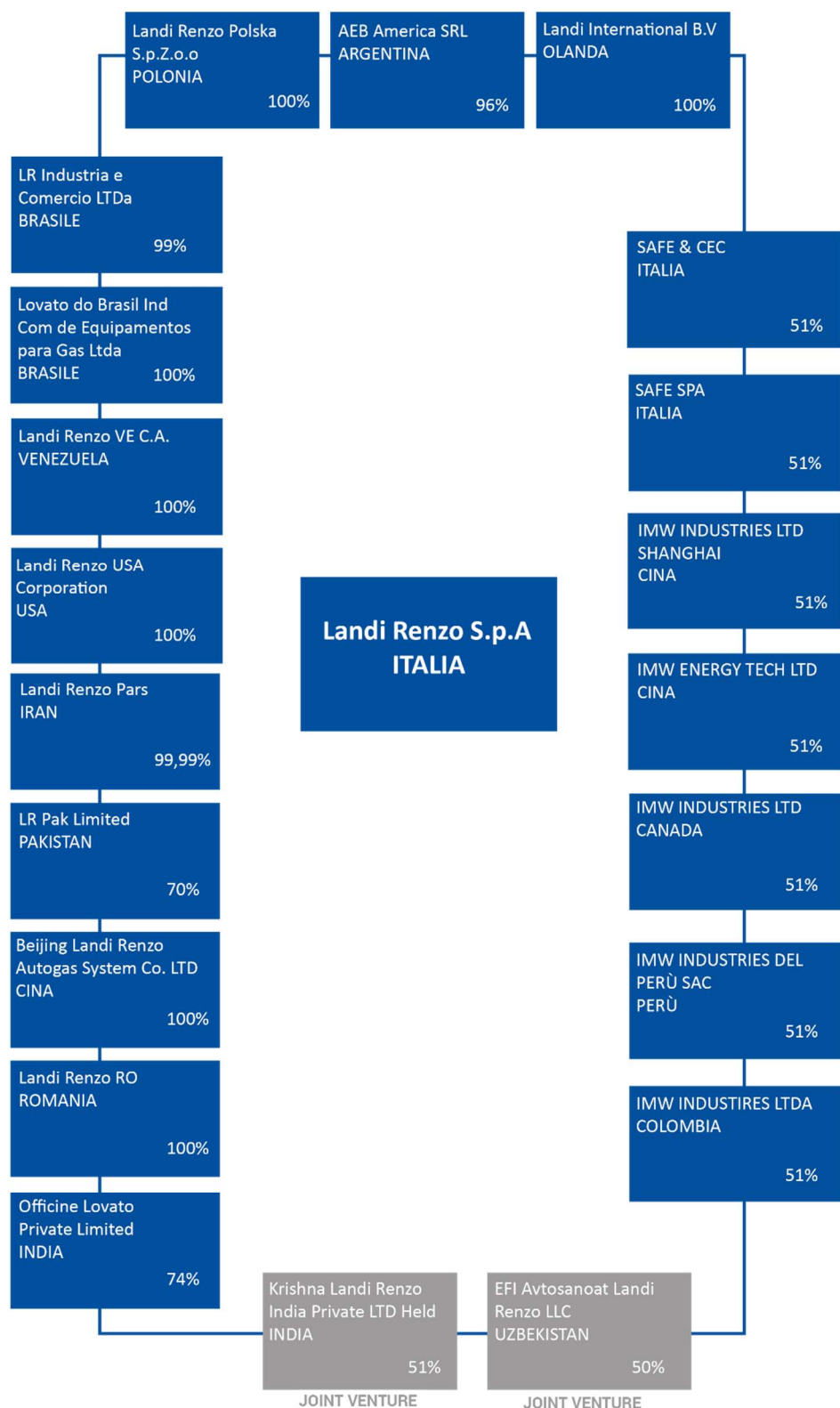
(*) The Director also holds the office of Lead Independent Director

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

1.2. GROUP STRUCTURE



1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE SECOND QUARTER	Q2 2021	Q2 2020	Change	Change %
Revenue	62,703	22,687	40,016	176.4%
Adjusted Gross Operating Profit (EBITDA) (1)	3,970	-1,032	5,002	
Gross operating profit (EBITDA)	3,205	-1,402	4,607	
Net operating profit (EBIT)	-535	-4,467	3,932	
Earnings before taxes (EBT)	6,760	-6,388	13,148	
Net profit (loss) for the Group and minority interests	6,188	-5,279	11,467	
Adjusted Gross Operating Profit (EBITDA) / Revenue	6.3%	-4.5%		
Gross Operating Profit (EBITDA) / Revenue	5.1%	-6.2%		
Net profit (loss) for the Group and minority interests / Revenue	9.9%	-23.3%		

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE FIRST HALF-YEAR	30/06/2021	30/06/2020	Change	Change %
Revenue	95,962	59,857	36,105	60.3%
Adjusted Gross Operating Profit (EBITDA) (1)	4,478	1,852	2,626	141.8%
Gross operating profit (EBITDA)	3,562	1,038	2,524	243.2%
Net operating profit (EBIT)	-3,514	-5,070	1,556	
Earnings before taxes (EBT)	2,685	-7,939	10,624	
Net profit (loss) for the Group and minority interests	2,058	-6,653	8,711	
Adjusted Gross Operating Profit (EBITDA) / Revenue	4.7%	3.1%		
Net operating profit (EBIT) / Revenue	3.7%	1.7%		
Net profit (loss) for the Group and minority interests / Revenue	2.1%	-11.1%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30/06/2021	31/12/2020	30/06/2020
Net fixed assets and other non-current assets	124,725	107,128	105,032
Operating capital (2)	44,580	26,853	36,925
Non-current liabilities (3)	-7,584	-4,750	-4,751
NET INVESTED CAPITAL	161,721	129,231	137,206
Net financial position (4)	99,554	72,917	79,087
Net Financial Position - adjusted (5)	88,163	67,360	73,184
Shareholders' equity	62,167	56,314	58,119
BORROWINGS	161,721	129,231	137,206

(Thousands of Euro)

KEY INDICATORS	30/06/2021	31/12/2020	30/06/2020
Operating capital / Turnover (rolling 12 months) (6)	17.8%	18.9%	24.7%
Net Financial Position / Shareholders' equity	160.1%	129.5%	136.1%
Adjusted net financial position / Adjusted EBITDA (rolling 12 months) (6)	6.16	8.40	5.05
Personnel (peak)	870	547	554

(Thousands of Euro)

CASH FLOWS	30/06/2021	31/12/2020	30/06/2020
Gross operational cash flow	-1,964	6,800	-9,050
Gross cash flow for investment activities	-3,830	-11,611	-5,798
Gross Free Cash Flow	-5,794	-4,811	-14,848

Variation in the consolidation area	2,966	0	0
Non-recurring expenditure for voluntary resignation incentives	-312	-495	-119
Net Free Cash Flow	-3,140	-5,306	-14,967
Repayment of leases (IFRS 16)	-1,332	-2,399	-1,111
Overall cash flow	-4,472	-7,705	-16,078

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

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

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

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

(5) Not including the effects of the adoption of IFRS 16 - Leases and the fair value of financial derivative contracts.

(6) In order to calculate the indicator in question at 30 June 2021 and following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the figure relating to rolling 12-month revenue was expressed pro forma taking into consideration the revenue of the SAFE&CEC Group for the other 10 months not subject to consolidation.

1.4. SIGNIFICANT EVENTS DURING THE SIX MONTHS

- In January 2021, Landi Renzo S.p.A. became part of H2-ICE, a partnership between five Italian companies, with Punch Torino and AVL Italia as the lead companies, and with the participation of Industria Italiana Autobus and TPER, in order to create a hydrogen fuelled internal combustion engine. Landi Renzo S.p.A., active for more than two years in the development of components and solutions for hydrogen mobility, dedicated in particular to the Mid & Heavy Duty (LCV, Buses and Trucks) and Off Road segment, both for FCEV (fuel cell electric vehicle) and for hydrogen engines, will specifically handle the development and manufacture of components for hydrogen engines to be used in buses and trucks.
- In January 2021, the Landi Renzo Group and Mahindra & Mahindra Limited (M&M), part of the Mahindra Group and one of the main Indian engine manufacturers, entered into an agreement for the creation of a new generation of CNG engine tractors for agricultural applications. The understanding is based on the meeting between the specific requirements of Mahindra & Mahindra, the most sold tractor brand in the world, which is becoming increasingly oriented towards the use of alternative energy sources, and Landi Renzo S.p.A., which will develop the entire tailor-made control and injection system for monofuel tractors according to OEM standards, while Mahindra & Mahindra will handle the development of the basic engine starting from the existing Diesel version, optimising combustion and mechanical aspects. The pilot project is already under way, and by the end of 2021 the first CNG tractor prototype will be ready for the testing phase, equipped with engine control and injection systems entirely developed and supplied by the Landi Renzo Group.
- On 29 April 2021, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, amongst other things:
 - to cover the loss for the year, totalling Euro 6,283,624.66, by using the full extraordinary reserve, which will be reduced to zero, and the share premium reserve, which will be reduced to Euro 28,945,566.50;
 - to place a tax suspension restriction of Euro 4,082,083.55 on the Share premium reserve due to the realignment of the tax value of the AEB trademark with its statutory value, pursuant to Italian Decree Law no. 104/2020, Article 110, paragraph 8;
 - to approve, with reference to the Report on the remuneration policy and on remuneration paid, drafted pursuant to Articles 123- of Italian Legislative Decree 58/98 and 84- of the regulation approved with Consob resolution no. 11971 of 19 May 1999, the first section pursuant to Article 123-, paragraph 3-, of Italian Legislative Decree 58/98 and to vote in favour with reference to the second section pursuant to Article 123-, paragraph 6, of Italian Legislative Decree 58/98;
 - to approve the proposal relating to the authorisation to purchase and dispose of treasury shares.
- 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., operating in the "Clean Tech Solutions" segment, as approved by the Board of Directors of Landi Renzo S.p.A. at its meeting held on 12 April 2021. The change in the shareholders' agreements provided Landi Renzo S.p.A. with greater decision-making autonomy, permitting it to exercise control over SAFE&CEC S.r.l. and resulting in its line-by-line consolidation pursuant to the international accounting standards (IFRS 10). The shares of the two shareholders have remained unchanged: 51% for Landi Renzo S.p.A. and 49% for Clean Energy Fuels Corp.

2. INTERIM REPORT ON OPERATING PERFORMANCE

This Consolidated Half-Yearly Financial Report at 30 June 2021 was prepared pursuant to Italian Legislative Decree 58/1998 and subsequent modifications, as well as the Issuer Regulations issued by Consob.

This Consolidated Half-Yearly Financial Report has been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, and has been drafted in accordance with IAS 34 - Interim Financial Reporting, applying the same accounting principles as adopted in preparing the consolidated financial statements at 31 December 2020, without prejudice to the new accounting standards applicable as of this year and described in detail below in this report.

As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics over the six-month period. All values presented below are expressed in thousands of Euro and comparisons are made with respect to data from the corresponding period of the previous year for the economic values and with respect to the data at 31 December 2020 for the financial data, unless otherwise indicated. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the half-yearly financial statements.

2.1. OPERATING PERFORMANCE

The first half of 2021 recorded significant growth in global automobile manufacturing compared with the same period of the previous year (+29.2%), a period that was highly influenced by the effects of the COVID-19 pandemic, a recovery seen across all of the main geographical areas. However, manufacturing volumes remain lower than pre-crisis levels (-12.6% at global level and -23.5% at European level). Although global economic outlooks continue to be characterised by significant uncertainty as a result of the continuing scarcity of raw materials and electronic components in the international markets, with resulting price increases and difficulties in guaranteeing manufacturing continuity, as well as the COVID-19 pandemic, the positive performance of vaccination campaigns and the tax incentives introduced by a number of countries to support the automotive industry bode well for a recovery in volumes in the second half of 2021 and their consolidation already in 2022. OECD forecasts published in May 2021 indeed point to 5.8% growth in global GDP in 2021 and 4.5% growth in 2022 (+4.2% in 2021 and +4.4% in 2022 at European level and 4.5% in 2021 and +4.4% in 2022 in Italy), with the economy rebounding to levels surpassing those recorded prior to the crisis. These growth data are higher than estimates released early this year thanks to the stronger than expected recovery of the global markets and the expected improvement in economic growth as a result of Next Generation EU. The achievement of these results is in any event linked to the economic recovery of emerging countries, for which robust growth will be influenced by the performance of their respective vaccination campaigns, which are currently proceeding more slowly than those of more developed countries.

UNRAE (Association of foreign car makers operating in Italy) data relating to registrations in the first half of 2021 point to an increase compared with the same period of the previous year of 51.4% in the Italian market and 27.1% in the European market, although these data are highly influenced by the total lockdown imposed by the respective governments in the first half of 2020. The comparison with the first half of 2019 instead shows a 18.2% decline in the Italian market and a 23.0% decrease in the European market, confirming that the market has not yet surpassed pre-COVID levels. Gas mobility is still confirmed as a valid alternative for the achievement of “greener” and more sustainable mobility. Indeed, roughly 9% of total vehicle registrations in Italy are for vehicles with gas (CNG and LPG) engines. Electric (full electric and hybrid) vehicles are continuing to increase in popularity, and today represent roughly 30% of registrations.

To further confirm the increasing interest in gas mobility, there has been consistent growth in CNG stations (roughly 4,000) and LNG stations (now roughly 400) in Europe, with outlooks of further growth by the end of 2030 (10,000 CNG and 2,000 LNG stations estimated), and in emerging countries, where gas mobility represents an accessible option for more sustainable mobility.

The National Recovery and Resilience Plan (“NRRP”) recently approved by the Italian government also placed additional attention on green revolution and ecological transition objectives, with a specific focus on the growth of production at Italian level of “green” hydrogen and its use in the industrial and transport sectors.

Within this context, in April 2021 Landi Renzo S.p.A. entered into an agreement with Clean Energy Fuels Corp to amend the shareholders' agreements, intended to provide Landi Renzo S.p.A. with additional decision-making and control autonomy over the SAFE&CEC Group, which designs and manufactures compressors for the processing and distribution of gas (CNG - Compressed Natural Gas and Biomethane, RNG – Renewable Natural Gas and Hydrogen) and is also active in the Oil&Gas market. The SAFE&CEC Group, previously classified as a “joint venture” pursuant to the international accounting standards (IFRS 11) and consolidated at equity, has been consolidated line-by-line since May 2021, as Landi Renzo S.p.A. has now acquired control over it pursuant to the international accounting standards (IFRS 10). This increased decision-making and control autonomy will make it possible to expand the Landi Renzo Group’s role within the energy transition process, in terms of both solutions and services, from the production to the distribution of natural gas, biomethane and hydrogen, to applications on-board vehicles.

It is also worth mentioning the positive performance of the Indian joint venture Krishna Landi Renzo consolidated with equity method, which in the first half of 2021 significantly boosted its sales volumes to a major Indian OEM customer, recording revenue of Euro 9 million and EBITDA of Euro 1.5 million. India has been confirmed as one of the countries in which gas mobility, both in the passenger car segment and in the Mid and Heavy Duty segment, will develop at a more sustained pace due to the increasing interest of the Indian government in the development of sustainable natural gas-based mobility in that country. Within this context, Landi Renzo S.p.A. and Mahindra & Mahindra have entered into an agreement for a pilot project for the application of new injectors and mono-fuel control units developed by Landi Renzo in the LCVs (Light Commercial Vehicles) and Mid-Heavy Duty vehicles of Mahindra & Mahindra, starting with the “Bolero” LCV model.

As regards preventing the spread of the pandemic and protecting workers, the management continues to monitor the situation and is promptly taking all of the necessary countermeasures to protect the health of its workers both in Italy and abroad. Indeed, employees are continuing to be provided with personal protection equipment, travel continues to be limited (both in Italy and abroad), and periodic sanitisation is carried out at the offices as well as the production plants. Internal and conduct procedures aimed at guaranteeing social distancing are also constantly monitored and updated based on pandemic trends. Furthermore, dedicated insurance policies were taken out to further protect any workers infected by COVID-19 in the workplace. Considering the Group’s technological and innovative bent, in order to reduce to a minimum any possibility of contact between workers, recourse to telecommuting (called “smart working” in Italy) continues to be favoured when possible.

In particular, our research and development team, as already took place during the lockdown period thanks to the simulation software based on forecasting models developed internally, was able to continue its new product development activities irrespective of the restrictions imposed by the government to limit the pandemic. Research and development activities therefore saw the continuation of projects started in the previous year as well as the launch of new initiatives, namely:

- development of an injection and regulation system for Euro 7 regulation compatibility testing;
- redefinition and validation of a pressure regulator for Heavy Duty vehicles, expected to begin production in the second half of 2021;

- finalisation of the development of an LNG regulator;
- re-design and validation in the laboratory of the new family of high-pressure and high capacity injectors for applications in Heavy Duty vehicles;
- development and testing in the field of the integrated manifold for fuel-cell applications for Hydrogenics, one of the global leaders in the hydrogen mobility sector;
- development of a high-pressure regulator and a smart dosing system for the world of hydrogen mobility, in order to introduce a new way of managing the injection of hydrogen into the fuel cell;
- development of a new conversion unit for vehicles with indirect injection systems and initiation of a project for the development of the new direct injection management system;
- development and validation of a mono-fuel master control unit for Mid-Heavy Duty applications.

Consolidated results as at 30 June 2021

The “Clean Tech Solutions” segment was the subject in 2017 of a strategic aggregation with Clean Energy Fuels Corp, the aim of which was to create the world’s second-largest group in the segment, in terms of business volume. The aggregation was based on the establishment of a newco called SAFE&CEC S.r.l. and subsequent contribution of 100% of SAFE S.p.A. by the Landi Renzo Group and 100% of Clean Energy Compressor Ltd (now “IMW Industries Ltd”) by Clean Energy Fuels Corp. In accordance with the contractually required governance system, which reflected the joint control agreement between the two shareholders, the Landi Renzo Group’s equity investment was classified until April 2021 as a “joint venture” pursuant to international accounting standards (IFRS 11) and consolidated via the equity method.

As described above, 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., which provided Landi Renzo S.p.A. with greater decision-making autonomy, permitting it to exercise control over SAFE&CEC S.r.l. and resulting in its line-by-line consolidation as of May 2021, as the relative control requirements were met on the basis of the international accounting standards (IFRS 10).

The consolidated financial performance as at 30 June 2021 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.

The following table shows the evolution of the main economic performance indicators for the first half of 2021 compared with the first half of 2020.

(Thousands of Euro)	30/06/2021				30/06/2020			
	Automotive	Clean Tech Solutions	Adjustments	Landi Renzo Consolidated	Automotive	Clean Tech Solutions	Adjustments	Landi Renzo Consolidated
Net sales outside the Group	76,941	19,021		95,962	59,857			59,857
Intersegment sales	80		-80	0	0			0
Total Revenues from net sales and services	77,021	19,021	-80	95,962	59,857	0	0	59,857
Other revenues and income	629	245		874	64			64
Operating costs	-75,909	-16,529	80	-92,358	-58,069			-58,069

Adjusted gross operating profit	1,741	2,737	0	4,478	1,852	0	0	1,852
Non-recurring costs	-750	-166		-916	-814			-814
Gross operating profit	991	2,571	0	3,562	1,038	0	0	1,038
Amortisation, depreciation and impairment	-6,664	-412		-7,076	-6,108			-6,108
Net operating profit	-5,673	2,159	0	-3,514	-5,070	0	0	-5,070
Financial income				86				181
Financial expenses				-1,937				-1,534
Exchange gains (losses)				-595				-1,211
Income (expenses) from equity investments				8,783				0
Income (expenses) from joint ventures measured using the equity method				-138				-305
Profit (loss) before tax				2,685				-7,939
Taxes				-627				1,286
Net profit (loss) for the Group and minority interests, including:				2,058				-6,653
Minority interests				517				92
Net profit (loss) for the Group				1,541				-6,561

Consolidated revenues for the first half of 2021 totalled Euro 95,962 thousand, increasing by Euro 36,105 thousand (+60.3%) compared with the same period of the previous year. On a like-for-like basis, or considering only the Automotive segment, consolidated revenues as at 30 June 2021 would have totalled Euro 77,021 thousand, increasing by Euro 17,164 thousand (+28.7%) compared with 30 June 2020 (Euro 59,857 thousand).

Costs of raw materials, consumables and goods and changes in inventories increased overall to Euro 59,643 thousand at 30 June 2021 from Euro 33,074 thousand at 30 June 2020, influenced by the line-by-line consolidation of the SAFE&CEC Group as well as the international increase in prices of raw materials, particularly electronic components.

The costs of services and use of third-party assets amounted to Euro 17,841 thousand, compared with Euro 13,537 thousand in the first six months of the previous year. Net of the consolidation of the SAFE&CEC 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 30 June 2021 are inclusive of non-recurring expenses relating to strategic consulting (Euro 455 thousand) and costs incurred by the company to deal with the COVID-19 emergency (Euro 61 thousand), particularly relating to expenses for sanitising the workplace.

Personnel costs went from Euro 11,305 thousand as at 30 June 2020 to Euro 14,436 thousand as at 30 June 2021 (of which Euro 400 thousand in non-recurring costs linked to voluntary retirement incentives and medium/long-term bonuses). Net of the consolidation of the SAFE&CEC Group, personnel costs would have been up by 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 seen in the second quarter. The Group had a total of 870 employees, including 326 relating to the SAFE&CEC 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 mobility, capitalised when they meet the requirements laid out in IAS 38.

Provisions, provision for bad debts and other operating expenses of Euro 1,354 thousand (Euro 967 thousand as at 30 June 2020) rose due to the consolidation of the SAFE&CEC Group as well as higher product warranty provisions directly linked to revenue trends.

The adjusted Gross Operating Profit (EBITDA) was Euro 4,478 thousand as at 30 June 2021, compared with Euro 1,852 thousand in the same period of the previous year, while the Gross Operating Profit (EBITDA) was Euro 3,562 thousand (Euro 1,038 thousand as at 30 June 2020), inclusive of non-recurring costs of Euro 916 thousand (Euro 814 thousand as at 30 June 2020).

(Thousands of Euro)			
NON-RECURRING COSTS	30/06/2021	30/06/2020	Change
Strategic consultancy	-455	-477	22
COVID-19 costs	-61	-130	69
Personnel for voluntary resignation incentives	-312	-119	-193
Medium/long-term performance bonus	-88	-88	0
Total	-916	-814	-102

The Net Operating Profit (EBIT) for the period was negative at Euro 3,514 thousand (negative and equal to Euro 5,070 thousand at 30 June 2020), after accounting for amortisation, depreciation and impairment of Euro 7,076 thousand (Euro 6,108 thousand at 30 June 2020), of which Euro 1,244 thousand due to the application of IFRS - 16 Leases (Euro 1,037 thousand at 30 June 2020).

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 2,446 thousand (Euro 2,564 thousand as at 30 June 2020) and include negative exchange effects of Euro 595 thousand (negative and equal to Euro 1,211 thousand as at 30 June 2020), primarily from valuation. Financial expenses alone, equal to Euro 1,937 thousand, were up compared with the same period of the previous year (Euro 1,534 thousand) following the line-by-line consolidation of the SAFE&CEC Group as well as due to the fact that Landi Renzo S.p.A. took out a medium/long-term loan in July 2020 from a pool of banks backed by the 90% SACE guarantee for a nominal amount of Euro 21 million, which has a duration of six years, of which two years of pre-amortisation, intended to cover the Group's financial commitments.

Income from investments is linked to the acquisition of control over the SAFE&CEC Group, operating in the Clean Tech Solutions segment. Pursuant to IFRS 3, the Landi Renzo Group's interests in that company were measured at fair value, with the resulting recognition in the income statement of income from consolidation of Euro 8,783 thousand, deriving from the difference between the above-mentioned fair value and the measurement of the equity investment in the SAFE&CEC Group, measured with the equity method at the date of acquisition of control. The fair value of the group acquired at the combination date was determined by a leading independent expert.

As at 30 June 2021, the effect of the valuation of equity investments using the equity method was a negative Euro 138 thousand (negative at Euro 305 thousand as at 30 June 2020). This includes the Group's share of the profits for the period from the Group's joint ventures, namely:

- of the joint venture Krishna Landi Renzo, which in the first half of 2021 significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 9 million and EBITDA of Euro 1.5 million, with a resulting revaluation of the equity investment for Euro 528 thousand (write-down of Euro 50 thousand as at 30 June 2020); and,
- limited to the first four months of 2021, or until its line-by-line consolidation by Landi Renzo S.p.A., the SAFE&CEC Group, the result of which in the first four months of 2021 was negatively influenced by the completion of several contracts for the North African market, characterised by lower margins, and which entailed a write-down of the equity investment of Euro 666 thousand (write-down of Euro 255 thousand as at 30 June 2020).

The first half of 2021 closed with positive earnings before taxes (EBT) of Euro 2,685 thousand (negative and equal to Euro 7,939 thousand at 30 June 2020).

The net result of the Group and minority interests as at 30 June 2021 showed a profit of Euro 2,058 thousand compared with a Group and minority interest loss of Euro 6,653 thousand as at 30 June 2020.

The net result of the Group for the half-year closed on 30 June 2021 was positive at Euro 1,541 thousand compared with a negative result of Euro 6,561 thousand in the same period of the previous year.

SEGMENT REPORTING

Until April 2021, the Landi Renzo Group operated directly only in the Automotive segment and indirectly in the Clean Tech Solutions segment through the joint venture SAFE&CEC S.r.l. which, in accordance with the contractual governance system, met the joint control requirements as stipulated by IFRS 11, and was consolidated according to the equity method.

Following the above-mentioned amendment of the shareholders' agreements, as of May 2021 the joint venture SAFE&CEC S.r.l. and its subsidiaries have been consolidated line-by-line, as the requirements established for the acquisition of control by the international accounting standards (IFRS 10) were met.

As a result of the consolidation of the SAFE&CEC Group, the management has identified two operating segments ("Cash Generating Units" or "CGUs") in which the Landi Renzo Group operates, i.e.:

- The **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;
- The **Clean Tech Solutions** segment, referring to the design and manufacture of compressors for the processing and distribution of gas (CNG, RNG and Hydrogen) as well as operations in the Oil&Gas market. The broad range of SAFE&CEC Group products makes it possible to satisfy multiple market requirements for the construction of automotive CNG, RNG and hydrogen distribution stations.

Breakdown of sales by business segment

Second quarter of 2021 compared with second quarter of 2020

(Thousands of Euro)

Distribution of revenues by segment	Q2 2021	% of revenues	Q2 2020	% of revenues	Change	%
Automotive segment	43,682	69.7%	22,687	100.0%	20,995	92.5%
Clean Tech Solutions segment	19,021	30.3%	0	0.0%	19,021	N/A
Total revenues	62,703	100.0%	22,687	100.0%	40,016	176.4%

First half of 2021 compared with first half of 2020

(Thousands of Euro)

Distribution of revenues by segment	30/06/2021	% of revenues	30/06/2020	% of revenues	Change	%
Automotive segment	76,941	80.2%	59,857	100.0%	17,084	28.5%
Clean Tech Solutions segment	19,021	19.8%	0	0.0%	19,021	N/A
Total revenues	95,962	100.0%	59,857	100.0%	36,105	60.3%

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 pro-forma data for the first half of 2021 are shown below compared with the same period of the previous year.

(Thousands of Euro)

Distribution of revenues by segment	30/06/2021	% of revenues	30/06/2020	% of revenues	Change	%
Automotive segment	76,941	64.4%	59,857	65.3%	17,084	28.5%
Clean Tech Solutions segment (pro-forma)	42,589	35.6%	31,773	34.7%	10,816	34.0%
Total revenues	119,530	100.0%	91,630	100.0%	27,900	30.4%

Breakdown of sales by geographical area

Second quarter of 2021 compared with second quarter of 2020

(Thousands of Euro)

Geographical distribution of revenues	Q2 2021	% of revenues	Q2 2020	% of revenues	Change	%
Italy	6,693	10.7%	3,212	14.2%	3,481	108.4%

Europe (excluding Italy)	29,198	46.6%	11,327	49.9%	17,871	157.8%
America	8,870	14.1%	3,011	13.3%	5,859	194.6%
Asia and Rest of the World	17,942	28.6%	5,137	22.6%	12,805	249.3%
Total	62,703	100.0%	22,687	100.0%	40,016	176.4%

First half of 2021 compared with first half of 2020

(Thousands of Euro)						
Geographical distribution of revenues	At 30/06/2021	% of revenues	At 30/06/2020	% of revenues	Change	%
Italy	10,960	11.4%	9,852	16.5%	1,108	11.2%
Europe (excluding Italy)	47,054	49.1%	31,874	53.3%	15,180	47.6%
America	12,116	12.6%	6,862	11.5%	5,254	76.6%
Asia and Rest of the World	25,832	26.9%	11,269	18.7%	14,563	129.2%
Total	95,962	100.0%	59,857	100.0%	36,105	60.3%

Regarding the geographical distribution of revenues, during the first six months of 2021 the Group realised 88.6% (83.5% at 30 June 2020) of its consolidated revenues abroad (49.1% in Europe and 39.5% outside Europe).

Profitability

Automotive operating segment performance

(Thousands of Euro)				
AUTOMOTIVE	30/06/2021	30/06/2020	Change	%
Net sales outside the Group	76,941	59,857	17,084	28.5%
Intersegment sales	80	0	80	100.0%
Total Revenues from net sales and services	77,021	59,857	17,164	28.7%
Other revenues and income	629	64	565	882.8%
Operating costs	-75,909	-58,069	-17,840	30.7%
Adjusted gross operating profit (EBITDA)	1,741	1,852	-111	-6.0%
Non-recurring costs	-750	-814	64	-7.9%
Gross operating profit (EBITDA)	991	1,038	-47	-4.5%
Amortisation, depreciation and impairment	-6,664	-6,108	-556	9.1%
Net operating profit (EBIT)	-5,673	-5,070	-603	11.9%
Adjusted EBITDA margin	2.3%	3.1%		
EBITDA margin	1.3%	1.7%		

Revenues from sales in the Automotive segment as at 30 June 2021 totalled Euro 77,021 thousand, increasing by Euro 17,164 thousand (+28.7%) compared with the same period of the previous year, particularly impacted by the lockdown imposed by governments to deal with the COVID-19 pandemic.

Sales in the OEM channel, equal to Euro 35,368 thousand, represent 45.9% of the total (47.6% as at 30 June 2020) and were up significantly due to increasing orders from a major OEM customer, which is focusing on LPG bifuel engines to develop its “green” product range. The significant percentage of these sales on total revenues had effects on the Group’s profit margins during the half-year, since they are characterised by lower margins than sales in the After Market channel.

Sales in the After Market channel, amounting to Euro 41,653 thousand (Euro 31,383 thousand at 30 June 2020), primarily relate to orders from distributors and authorised installers, both domestic and foreign, and rose primarily due to the recovery in several Latam, North African and Asian markets, marking a net improvement and with considerable increases in sales and orders on the rise.

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

(Thousands of Euro)						
AUTOMOTIVE	At 30/06/2021	% of revenues	At 30/06/2020	% of revenues	Change	%
Italy	9,766	12.7%	9,852	16.5%	-86	-0.9%
Europe (excluding Italy)	41,654	54.1%	31,874	53.3%	9,780	30.7%
America	8,691	11.2%	6,862	11.5%	1,829	26.7%
Asia and Rest of the World	16,910	22.0%	11,269	18.7%	5,641	50.1%
Total	77,021	100.0%	59,857	100.0%	17,164	28.7%

Italy

The Italian market, accounting for 12.7% of total revenue (16.5% in the first half of 2020) is essentially aligned with the same period of the previous year (-0.9%). After a first quarter which was particularly influenced by the resumption of contagion and the ensuing limitations on individual mobility, which triggered uncertainty in the market and the frequent deferral by consumers of vehicle conversion decisions, the second quarter marked encouraging signs of a recovery, with increasing demand for conversions. According to data of the association of foreign carmakers operating in Italy (UNRAE), registrations of gas-fueled (methane and LNG) vehicles in the Italian market continued to account for approximately 9% of total.

Europe

The rest of Europe represents 54.1% of total sales (53.3% in the first half of 2020) and is up 30.7% 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 deferral of significant orders expected in the first quarter by that customer, as a result of issues identified in the international markets for the procurement of raw materials and components, with resulting production interruptions, was partially recovered during the second quarter.

America

Sales in the first six months of 2021 on the American continent, amounting to Euro 8,691 thousand (Euro 6,862 thousand at 30 June 2020), marked an increase of 26.7% thanks to the positive performance of the Latam area which, despite delays in vaccination campaigns, has showed important signs of a recovery.

Asia and Rest of the World

The Asian and Rest of the World markets, amounting to 22% of total revenue (18.7% in the first six months of 2020) rose by 50.1% thanks to the positive performance of the North African and Asian markets .

Profitability

(Thousands of Euro)

	Q2 2021	Q1 2021	30/06/2021	Q2 2020	Q1 2020	30/06/2020
Revenue	43,762	33,259	77,021	22,687	37,170	59,857
Adjusted gross operating profit (EBITDA)	1,233	508	1,741	-1,032	2,884	1,852
% of revenues	2.8%	1.5%	2.3%	-4.5%	7.8%	3.1%
Gross operating profit (EBITDA)	634	357	991	-1,402	2,440	1,038
% of revenues	1.4%	1.1%	1.3%	-6.2%	6.6%	1.7%
Net operating profit (EBIT)	-2,694	-2,979	-5,673	-4,467	-603	-5,070
% of revenues	-6.2%	-9.0%	-7.4%	-19.7%	-1.6%	-8.5%
Change in Revenues compared with the previous year	21,075	-3,911	17,164			
Change %	92.9%	-10.5%	28.7%			

In the first six months of 2021, the adjusted Gross Operating Profit (EBITDA) of the Automotive segment, net of non-recurring costs of Euro 750 thousand, was positive at Euro 1,741 thousand, equivalent to 2.3% of revenues, down compared with the same period of the previous year (Euro 1,852 thousand and equal to 3.1% of revenues and net of non-recurring costs of Euro 814 thousand).

The considerable recovery in sales in the OEM channel, with increasing orders by a major OEM customer which is focusing on LPG bifuel engines to develop its “green” product range, had a significant effect on EBITDA for the period, given the generally lower margins of that channel compared with the After Market channel. On the other hand, there was a positive contribution from the After Market channel which, despite increasing price competition, is showing a significant recovery in the Latam, North African and Asian markets, with considerable increases in sales and orders on the rise.

Despite the initiatives undertaken by the management to limit and monitor costs, margins in any event continue to be significantly impacted by the international increase in raw material prices.

Clean Tech Solutions operating segment performance

(Thousands of Euro)

CLEAN TECH SOLUTIONS	30/06/2021
Net sales outside the Group	19,021
Intersegment sales	0
Total Revenues from net sales and services	19,021
Other revenues and income	245
Operating costs	-16,529
Adjusted gross operating profit (EBITDA)	2,737
Non-recurring costs	-166
Gross operating profit (EBITDA)	2,571
Amortisation, depreciation and impairment	-412
Net operating profit (EBIT)	2,159
Adjusted EBITDA margin	14.4%

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, pro-forma data are provided below in terms of revenues from sales and adjusted EBITDA for the first six months of 2021 compared with the same period of the previous year.

(Thousands of Euro)

CLEAN TECH SOLUTIONS – pro-forma	30/06/2021	30/06/2020	Change	%
Revenues from net sales and services	42,589	31,773	10,816	34.0%
Adjusted gross operating profit (EBITDA)	3,353	1,678	1,675	99.8%
Net operating profit (EBIT)	1,445	-217	1,662	n.a.
Adjusted EBITDA margin % on revenues	7.9%	5.3%		
EBIT margin % on revenues	3.4%	-0.7%		

Sales revenues

In the first half of 2021, the Clean Tech Solutions segment recorded Revenue of Euro 42,589 thousand, up by 34% compared with the same period of the previous year (Euro 31,773 thousand), confirming the growing interest in gas mobility on the part of many countries, which are strengthening their distribution networks.

Despite the negative effects on the international economy of the continuation of the COVID-19 pandemic, the SAFE&CEC Group continues to present improving results and an order portfolio capable of covering the entire second half of 2021 and the first quarter of next year. The SAFE&CEC Group has won important contracts, including a contract for the supply and assembly of more than 150 compressors in Egypt for the companies Gastech (Egyptian International Gas Technology) and NGVC (Natural Gas Vehicles Company). This contract is associated with the ambitious natural gas mobility transformation plan launched by the Egyptian government, with significant investments in the country's infrastructural network and with a view to transforming the majority of the fleet on the road to CNG, including Passenger Cars as well as local public transport and heavy duty transport.

Revenue by geographical area

(Thousands of Euro)

CLEAN TECH SOLUTIONS	At 30/06/2021	% of revenues
Italy	1,274	6.7%
Europe (excluding Italy)	5,400	28.4%
America	3,425	18.0%
Asia and Rest of the World	8,922	46.9%
Total	19,021	100.0%

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 Asia and Rest of the World area, primarily due to significant contracts for the North African market.

Profitability

For the Clean Tech Solutions segment, adjusted Gross Operating Profit (EBITDA) relating to the months of May and June was positive, amounting to Euro 2,737 thousand and equivalent to 14.4% of revenues. At pro-forma level, or considering the results of the SAFE&CEC Group for the entire first half of 2021, adjusted EBITDA was Euro 3,353 thousand and amounted to 7.9% of revenues, up compared with the same period of the previous year (Euro 1,678 thousand, equal to 5.3% of revenues).

The SAFE&CEC Group's profitability was progressively improving during the half as a result of:

- the positive effects of product standardisation activities, under way for some time now, and which generated their initial results in the second quarter of 2021 with a significant reduction in production costs;
- the increase in revenue, which allowed for a better absorption of fixed costs; in addition to
- the completion in the first quarter of several important contracts for the North African market characterised by lower profitability.

This resulted in profitability in the second quarter of 2021 that was significantly higher than that achieved by the Clean Tech Solutions segment in the previous quarter.

Invested capital

(Thousands of Euro)				
Statement of Financial Position	30/06/2021	31/03/2021	31/12/2020	30/06/2020
Trade receivables	58,872	37,134	39,353	35,215
Inventories	80,409	46,966	42,009	46,719
Trade payables	-81,595	-49,847	-53,509	-46,370
Other net current assets	-13,106	1,051	-1,000	1,361
Net operating capital	44,580	35,304	26,853	36,925
Tangible assets	13,927	12,650	13,212	12,225
Intangible assets	83,346	49,783	50,460	50,989
Right-of-use assets	10,273	4,401	4,975	5,509
Other non-current assets	17,179	38,718	38,481	36,309
Fixed capital	124,725	105,552	107,128	105,032
TFR (employee severance indemnity) and other provisions	-7,584	-4,752	-4,750	-4,751
Net invested capital	161,721	136,104	129,231	137,206
Financed by:				
Net Financial Position (*)	99,554	85,511	72,917	79,087
Group shareholders' equity	57,424	51,076	56,787	58,514
Minority interests	4,743	-483	-473	-395
Borrowings	161,721	136,104	129,231	137,206
Ratios	30/06/2021	31/03/2021	31/12/2020	30/06/2020
Net operating capital	44,580	35,304	26,853	36,925
Net operating capital/Turnover (rolling 12 months) (**)	17.8%	25.5%	18.9%	24.7%

Net invested capital	161,721	136,104	129,231	137,206
Net capital employed/Turnover (rolling 12 months) (**)	64.8%	98.2%	90.7%	91.1%

(*) The net financial position at 30 June 2021 is inclusive of Euro 11,108 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases and Euro 283 thousand for liabilities for derivative financial instruments.

(**) In order to calculate the indicator in question at 30 June 2021 and following the line-by-line consolidation of the SAFE&CEC Group as of May 2021, the figure relating to rolling 12-month revenue was expressed pro forma taking into consideration the revenue of the SAFE&CEC Group for the other 10 months not subject to consolidation.

Net operating capital at the end of the period stood at Euro 44,580 thousand. This is an increase of Euro 26,853 thousand compared with the same figure at 31 December 2020, primarily attributable to the SAFE&CEC Group consolidation. In terms of percentages on rolling turnover, there was a decrease in this figure, from 18.9% as at 31 December 2020 to the current 17.8% (24.7% as at 30 June 2020).

Trade receivables stood at Euro 58,872 thousand (of which Euro 18,401 thousand relating to the Clean Tech Solutions segment), an increase compared with 31 December 2020 (Euro 39,353 thousand). The analyses performed did not bring to light relevant critical issues in terms of Group customer solvency. At 30 June 2021, derecognised receivables disposed through maturity factoring stood at Euro 16.9 million (Euro 11.7 million at 31 December 2020).

Trade payables are up by Euro 28,086 thousand from Euro 53,509 thousand as at 31 December 2020 to Euro 81,595 thousand as at 30 June 2021 (of which Euro 25,712 thousand relating to the Clean Tech Solutions segment).

Inventories, amounting to Euro 80,409 thousand (Euro 42,009 thousand as at 31 December 2020), rose due to the above-mentioned consolidation of the SAFE&CEC Group (Euro 32,518 thousand as at 30 June 2021), also due to the significant acquisitions made by the Parent Company in 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. As at 30 June 2021, inventories are inclusive of contract work in progress of the Clean Tech Solutions segment of Euro 19,195 thousand.

Fixed capital, amounting to Euro 124,725 thousand and inclusive of Euro 10,273 thousand for right-of-use assets recognised pursuant to IFRS 16 - Leases, increased as a result of the consolidation of the SAFE&CEC Group, which also resulted in the recognition of goodwill of Euro 25,393 thousand.

As at 30 June 2021, TFR (employee severance indemnity) and other provisions of Euro 7,584 thousand rose following the consolidation of the SAFE&CEC Group.

Net invested capital (Euro 161,721 thousand, equal to 65.4% of pro-forma rolling turnover) is up compared with 31 December 2020 (Euro 129,231 thousand, equal to 90.7% of rolling turnover) following the consolidation of the SAFE&CEC Group.

Net financial position and cash flows

(Thousands of Euro)	30/06/2021	31/03/2021	31/12/2020	30/06/2020
Cash and cash equivalents	20,780	15,180	21,914	13,558
Current financial assets	0	2,780	2,801	2,801
Bank financing and short-term loans	-42,459	-29,420	-23,108	-35,935
Current right-of-use liabilities	-2,532	-2,098	-2,228	-1,943

Other current financial liabilities	-605	-376	-378	-210
Net short term indebtedness	-24,816	-13,934	-999	-21,729
Non-current bank loans	-63,295	-68,349	-68,181	-52,613
Non-current right-of-use liabilities	-8,576	-2,411	-2,871	-3,699
Other non-current financial liabilities	-2,584	-422	-408	-785
Liabilities for derivative financial instruments	-283	-395	-458	-261
Net medium-long term indebtedness	-74,738	-71,577	-71,918	-57,358
Net Financial Position	-99,554	-85,511	-72,917	-79,087
Net Financial Position - adjusted (*)	-88,163	-80,607	-67,360	-73,184
<i>of which Automotive</i>	<i>-80,196</i>	<i>-80,607</i>	<i>-67,360</i>	<i>-73,184</i>
<i>of which Clean Tech Solutions</i>	<i>-7,967</i>	<i>0</i>	<i>0</i>	<i>0</i>

(*) Not including the effects of the adoption of IFRS 16 - Leases and the fair value of financial derivative contracts

The Net Financial Position as at 30 June 2021 is equal to Euro 99,554 thousand (Euro 72,917 thousand as at 31 December 2020), of which Euro 11,108 thousand due to the application of IFRS 16 - Leases and Euro 283 thousand due to the fair value of derivative financial instruments. Without considering the effects arising from the adoption of this accounting standard and the fair value of derivative financial instruments, the Net Financial Position as at 30 June 2021 would have been equal to Euro 88,163 thousand, of which Euro 7,967 thousand linked to the Clean Tech Solutions segment.

The Net financial position of the Automotive segment, amounting to Euro 80,196 thousand, is aligned with the previous quarter, but up by Euro 12,836 thousand compared with 31 December 2020, especially following the increase in operating capital and investments for the period.

Given the continuation of the negative effects of the COVID-19 pandemic, triggering instability in the international economic and financial system, the management has continued to focus specifically on the financial position, and particularly on short/medium-term and long-term cash outlooks.

The following table illustrates the trend in total cash flow:

(Thousands of Euro)	30/06/2021	31/03/2021	31/12/2020	30/06/2020
Gross operational cash flow	-1,964	-8,861	6,800	-9,050
Gross cash flow for investment activities	-3,830	-1,337	-11,611	-5,798
Gross Free Cash Flow	-5,794	-10,198	-4,811	-14,848
Variation in the consolidation area	2,966	0	0	0
Non-recurring expenditure for voluntary resignation incentives	-312	0	-495	-119
Net Free Cash Flow	-3,140	-10,198	-5,306	-14,967
Repayment of leases (IFRS 16)	-1,332	-580	-2,399	-1,111
Overall cash flow	-4,472	-10,778	-7,705	-16,078

In the first half of 2021, cash absorption amounted to Euro 4.5 million (absorption of Euro 16.1 million in the first half of 2020), primarily linked to the growth in operating capital, particularly in light of higher inventories, with ensuing effects on the Group's operating cash flows.

The net free cash flow for the period was a negative Euro 3.1 million, of which a negative Euro 2.3 million generated by net operations, and a negative Euro 0.8 million by net investments (inclusive for a positive Euro 3.0 million of the cash contribution deriving from the consolidation of the SAFE&CEC Group).

As concerns exchange effects, the significant change in the translation reserve recorded in the first half of 2021 is mainly linked to the decision to use the effective market exchange rate instead of the official rate for the translation of the economic and financial data of one of our non-strategic subsidiaries. This decision is linked to the fact that the official exchange rate is now applicable only to transactions on essential goods, which does not include the Group's products, and therefore it is now inadequate to provide a true and fair view of the Group's profit and loss, financial position and cash flows. As a result, in order to translate the balances in foreign currency, the exchange rate reported by the Central Bank of the reference country was adopted, which is not the same as the official rate, as the financial transactions in foreign currency of our subsidiary are now carried out exclusively on the basis of that exchange rate, defined on a daily basis by the above-mentioned central bank.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 1,695 thousand (Euro 2,738 thousand as at 30 June 2020) and refer to the investments made by the Group in the new production lines and moulds required to launch new products and to cover the increasing orders from a leading OEM customer.

The increase in intangible assets amounted to Euro 2,549 thousand (Euro 3,247 thousand at 30 June 2020) and mainly related 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 and Hydrogen mobility segments, which meet the requirements of IAS 38 for recognition as balance sheet assets.

Performance of the Parent Company

In the first half of 2021, Landi Renzo S.p.A. generated revenues of Euro 61,039 thousand compared with Euro 44,566 thousand in the same period of the prior year (not inclusive of the contribution of the Lovato Gas merger occurred in the second half of 2020). EBITDA totalled Euro 499 thousand (inclusive of Euro 674 thousand in non-recurring costs), compared with Euro 34 thousand at 30 June 2020 (inclusive of Euro 814 thousand in non-recurring costs), while the net financial position was Euro -86,191 thousand (Euro -82,487 thousand, net of the effects deriving from the application of IFRS 16 and the fair value of financial derivative contracts) compared with Euro -78,971 thousand at 31 December 2020 (Euro -74,041 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 six-month period, the Parent Company's workforce numbered 303 employees, basically in line with 31 December 2020 (318).

STATEMENT OF RECONCILIATION BETWEEN THE DATA OF THE PARENT COMPANY'S FINANCIAL STATEMENTS AND THE DATA OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation statement between the results for the period and the capital and reserves of the Group with the corresponding values of the Parent Company.

(Thousands of Euro)

RECONCILIATION STATEMENT	Shareholders' Equity at 30.06.2021	Result at 30.06.2021	Shareholders' equity at 30.06.2020	Result at 30.06.2020
Shareholder's equity and result for the year of the Parent Company	44,772	-6,861	48,893	-4,998
Difference between the carrying amount and pro rata value of the shareholders' equity of consolidated companies	9,981	0	10,335	0
Results achieved by investees	0	746	0	-1,454
Elimination of the effects of intra-group commercial transactions	-625	51	-800	30
Exchange gains and losses from the measurement of intra-group loans	-353	0	38	0
Elimination of revaluation/(impairment loss) on investments	0	-658	135	-254
Elimination of the effects of intra-group assets	-391	-3	-447	59
Capital gain from combination	8,783	8,783	0	0
Other minor effects	0	0	-35	-36
Shareholders' equity and result for the year from Consolidated Financial Statements	62,167	2,058	58,119	-6,653
Shareholders' equity and result for the year of minority interests	4,743	517	-395	-92
Shareholders' equity and result for the year of the Group	57,424	1,541	58,514	-6,561

2.2. INNOVATION, RESEARCH AND DEVELOPMENT

Research and development activities during the first half of 2021 saw the continuation of projects started in the previous year as well as the launch of new initiatives, in particular:

- development of an injection and regulation system for Euro 7 regulation compatibility testing;
- redefinition and validation of a pressure regulator for Heavy Duty vehicles, expected to begin production in the second half of 2021;
- finalisation of the development of an LNG regulator;
- re-design and validation in the laboratory of the new family of high-pressure and high capacity injectors for applications in Heavy Duty vehicles;
- development and testing in the field of the integrated manifold for fuel-cell applications for Hydrogenics, one of the global leaders in the hydrogen mobility sector;
- development of a high-pressure regulator and a smart dosing system for the world of hydrogen mobility, in order to introduce a new way of managing the injection of hydrogen into the fuel cell;
- development of a new conversion unit for vehicles with indirect injection systems and initiation of a project for the development of the new direct injection management system;
- development and validation of a mono-fuel master control unit for Mid-Heavy Duty applications.

2.3. SHAREHOLDERS AND FINANCIAL MARKETS

The Landi Group maintains a constant dialogue with its Shareholders through a responsible and transparent activity of communication carried out by the Investor Relations office, with the aim of providing a clear explanation of the company's evolution. The Investor Relations office is also assigned the task of organizing presentations, events and "Road shows" that enable a direct relationship between the financial community and the Group's Top management. For further information and to consult the economic-financial data, corporate presentations, periodic publications, official communications and real time updates on the share price, visit the Investors section of the website www.landirenzogroup.com.

The following table summarises the main share and stock market data for the six-month period.

Price at 04 January 2021	0.8280
Price at 30 June 2021	0.9520
Maximum price 2021 (04 January 2021 - 30 June 2021)	1.1500
Minimum price 2021 (04 January 2021 - 30 June 2021)	0.8180
Market Capitalisation at 30 June 2021 (thousands of Euro)	107,100
Group equity and minority interests at 30 June 2021 (thousands of Euro)	62,167
Number of shares representing the share capital	112,500,000

The share capital is made up of 112,500,000 shares with a nominal value of Euro 0.10 per share, for a total of Euro 11,250,000.00.

2.4. POLICY FOR ANALYSING AND MANAGING RISKS CONNECTED WITH THE ACTIVITIES OF THE GROUP

The Group is exposed to various risks associated with its activities, primarily in relation to the following types:

- External risks – COVID-19 pandemic: in order to mitigate the effects on the Group's economic and financial results, the management is continuing to closely monitor the evolution of the pandemic at global level in order to face and prevent the issues generated by its continuation and to be able to take prompt action with adequate prevention measures, also with a view to protecting the health of employees and associates (sanitisation of work environments, distribution of personal protection equipment, temperature checks, hygiene and social distancing rules, extended remote working).
- Strategic risks relating to the macroeconomic and sector situation and recoverability of intangible assets, particularly goodwill. Intangible assets totalling Euro 83,346 thousand are reported in the condensed half-yearly consolidated financial statements at 30 June 2021, including Euro 11,165 thousand for development expenditure, Euro 55,487 thousand for goodwill, Euro 16,694 thousand relating to patents and trademarks and also right-of-use assets of Euro 10,273 thousand and net prepaid tax totalling Euro 12,768 thousand. Within this context, please note that the management has considered the reduction of expected turnover and operating results of the Automotive CGU (Cash Generating Unit) for the year 2021 and has performed a sensitivity analysis on the economic and financial plan used to carry out the impairment test as at 31 December 2020, which did not bring to light any indicators of impairment.
- Commercial risks, in detail:
 - a) risks relating to relations with OEM customers (in the six-month period in question, Group sales of systems and components to OEM customers amounted to Euro 35,368 thousand);
 - b) the highly competitive context in which the Group operates;
 - c) product liability;
 - d) the protection of intellectual property.
- Operating risks, in detail:
 - a) scarcity of raw materials and parts;
 - b) operational continuity of plants;
 - c) availability of human and technical resources with adequate skills;
 - d) continuity of information systems and telecommunications.
- Financial risks, specifically:
 - a) Interest rate risk, linked to fluctuations in the interest rates applied on Group variable-rate loans;
 - b) Exchange rate risk, relating both to the marketing of products in countries outside the Euro area and to the conversion of financial statements of subsidiaries not belonging to the European Monetary Union for inclusion in the consolidated financial statements;
 - c) Credit risk related to non-fulfilment of contractual obligations by a customer or counterparty;
 - d) Liquidity risk, related to possible difficulties in meeting obligations associated with financial liabilities.

As a result of the effects of the COVID-19 pandemic on market trends, particularly the Automotive segment,

the management continues to carefully monitor the financial position and short/medium and long-term cash projections.

As at 30 June 2021, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 30 June 2021.

The Half-Yearly Financial Report at 30 June 2021 does not include all the information on the management of the above-mentioned risks required for the annual financial statements, and should be read in conjunction with the Annual Financial Report prepared for the year ended 31 December 2020.

2.5. OTHER INFORMATION

Impact of the COVID-19 pandemic on the Condensed Half-Yearly Consolidated Financial Statements at 30 June 2021

In the first half of 2021, the Landi Renzo Group closely monitored the evolution of the resumption in contagion in order to face and prevent the issues generated by its continuation at global level. The management has been paying particularly close attention to the financial position and short/medium and long-term cash forecasts. Thanks to the loan taken out by Landi Renzo S.p.A. in July 2020 from a pool of banks for a nominal amount of Euro 21 million, the Group has consolidated its financial structure, which allowed for the achievement of business objectives in the short and medium term. This loan, 90% backed by the SACE guarantee, has a duration of six years, of which two years of pre-amortisation. The management's initiatives to reduce labour costs, also thanks to recourse to social safety nets, and limit non-essential costs, as well as postpone non-strategic investments also continued.

As regards credit risk, please note that the Landi Renzo Group operates in both the OEM and After Market channels. The OEM channel is represented by major automotive manufacturers with high credit standing, which substantially respected the commercial due dates established. The After Market channel, instead including distributors and workshops, was more impacted by the effects of the pandemic, with a heavy drop in the number of conversions. This entailed, to a different extent depending on geographical area, a slowdown in collections and the need for careful and continuous monitoring of the situation by the management. The analyses performed did not in any event bring to light relevant critical issues in terms of Group customer solvency, also given the progressive resumption in economic activities in many countries, thanks to the positive effects of their vaccination campaigns.

As concerns the supply chain, in the first half of 2021 evident difficulties emerged in the international markets due to the shortage of raw materials and certain types of components. The Group therefore made significant financial efforts to purchase electronic materials and strategic components in the first half of the year in order to guarantee production continuity in the upcoming months.

The international economic context is continuing to have an effect on the Group's results. Indeed, the first half of 2021 closed with revenues from sales of Euro 95,962 thousand, inclusive of the consolidation of the SAFE&CEC Group as of May 2021. Net of this effect, the Landi Renzo Group's revenue relating only to the Automotive operating segment in any event recorded an increase of 28.7% compared with the same period of the previous year, rising from Euro 59,857 thousand at 30 June 2020 to Euro 77,021 thousand at 30 June 2021.

The Net Financial Position as at 30 June 2021 is equal to Euro 99,554 thousand (Euro 72,917 thousand as at 31 December 2020), of which Euro 11,108 thousand due to the application of IFRS 16 - Leases and Euro 283 thousand due to the fair value of derivative financial instruments. Without considering the effects arising from the adoption of this accounting standard and the fair value of derivative financial instruments, the Net Financial Position as at 30 June 2021 would have been equal to Euro 88,163 thousand.

The Group is continuing to constantly evaluate the impacts of the pandemic on the economic and financial results, ready to enact, aside from what has already been done, any additional actions intended to preserve the Group's profitability and financial position, responding as quickly as possible to constantly evolving scenarios.

Transactions with related parties

The creditor/debtor relationships and economic transactions with related companies are the subject of a specific analysis in the explanatory notes to which you are referred. It should also be noted that sales and purchases between the parties are not classed as atypical or unusual since they fall within the regular operations of the Group companies and they are conducted at regular market rates.

Regarding relationships with the parent company Girefin S.p.A., the Directors of Landi Renzo S.p.A. do not consider it exercises the administration and coordination activities envisaged by Article 2497 of the Italian Civil Code, because:

- the shareholder lacks the means and structures to perform these activities, since it does not have employees or other collaborators capable of providing support for Board of Directors' activities;
- it does not prepare the budgets and business plans for Landi Renzo S.p.A.;
- it does not give any guidance or instructions to the subsidiary; it does not request to be informed in advance of or to approve the subsidiary's more significant transactions, nor those of ordinary administration;
- no committees or working groups, formal or informal, are established with representatives of Girefin S.p.A. and representatives of the subsidiary.

As of today, there have been no changes with regards to the conditions indicated above.

With reference to transactions with related parties, please also note the above-mentioned agreement to amend the shareholders' agreements entered into by Landi Renzo S.p.A. and Clean Energy Fuels Corp intended to provide Landi Renzo S.p.A. with greater decision-making and control autonomy over the SAFE&CEC Group. This transaction resulted in the line-by-line consolidation of the subsidiary as of May 2021. The effects of that consolidation are described in the various sections of this half-yearly financial report, and the dedicated paragraph relating to transactions with related parties illustrates the transactions with the SAFE&CEC Group limited to the first four months of 2021.

Finally, 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.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that during the half-year, except for the line-by-line consolidation of the SAFE&CEC Group, no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets and safeguarding of minority shareholders.

Treasury shares and shares of parent companies

In compliance with the provisions of Article 2428 of the Italian Civil Code, it is confirmed that during 2020 and the first half of 2021, the Parent Company did not negotiate any treasury shares or shares of parent companies and does not at present hold any treasury shares or shares of parent companies.

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.

Sub-offices

No sub-offices were established.

2.6. SIGNIFICANT EVENTS AFTER CLOSING OF THE SIX-MONTH PERIOD AND FORECAST FOR OPERATIONS

Significant events after closing of the six-month period

The following events occurred after the end of the first six months of 2021 and up to today's date:

- In July 2021, Landi Renzo S.p.A. established the joint venture Landi Renzo Rus with an important local partner. The company, which aims to develop gas mobility in the Russian market, is 51% held by Landi Renzo S.p.A.
- On 5 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. ("ITG"), the current majority shareholder of Metatron. This acquisition is part of a broader transaction intended to acquire the remaining 51% of the share capital of Metatron from ITG and the other current shareholders as well, expected to be finalised by 30 November 2021, enabling Landi Renzo S.p.A. to acquire 100% of Metatron. The transaction is not subject to any conditions precedent.

The agreed purchase price for 100% of the share capital of Metatron is Euro 26.7 million and will be subject to adjustment mechanisms on the basis of the consolidated net financial position of Metatron as at 31 July 2021. The price will be paid in multiple tranches in cash. Landi Renzo S.p.A. also has the right to pay part of the price to ITG (and to another minority shareholder), in any event for a portion not to exceed a total of 29.17% of the price of the Metatron shares, through the issue of new Landi Renzo ordinary shares to be carried out through a possible share capital increase reserved to those sellers, to be subscribed through the contribution in kind of Metatron shares.

The acquisition of Metatron represents a strategic transaction for the Landi Renzo Group, which thus will be able to further consolidate its presence in the Mid & Heavy Duty segment, which is one of the most interested in alternative hydrogen, CNG, biomethane and LNG fuel forms, with volumes expected to grow significantly over the coming years. Indeed, Metatron is 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 transaction will allow for significant synergies between the two companies, both in terms of cost (estimated at roughly Euro 4.7 million full year starting from 2022) and investments (estimated at around Euro 5 million in the 2022-2023 two-year period), enabling the Landi Renzo Group to complete its offer of components for the gas and hydrogen Mid & Heavy Duty segment.

Likely future developments

The persistence of the Covid-19 pandemic and the current shortage of raw materials and electronic components on the market, with the ensuing price increases and the risk of production halts, have led the automotive sector to report lower-than-expected results. As a consequence, the management has revised its 2021 guidance, forecasting a total of Euro 230 million revenues for Landi Renzo Group, of which Euro 170 million in the automotive sector and Euro 60 million in the Clean Tech Solutions sector (in the May-December 2021 period), and total adjusted EBITDA margin in the range of Euro 17 million to Euro 20 million, of which Euro 10 million to Euro 12 million relating to the automotive sector and Euro 7 million to Euro 8 million to the Clean Tech Solutions sector (in the May-December 2021 period). With regard to the Clean Tech Solutions sector, on a full-year basis the Group confirms the revenues and margins forecasts announced upon publishing the results at December 31, 2020, i.e., a value of production in the range of Euro 85 million to Euro 90 million, with adjusted EBITDA margin between Euro 8 million and Euro 9 million.

With reference to the investee Metatron, as a proof of the growing interest in CNG and hydrogen solutions for the Heavy-Duty segment, forecasts for full-year 2021 (on a yearly basis) call for Euro 25 million revenues.

Cavriago, 10 September 2021

Chief Executive Officer
Cristiano Musi

3. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	30/06/2021	31/12/2020
Non-current assets			
Land, property, plant, machinery and other equipment	2	13,927	13,212
Development costs	3	11,165	9,506
Goodwill	4	55,487	30,094
Other intangible assets with finite useful lives	5	16,694	10,860
Right-of-use assets	6	10,273	4,975
Equity investments measured using the equity method	7	1,270	22,509
Other non-current financial assets	8	861	921
Other non-current assets	9	2,280	2,850
Prepaid taxes	10	12,768	12,201
Total non-current assets		124,725	107,128
Current assets			
Trade receivables	11	58,872	39,353
Inventories	12	61,214	42,009
Contract work in progress	13	19,195	0
Other receivables and current assets	14	12,359	6,712
Other current financial assets	15	0	2,801
Cash and cash equivalents	16	20,780	21,914
Total current assets		172,420	112,789
TOTAL ASSETS		297,145	219,917

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2021	31/12/2020
Shareholders' equity			
Share capital		11,250	11,250
Other reserves		44,633	53,199
Profit (Loss) for the period		1,541	-7,662
Total Shareholders' equity of the Group		57,424	56,787
Minority interests		4,743	-473
TOTAL SHAREHOLDERS' EQUITY	17	62,167	56,314
Non-current liabilities			
Non-current bank loans	18	63,295	68,181
Other non-current financial liabilities	19	2,584	408
Non-current liabilities for rights of use	20	8,576	2,871
Provisions for risks and charges	21	4,131	2,897
Defined benefit plans for employees	22	1,956	1,556
Deferred tax liabilities	23	1,497	297
Liabilities for derivative financial instruments	24	283	458
Total non-current liabilities		82,322	76,668
Current liabilities			
Bank financing and short-term loans	25	42,459	23,108
Other current financial liabilities	26	605	378
Current liabilities for rights of use	27	2,532	2,228
Trade payables	28	81,595	53,509
Tax liabilities	29	2,566	2,677
Other current liabilities	30	22,899	5,035
Total current liabilities		152,656	86,935
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		297,145	219,917

3.2. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT		30/06/2021	30/06/2020
	Notes		
Revenues from sales and services	31	95,962	59,857
Other revenues and income	32	874	64
Cost of raw materials, consumables and goods and change in inventories	33	-59,643	-33,074
Costs for services and use of third-party assets	34	-17,841	-13,537
Personnel costs	35	-14,436	-11,305
Allocations, write-downs and other operating expenses	36	-1,354	-967
Gross operating profit		3,562	1,038
Amortisation, depreciation and impairment	37	-7,076	-6,108
Net operating profit		-3,514	-5,070
Financial income	38	86	181
Financial expenses	39	-1,937	-1,534
Exchange gains (losses)	40	-595	-1,211
Income (expenses) from equity investments	41	8,783	0
Income (expenses) from joint ventures measured using the equity method	42	-138	-305
Profit (loss) before tax		2,685	-7,939
Taxes	43	-627	1,286
Net profit (loss) for the Group and minority interests, including:		2,058	-6,653
Minority interests		517	-92
Net profit (loss) for the Group		1,541	-6,561
Basic earnings (loss) per share (calculated on 112,500,000 shares)	44	0.0137	-0.0583
Diluted earnings (loss) per share	45	0.0137	-0.0583

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		30/06/2021	30/06/2020
	Notes		
Net profit (loss) for the Group and minority interests:		2,058	-6,653
<i>Profits (Losses) that will not be subsequently reclassified in the Income Statement</i>			
Remeasurement of employee defined benefit plans (IAS 19)	22	38	1
Total Profits (Losses) that will not be subsequently reclassified in the income statement		38	1
<i>Profits (Losses) that could be subsequently reclassified in the income statement</i>			
Measurement of investments with the equity method	7	470	-791
Fair value of derivatives, change for the period	24	132	-175
Exchange rate differences from the translation of foreign operations	7	-1,700	-684
Total profits/losses that could subsequently be reclassified on the Income Statement		-1,098	-1,650
Profits (Losses) recorded directly in Shareholders' Equity after tax effects		-1,060	-1,649
Total Consolidated Income Statement for the period		998	-8,302
Profit (Loss) for Shareholders of the Parent Company		549	-8,239
Minority interests		449	-63

3.4. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)		
CONSOLIDATED CASH FLOW STATEMENT	30/06/2021	30/06/2020
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	2,685	-7,939
<i>Adjustments for:</i>		
Depreciation of property, plant and machinery	2,023	1,953
Amortisation of intangible assets	3,809	3,118
Depreciation of right-of-use assets	1,244	1,037
Loss (Profit) from disposal of tangible and intangible assets	236	-45
Share-based incentive plans	88	88
Impairment loss on receivables	319	166
Net financial charges	2,446	2,564
Net expenses (income) from equity investments measured using the equity method	138	305
Profit (loss) attributable to interests	-8,783	0
	4,205	1,247
<i>Changes in:</i>		
Inventories and contract work in progress	-8,866	-6,945
Trade receivables and other receivables	-3,936	3,534
Trade payables and other payables	7,549	-4,912
Provisions and employee benefits	308	-825
Cash generated from operations	-740	-7,901
Interest paid	-1,242	-828
Interest received	108	51
Taxes paid	-402	-491
Net cash generated (absorbed) from operating activities	-2,276	-9,169
Financial flows from investments		
Proceeds from the sale of property, plant and machinery	414	187
Purchase of property, plant and machinery	-1,695	-2,738
Purchase of intangible assets	-180	-257
Development costs	-2,369	-2,990
Variation in the consolidation area	2,966	0
Net cash absorbed by investment activities	-864	-5,798
Free Cash Flow	-3,140	-14,967
Financial flows from financing activities		
Disbursements (reimbursements) of medium/long-term loans	-3,914	2,818
Change in short-term bank debts	9,546	6,063
Repayment of leases (IFRS 16)	-1,332	-1,111
Net cash generated (absorbed) by financing activities	4,300	7,770
Net increase (decrease) in cash and cash equivalents	1,160	-7,197
Cash and cash equivalents at 1 January	21,914	22,650
Effect of exchange rate fluctuation on cash and cash equivalents	-2,294	-1,895
Closing cash and cash equivalents	20,780	13,558

3.5. CONSOLIDATED STATEMENT OF CHANGES IN 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
Balance as at 31 December 2019	11,250	2,250	7,532	30,718	8,867	6,048	66,665	-66	-266	66,333
Profit (loss) for the year						-6,561	-6,561	-92		-6,653
Actuarial gains/losses (IAS 19)			1				1			1
Translation difference			-713				-713		29	-684
Measurement of investments using the equity method			-791				-791			-791
Change in the cash flow hedge reserve			-175				-175			-175
Total overall profits/losses	0	0	-1,678	0	0	-6,561	-8,239	-92	29	-8,302
Performance share			88				88			88
Allocation of profit			6,048			-6,048	0	66	-66	0
Balance as at 30 June 2020	11,250	2,250	11,990	30,718	8,867	-6,561	58,514	-92	-303	58,119
Balance as at 31 December 2020	11,250	2,250	11,364	30,718	8,867	-7,662	56,787	-188	-285	56,314
Profit (loss) for the year						1,541	1,541	517		2,058
Actuarial gains/losses (IAS 19)			38				38			38
Translation difference			-1,632				-1,632		-68	-1,700
Valuation of investments using equity method			470				470			470
Valuation of cash flow hedge reserve			132				132			132
Total overall profits/losses	0	0	-992	0	0	1,541	549	517	-68	998
Share-based incentive plans			88				88			88
Variation in the consolidation area									4,767	4,767
Allocation of profit			-5,890	-1,772		7,662	0	188	-188	0
Balance as at 30 June 2021	11,250	2,250	4,570	28,946	8,867	1,541	57,424	517	4,226	62,167

4. EXPLANATORY NOTES TO THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

4.1. GENERAL INFORMATION

The Landi Renzo Group (also “the Group”) has been active in the motor propulsion fuel supply system sector for more than sixty years: designing, producing, installing and selling environmentally-friendly LPG and CNG fuel supply systems (“Automotive” segment), and compressors for fuel stations through the SAFE and IMW trademarks (Clean Tech Solutions segment). In the Automotive segment, the Group manages all phases of the process that leads to the production and sale of automotive fuel supply systems; it sells both to the main automobile manufacturers at a world-wide level (OEM channel) and to independent retailers and importers (After Market channel).

Until April 2021, the Landi Renzo Group operated directly only in the Automotive segment and indirectly in the Clean Tech Solutions segment through the joint venture SAFE&CEC S.r.l. which, in accordance with the contractual governance system, met the joint control requirements as stipulated by IFRS 11, and was consolidated according to the equity method. Following the amendment of the shareholders' agreements, as of May 2021 the joint venture SAFE&CEC S.r.l. and its subsidiaries have been consolidated line-by-line, as the requirements established by the international accounting standards (IFRS 10) were met. As a result, the consolidation area has changed compared with 31 December 2020 following the line-by-line consolidation of the SAFE&CEC Group, consisting of the parent holding company SAFE&CEC S.r.l. and its subsidiaries SAFE S.p.A. (Italy), IMW Industries LTD (Canada), IMW Industries Ltda (Colombia), IMW Industries del Perú S.A.C. (Peru), IMW Industries LTD Shanghai (China) and IMW Energy Tech. Ltd (China).

The Parent Company of the Landi Renzo Group is Landi Renzo S.p.A. with registered office in Cavriago (RE), Italy, listed in the FTSE Italia STAR segment of the Milan Stock Exchange.

These Condensed Half-Yearly Consolidated Financial Statements are subject to limited auditing by PricewaterhouseCoopers S.p.A.

4.2. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

4.2.1. Preamble

The condensed half-yearly consolidated financial statements at 30 June 2021 have been prepared pursuant to Article 154-ter of Italian Legislative Decree 58/1998 “Consolidated Financial Law (*Testo Unico della Finanza*)”, in accordance with the provisions of international accounting standards (IAS/IFRS) adopted by the European Union, and, in particular, those of IAS 34 “Interim Financial Reporting”. As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics over the six-month period. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the half-yearly financial statements.

The Condensed Half-Yearly Consolidated Financial Statements at 30 June 2021, approved by the Board of Directors on 10 September 2021, must be read in conjunction with the Consolidated Annual Financial Statements at 31 December 2020.

The consolidation method for the financial statements of the group companies is specified below in these notes.

The valuation criteria used for the preparation of the consolidated financial statements for the six months ending 30 June 2021 are the same as those used for the consolidated financial statements at 31 December 2020.

In addition to the interim values of the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income at 30 June 2021, the balance sheet figures for the year ending 31 December 2020 and the income statement figures at 30 June 2020 are included in the tables below for purposes of comparison.

The functional and reporting currency is the Euro. Figures in the statements and tables in these condensed half-yearly consolidated financial statements are in thousands of Euro, unless specified otherwise.

Going Concern

Like all companies in the automotive segment, in the first half of 2021 the Group continued to experience both the negative effects of the continuation of the COVID-19 pandemic all over the world, which continues to slow the economic recovery and generate depressive effects in terms of demand for durable goods, and the effects provoked by the scarcity of raw materials and electronic parts in the international markets. These factors of uncertainty continue to be monitored by the management in order to identify the initiatives required to mitigate the effects of this pandemic on the Group's economic and financial results.

The turnover of the Automotive segment as at 30 June 2021 is up compared with the same period of the previous year, but much lower than pre-COVID levels. Specifically, increasing pricing competition in the After Market channel and the international rise in raw material prices, in addition to the increasing impact on the total of OEM channel sales, had a significant effect on the Group's profitability in the first half of 2021. Against revenues from sales of Euro 77,021 thousand as at 30 June 2021, adjusted EBITDA amounted to Euro 1,741 thousand, equal to 2.3% of revenues, compared with Euro 1,852 thousand, equal to 3.1%, as at 30 June 2020, and in any event considerably lower than pre-crisis levels. The adjusted net financial position of the Automotive segment was up to Euro 80,160 thousand (Euro 67,360 thousand at 31 December 2020).

Within this context, the management has performed accurate analyses concerning the expected performance for the second half of 2021 for the Automotive segment, approving a new forecast that is down compared to previous estimates. The management's medium-term forecasts are also confirmed (time horizon of an additional 5 years), also supported by sector analyses carried out by a major independent advisory firm.

On the other hand, the performance of the Clean Tech Solutions segment is very positive, showing positive trends in turnover and adjusted profitability in the first half of 2021 compared with the same period of the previous year, despite the current market situation.

The management has been paying particularly close attention to the financial position and short/medium and long-term cash forecasts. From this perspective, in July 2020 Landi Renzo S.p.A. took out a new six-year loan for a nominal amount of Euro 21 million, 90% backed by the SACE guarantee, with a pre-amortisation period of two years. After signing that agreement, the Group's financial position is deemed under control.

As at 30 June 2021, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 30 June 2021.

Taking into account what is described above, and particularly:

- the new forecasts formulated by the directors concerning business performance for the second half of 2021 and subsequent years, prepared on the basis of the latest information available, which show business sustainability and forecasts of increasing margins;
- the holiday period granted by the banks until the calculation date of 30 June 2021;
- the sensitivity analysis carried out by the management on the economic and financial plan used to perform the impairment test on goodwill recognised as at 31 December 2020, which considered the reduction of expected turnover and operating results of the Automotive CGU (Cash Generating Unit) for the year 2021 and did not bring to light any indicators of impairment;
- the acquisition of Metatron, described in the section on subsequent events, for which the credit institutions expressed their consent as part of the approval of the above-mentioned holiday period;

it is believed that business continuity is broadly guaranteed with reference both to the Group's financial strength and its capacity to pursue its business strategies. As a result, the Landi Renzo Group's condensed half-yearly consolidated financial statements as at 30 June 2021 were drafted on the basis of the going concern assumption.

Use of estimates

The drafting of the condensed half-yearly consolidated financial statements requires estimates and assumptions to be developed based on the best assessments of the management. These estimates and assumptions are revised regularly. Should such estimates and assumptions differ from actual circumstances in the future, they will be changed.

Please note that the situation caused by the current economic and financial scenario has resulted in the necessity to make assumptions on future performance that are characterised by significant uncertainty, in particular following the spread of the COVID-19 pandemic. Therefore it cannot be excluded that results different to those estimated may be realised in the coming years. Such results could therefore require adjustments, that may even be considerable, which obviously cannot be either estimated or predicted at this stage, to the carrying amount of the relative items.

The items on the financial statements that most require greater subjectivity on the part of the directors in producing the estimates and for which a change in the conditions underlying the assumptions used can have a significant impact on the financial statements are listed below:

- Valuation of fixed assets including investments in joint ventures and goodwill;
- Recoverability of development expenditure;
- Valuation of deferred tax assets;
- Valuation of provisions for bad debts and obsolete inventories;
- Valuation of employee benefits;
- Valuation of provisions for risks and charges.

The estimates and assumptions are reviewed periodically and the effects of each variation are immediately reflected in the Income Statement.

For an indication of the economic values of these estimates, please refer to the relative points of these notes.

The directors also evaluated the applicability of the going concern assumption in the preparation of the half-yearly financial report, and concluded that this assumption is suitable as there are no doubts as to business continuity.

Amendments and revised accounting standards applied by the Group for the first time

The accounting standards adopted in preparing the condensed half-yearly consolidated financial statements at 30 June 2021 are consistent with those adopted for the preparation of the consolidated financial statements for the previous year, with the exception of the adoption of the new accounting standards, amendments, improvements and interpretations applicable as of 1 January 2021 listed below.

EU endorsement regulation	Description
Regulation (EU) 2020/1434	The amendment named "COVID-19 Related Rent Concessions (Amendment to IFRS 16)" establishes the right for lessees to account for reductions in rent connected to COVID-19 without having to analyse the contracts to evaluate whether the definition of lease modification as set forth in IFRS 16 is respected. Therefore, lessees exercising this option may account for the effects of rent reductions directly in the income statement at the effective date of the reduction.
Regulation (EU) 2020/2097	The amendment to IFRS 4 - Insurance contracts aims to resolve the temporary accounting consequences of the mismatch between the date of entry into force of IFRS 9 and the date of entry into force of the future IFRS 17. In particular, it extends the expiry date of the temporary exemption from the application of IFRS 9 to 2023 in order to align the date of entry into force of IFRS 9 with the new IFRS 17.
Regulation (EU) 2021/25	Amendment to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform": phase two of the amendment modifies the provisions on hedge accounting in IFRS 9 and IAS 39.

The accounting principles and modifications to the accounting principles described above have not had significant effects on the Group's financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

The following table lists the new international accounting standards, or the amendments of standards and interpretations already in force, which must begin being applied from 1 January 2022 or thereafter.

EU endorsement regulation	Description
14 May 2020	<p>The IASB published an amendment to the following international accounting standards and improvements:</p> <ul style="list-style-type: none">• IFRS 3 – Business Combinations;• IAS 16 – Property, Plant and Equipment;• IAS 37 – Provisions, Contingent Liabilities and Contingent Assets• Annual Improvements 2018-2020 <p>This amendment will come into force on 1 January 2022.</p>

The Group, which did not exercise the right of early application, is evaluating the effects that the adoption of such standards may have on its financial statements.

The IASB made amendments to several international accounting standards issued previously and published new international accounting standards, for which the approval process has not yet been completed.

Date	Description
07 May 2021	The IASB published an amendment named "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred tax liabilities need to be recognised on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply as of 1 January 2023 and early application is permitted.
31 March 2021	The IASB published an amendment named "COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" which extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the recognition of concessions granted to lessees as a result of COVID-19. The amendments are applicable beginning from financial statements starting on or after 1 April 2021 and early adoption is permitted.
12 February 2021	The IASB published amendments named "Disclosure of Accounting Policies –Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates –Amendments to IAS 8" intended to improve the disclosure on accounting policies so as to provide more useful information to readers of the financial statements, as well as help companies to distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply as of 1 January 2023 and early application is permitted.
23 January 2020	The IASB published the amendment to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" with the aim of clarifying how to classify payables and other liabilities as short or long term. These amendments will come into force on 1 January 2022. Early application is permitted.
18 May 2017	The IASB published IFRS 17 Insurance Contracts which aims to improve understanding of the exposure to risk, profitability and the financial position of insurers. IFRS 17 replaces IFRS 4. Early application is permitted. This standard is not applicable to the Group.
30 January 2014	IFRS 14 entered into force on 1 January 2016, but the European Commission decided to suspend the endorsement process pending the new accounting standard on rate-regulated activities. IFRS 14 allows only entities which adopt IFRS for the first time to continue to recognise rate regulation balances in accordance with the previous accounting standards adopted. To improve comparability with entities that already apply IFRS and do not recognise such balances, the standard requires the effect of rate regulation to be presented separately from other items.

The Group is evaluating the effects that the adoption of such standards may have on its financial statements.

4.2.2. Consolidation procedures and valuation criteria

The preparation of the Condensed Half-Yearly Consolidated Financial Statements 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 Equity and the

Consolidated Cash Flow Statement, and in disclosures provided. Estimates are used in recognising goodwill, impairment of fixed assets, development costs, 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 each variation are immediately reflected in the Income Statement.

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

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

4.2.3. Translation of the financial statements of foreign companies

The financial statements in the currency of the foreign subsidiaries are converted into the accounting currency, adopting the half-year end exchange rate for the consolidated Statement of Financial Position and the average exchange rate over the six months for the Consolidated Income Statement. The conversion differences deriving from the adjustment of the opening Equity according to the current exchange rates at the end of the period, and those due to the different method used for conversion of the result for the period, are recorded in the Statement of Comprehensive Income and classified among other reserves.

As concerns exchange effects, the significant change in the translation reserve recorded in the first half of 2021 is mainly linked to the decision to use the effective market exchange rate instead of the official rate for the translation of the economic and financial data of one of our non-strategic subsidiaries. This decision is linked to the fact that the official exchange rate is now applicable only to transactions on essential goods, which does not include the Group's products, and therefore it is now inadequate to provide a true and fair view of the Group's profit and loss, financial position and cash flows. As a result, in order to translate the balances in foreign currency, the exchange rate reported by the Central Bank of the reference country was adopted, which is not the same as the official rate, as the financial transactions in foreign currency of our subsidiary are now carried out exclusively on the basis of that exchange rate, defined on a daily basis by the above-mentioned central bank.

The following table specifies the main exchange rates used for the conversion of financial statements expressed in currencies other than the accounting currency.

Exchange rate (Currency against the Euro)						
	At 30/06/2021	H1 Ave. 2021	At 31/12/2020	Average 2020	At 30/06/2020	H1 Ave. 2020
Real – Brazil	5.905	6.490	6.374	5.894	6.112	5.410
Renminbi – China	7.674	7.796	8.023	7.875	7.922	7.751
Rupee – Pakistan	188.092	188.651	196.824	184.939	187.789	175.934
Zloty – Poland	4.520	4.537	4.560	4.443	4.456	4.412
Leu – Romania	4.928	4.902	4.868	4.838	4.840	4.817

Dollar - US	1.188	1.205	1.227	1.142	1.120	1.102
Argentine Peso	113.644	110.041	103.249	80.922	78.786	71.054
Colombian Peso	4,474.180	4,267.479	N/A	N/A	N/A	N/A
Canadian Dollar	1.472	1.521	N/A	N/A	N/A	N/A
Nuevo Sol - Peru	4.626	4.160	N/A	N/A	N/A	N/A
Indian Rupee	88.324	88.413	89.661	84.639	84.624	81.705

4.3. 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.

The consolidation area has changed compared with 31 December 2020 following the consolidation of the SAFE&CEC Group as of May 2021. Therefore, the consolidation area now includes the parent holding company SAFE&CEC S.r.l. and its subsidiaries SAFE S.p.A. (Italy), IMW Industries LTD (Canada), IMW Industries Ltda (Colombia), IMW Industries del Perú S.A.C. (Peru), IMW Industries LTD Shanghai (China) and IMW Energy Tech. Ltd (China).

The list of equity investments included in the scope of consolidation and the relative consolidation method is provided below.

Description	Registered Office	Share capital	% stake at 30 June 2021		Notes
			Direct investment	Indirect investment	
Parent Company					
Landi Renzo S.p.A.	Cavriago (Italy)	EUR	11,250,000	Parent Company	
Companies consolidated using the line-by-line method					
Landi International B.V.	Utrecht (The Netherlands)	EUR	18,151	100.00%	
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)	PLN	50,000		(1)
LR Indústria e Comércio Ltda	Espirito Santo (Brazil)	BRL	4,320,000	99.99%	
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	USD	2,600,000	100.00%	
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	PKR	75,000,000	70.00%	
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	IRR	210,849,300,000	99.99%	
Landi Renzo RO S.r.l.	Bucharest (Romania)	RON	20,890	100.00%	
Landi Renzo USA Corporation	Wilmington - DE (USA)	USD	3,067,131	100.00%	
AEB America S.r.l.	Buenos Aires (Argentina)	ARS	2,030,220	96.00%	
Officine Lovato Private Limited	Mumbai (India)	INR	19,091,430	74.00%	
SAFE&CEC S.r.l.	Milan (Italy)	EUR	2,500,000	51.00%	
SAFE S.p.A.	San Giovanni Persiceto (Italy)	EUR	2,500,000		100.00% (2)

IMW Industries LTD	Chilliwak (Canada)	CAD	0	100.00%	(2)
IMW Industries del Perú S.A.C.	Lima (Peru)	SOL	1,000	100.00%	(3)
IMW Industries LTDA	Cartagena (Colombia)	COP	65,000,000	100.00%	(3)
IMW Energy Tech LTD	Suzhou (China)	CNY	8,591,055	100.00%	(3)
IMW Industries LTD Shanghai	Shanghai (China)	CNY	1,872,314	100.00%	(3)
Associates and subsidiaries consolidated using the equity method					
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	INR	118,000,000	51.00%	(4)
Other minor companies					
Landi Renzo VE.CA.	Caracas (Venezuela)	VEF	2,035,220	100.00%	(5)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	BRL	100,000	100.00%	(5)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	USD	800,000	50.00%	(5)

Detailed notes on investments:

- (1) Held indirectly through Landi International B.V.
(2) held by SAFE&CEC S.r.l.
(3) held by IMW Industries LTD
(4) Company joint venture
(5) Not consolidated as a result of their irrelevance

4.4. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported hereafter have been calculated on the balances at 31 December 2020 as regards balance sheet items and on the values of the first half of 2020 as regards income statement items.

4.4.1. SEGMENT REPORTING

Until April 2021, the Landi Renzo Group operated directly only in the Automotive segment and indirectly in the Clean Tech Solutions segment through the joint venture SAFE&CEC S.r.l. which, in accordance with the contractual governance system, met the joint control requirements as stipulated by IFRS 11, and was consolidated according to the equity method.

Following the amendment of the shareholders' agreements, as of May 2021 the joint venture SAFE&CEC S.r.l. and its subsidiaries have been consolidated line-by-line, as the requirements established by the international accounting standards (IFRS 10) were met.

As a result of the consolidation of the SAFE&CEC Group, the management has identified two operating segments ("Cash Generating Units" or "CGUs") in which the Landi Renzo Group operates, i.e.:

- The **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;

- 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.

Please see the “Segment Reporting” section of this Report for information by operating segment and by geographical area.

NON-CURRENT ASSETS

4.4.2. LAND, PROPERTY, PLANT, MACHINERY AND OTHER EQUIPMENT

The following is an analysis of changes in “Land, property, plant, machinery and other equipment” that took place during the first half of 2020:

(Thousands of Euro)							
Net value	31/12/2019	Increases	Decreases	Depreciation	Other changes		30/06/2020
Land and buildings	968	7	0	-200	-21		754
Plant and machinery	5,124	158	-32	-718	27		4,559
Industrial and commercial equipment	3,275	2,056	-33	-692	51		4,657
Other tangible assets	1,496	117	0	-344	-26		1,243
Assets in progress and payments on account	715	400	-77	0	-27		1,011
Total	11,578	2,738	-142	-1,953	4		12,225

The following is an analysis of changes in “Land, property, plant, machinery and other equipment” that took place during the first half of 2021:

(Thousands of Euro)							
Net value	31/12/2020	SAFE&CEC consolidation	Increases	Decreases	Depreciation	Other changes	30/06/2021
Land and buildings	555	1,021	19	0	-169	22	1,448
Plant and machinery	4,525	178	624	-54	-734	594	5,133
Industrial and commercial equipment	5,667	228	559	-400	-850	286	5,490
Other tangible assets	1,076	104	166	-51	-270	60	1,085
Assets in progress and payments on account	1,389	143	327	-125	0	-963	771
Total	13,212	1,674	1,695	-630	-2,023	-1	13,927

Tangible assets showed an overall net increase of Euro 715 thousand, rising from Euro 13,212 thousand at 31 December 2020 to Euro 13,927 thousand at 30 June 2021. The contribution deriving from the initial consolidation of the SAFE&CEC Group was Euro 1,674 thousand.

Increases for the half-year, amounting to Euro 1,695 thousand, primarily relate to the acquisition of new production lines and moulds required to launch new products and to cover the increasing orders from a leading OEM customer.

Decreases during the half, amounting to Euro 630 thousand, relate primarily to equipment made by the Parent Company on behalf of a top OEM customer. Disposals during the period had no significant impacts on the income statement.

The item "Assets in progress and payments on account", totalling Euro 771 thousand as at 30 June 2021 (Euro 1,389 thousand as at 31 December 2020), primarily includes investments made by the Parent Company in several new work benches and moulds. These investments are currently in the completion phase and are expected to be used in the production process in the course of the coming months.

The column "Other changes" includes, aside from reclassifications of assets under construction completed during the period to the relative item, the conversion differences on assets held by companies abroad.

4.4.3. DEVELOPMENT EXPENDITURE

An analysis of changes in development expenditure during the first half of 2020 is shown in detail below:

(Thousands of Euro)					
	31/12/2019	Increases	Depreciation	Other changes	30/06/2020
Development costs	8,228	2,990	-2,159	0	9,059

An analysis of changes in development expenditure during the first half of 2021 is shown in detail below:

(Thousands of Euro)						
	31/12/2020	SAFE&CEC consolidation	Increases	Depreciation	Other changes	30/06/2021
Development costs	9,506	2,068	2,369	-2,817	39	11,165

Development costs amounted to Euro 11,165 thousand (Euro 9,506 thousand at 31 December 2020) and include the costs incurred by the Group both for internal personnel and for services supplied by third parties, for projects meeting the requirements of IAS 38 to be capitalised. The contribution deriving from the initial consolidation of the SAFE&CEC Group was Euro 2,068 thousand.

Costs capitalised in the first half of 2021 totalled Euro 2,369 thousand (Euro 2,990 thousand at 30 June 2020).

Research and development activities saw the continuation of projects started in the previous year as well as the launch of new initiatives, namely:

- development of an injection and regulation system for Euro 7 regulation compatibility testing;
- redefinition and validation of a pressure regulator for Heavy Duty vehicles, expected to begin production in the second half of 2021;
- finalisation of the development of an LNG regulator;

- re-design and validation in the laboratory of the new family of high-pressure and high capacity injectors for applications in Heavy Duty vehicles;
- development and testing in the field of the integrated manifold for fuel-cell applications for Hydrogenics, one of the global leaders in the hydrogen mobility sector;
- development for the world of hydrogen mobility of a high-pressure regulator and a smart dosing system, in order to introduce a new way of managing the injection of hydrogen into the fuel cell;
- development of a new conversion unit for vehicles with indirect injection systems and initiation of a project for the development of the new direct injection management system;
- development and validation of a mono-fuel master control unit for Mid-Heavy Duty applications.

New development activities began during the initial months of 2021 and they are also expected to continue for the rest of the current year.

The analysis of the recoverability of the values recognised for development activities, which the Group attributes to specific projects, carried out by comparing the margins expected from sales of the products to which the above-mentioned costs refer, and the relative net carrying amounts at the date of 30 June 2021, did not bring to light any impairment.

4.4.4. GOODWILL

The item Goodwill totalled Euro 55,487 thousand, Euro 25,393 thousand more than at 31 December 2020 (Euro 30,094 thousand) following the acquisition of control by Landi Renzo S.p.A. of the SAFE&CEC Group, resulting in its line-by-line consolidation.

(Thousands of Euro)			
CGU	30/06/2021	31/12/2020	Change
Automotive	30,094	30,094	0
Clean Tech Solutions	25,393	0	25,393
Total	55,487	30,094	25,393

In April, 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., operating in the "Clean Tech Solutions" segment, as approved by the Board of Directors Landi Renzo S.p.A. at its meeting held on 12 April 2021. The change in the shareholders' agreements provided Landi Renzo S.p.A. with greater decision-making autonomy, permitting it to exercise control over SAFE&CEC S.r.l. and resulting in its line-by-line consolidation pursuant to the international accounting standards (IFRS 10). The shares of the two shareholders have remained unchanged: 51% for Landi Renzo S.p.A. and 49% for Clean Energy Fuels Corp.

Pursuant to IFRS 3, the transaction was recognised as a new business combination which entailed the measurement at fair value of the Landi Renzo Group's interests in the SAFE&CEC Group, and the resulting recognition in the income statement of income from consolidation of Euro 8,783 thousand, corresponding to the difference between the above-mentioned fair value and the measurement of the equity investment in the SAFE&CEC Group with the equity method as

at 30 April 2021 (the date of acquisition of control). The fair value at the combination date was determined by a leading independent expert, applying the discounted cash flows method based on 2021-2025 business plan of the SAFE&CEC Group approved by the Board of Directors. The goodwill recognised in the financial statements as at 30 June 2021, amounting to Euro 25,393 thousand, was determined as the difference between the fair value of the share held by the Landi Renzo Group in the SAFE&CEC Group (51%) and the Group's share of the carrying amount of the assets and liabilities acquired. The "Purchase Price Allocation" established by IFRS 3 in the case of business combinations, or the measurement of the assets and liabilities acquired at fair value, given the complexity and characteristics of the transaction in question, is currently under way and is expected to be completed by the close of the financial statements as at 31 December 2021, as permitted by the same reference accounting standard mentioned above.

Please note that, as part of the transaction entailing the acquisition of control over the SAFE&CEC Group, the agreement amending the shareholders' agreements establishes that in the case of a future "liquidity event", Landi Renzo S.p.A. will recognise a variable premium to the minority shareholder based on the fair value of the investment at the date of that event. On the basis of the information available to date, the Landi Renzo management does not consider the occurrence of any such events likely in the short term and therefore, as these events are under the control of the shareholder, the relative payable was not recognised in this consolidated half-yearly report in compliance with the reference international accounting standards.

Details of the transaction are provided below:

(Thousands of Euro)		Book Values
Land, property, plant, machinery and other equipment		1,674
Development costs		2,068
Other intangible assets with finite useful lives		6,649
Right-of-use assets		6,687
Other non-current assets		926
Prepaid taxes		137
Non-current assets		18,141
Trade receivables		14,458
Inventories		11,985
Contract work in progress		17,548
Other receivables and current assets		5,645
Cash and cash equivalents		2,966
Current assets		52,602
Other non-current financial liabilities		916
Non-current liabilities for rights of use		6,702
Provisions for risks and charges		755
Defined benefit plans for employees		608
Deferred tax liabilities		1,216
Non-current liabilities		10,197
Bank financing and short-term loans		10,362
Other current financial liabilities		2,760
Current liabilities for rights of use		680
Trade payables		22,309
Tax liabilities		252
Other current liabilities		14,455
Current liabilities		50,818
Total net assets acquired		9,728
Percentage of control Landi Renzo S.p.A.		51%
Group's share of net assets acquired		4,961
Value of the stake in Landi Renzo S.p.A.		21,571
Fair value 51%		30,354
Income from combination		8,783

Clean Tech Solutions CGU goodwill	25,393
Cash acquired	2,966

With reference to the goodwill recognised for the acquisition of assets in the Clean Tech Solutions segments, please note that, considering the performance of the SAFE&CEC Group as at 30 June 2021 and short/medium-term forecasts, there are no indicators of impairment.

As concerns the goodwill of the Automotive segment, as required by IAS 36, the Group evaluated the possible existence of impairment indicators with reference to the financial statements closed as at 30 June 2021, especially considering the continuation of the effects of the COVID-19 pandemic and the slower than expected economic recovery. The management has prepared a new Automotive segment forecast for the year 2021 that is down compared to previous estimates. Supported by the analyses performed by a leading advisory firm, on both the reference segment and the Landi Renzo Group, the management did not believe that the requirements were met for a revision of forecasts for 2022 and thereafter, as they are basically still considered current and achievable. Considering the foregoing, a sensitivity analysis was prepared on the economic/financial plan used for the impairment test as at 31 December 2020, which also included the reduction of the above-mentioned forecasts of expected results for the year 2021 and did not bring to light any indicators of impairment.

The stock market capitalisation value of Landi Renzo S.p.A. at 30 June 2021 amounted to Euro 107 million, and is significantly higher than the value of the consolidated shareholders' equity at the same date.

4.4.5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Changes in other intangible assets with finite useful lives that occurred during the first half of 2020 are shown in detail below:

(Thousands of Euro)					
	31/12/2019	Increases	Depreciation	Other changes	30/06/2020
Other intangible assets with finite useful lives	12,536	257	-959	2	11,836

Changes in other intangible assets with finite useful lives that occurred during the first half of 2021 are shown in detail below:

(Thousands of Euro)						
	31/12/2020	SAFE&CEC consolidation	Increases	Depreciation	Other changes	30/06/2021
Other intangible assets with finite useful lives	10,860	6,649	180	-992	-3	16,694

Other intangible assets with finite useful lives decreased from Euro 10,860 thousand at 31 December 2020 to Euro 16,694 thousand at 30 June 2021, and include:

- licenses for specific applications and supporting software for research and development activities, as well the purchase of management software licenses;

- the net value of Group trademarks, and in particular Lovato (for Euro 4,907 thousand), AEB (for Euro 3,930 thousand), SAFE (for Euro 4,315 thousand) and other minor trademarks. These trademarks are currently in use, and are entered in the consolidated accounts according to the fair value at the time of purchase according to evaluations made by independent professionals, net of the accumulated amortisation. These values are amortised over 18 years, the period deemed to represent the useful lifetime of the trademarks.

At the date of these financial statements, no indicators affecting the recoverability of the above values in the financial statements had been identified.

The increase in the period, equal to Euro 180 thousand, is mainly due to the purchase of new software licences. During the year there were no events or circumstances that indicate possible impairment in relation to the other intangible assets mentioned above.

4.4.6. RIGHT-OF-USE ASSETS

Changes in right-of-use assets that occurred during the first half of 2020 are shown in detail below:

(Thousands of Euro)						
	31/12/2019	Increases	Depreciation	Other changes		30/06/2020
Buildings	5,595	159	-865	-32		4,857
Motor vehicles	807	32	-172	-15		652
Total	6,402	191	-1,037	-47		5,509

Changes in right-of-use assets that occurred during the first half of 2021 are shown in detail below:

(Thousands of Euro)						
	31/12/2020	SAFE&CEC consolidation	Increases	Depreciation	Other changes	30/06/2021
Buildings	4,431	6,042	50	-1,103	-201	9,219
Plant and machinery	0	646	0	-16	4	634
Motor vehicles	544	0	0	-125	0	419
Total	4,975	6,688	50	-1,244	-197	10,272

The increase in this item since last year is primarily due to the consolidation of the SAFE&CEC Group, and in particular to the lease agreements on the properties located in San Giovanni in Persiceto (BO) and in Canada, the registered offices of the companies SAFE S.p.A. and IMW Industries Canada, respectively.

The other changes include exchange effects as well as the redetermination of the value of the lease agreement on the property located in Vicenza, the registered office of Lovato Gas S.p.A. (merged into Landi Renzo S.p.A. in the previous year) for which the early withdrawal option was exercised as governed by the relative agreement.

4.4.7. EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, equal to Euro 1,270 thousand, includes the value of the equity investments measured using the equity method.

(Thousands of Euro)

Equity investments measured using the equity method	31/12/2020	SAFE&CEC consolidation	Increases	Decreases	30/06/2021
Krishna Landi Renzo India Private Ltd Held	742	0	528	0	1,270
SAFE&CEC S.r.l.	21,767	-21,571	0	-196	0
Total	22,509	-21,571	528	-196	1,270

The equity investment held in the joint venture Krishna Landi Renzo Prv Ltd, that in the first half of 2021 significantly increased its sales to a primary OEM customer, recorded revenues for Euro 9 million and an EBITDA for Euro 1.5 million, was revalued by Euro 528 thousand due to the positive results for the period.

Following the amendment of the shareholders' agreements, which attributed greater decision-making autonomy to Landi Renzo, resulting in its acquisition of control, SAFE&CEC S.r.l. has been consolidated line-by-line since May 2021. Until that date, it was measured with the equity method, recording a negative change of Euro 196 thousand, of which Euro -666 thousand attributed to the income statement, for the Group's share of the loss for the period, and a positive Euro 470 thousand attributed to the statement of comprehensive income, related to changes accounted for by the company in the statement of comprehensive income.

4.4.8. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other non-current financial assets	30/06/2021	31/12/2020	Change
EFI Avtosanoat-Landi Renzo LLC	97	97	0
Loan to Krishna Landi Renzo	600	600	0
Guarantee deposits	159	204	-45
Other financial assets	5	20	-15
Total	861	921	-60

Other non-current financial assets, equal to Euro 861 thousand (Euro 921 thousand at 31 December 2020) includes mainly:

- the value of the equity investment in the Joint Venture EFI Avtosanoat Landi Renzo – LLC of Euro 97 thousand, valued using the cost method and not consolidated because it is not significant;
- guarantee deposits for Euro 159 thousand;
- the Euro 600 thousand loan, disbursed in 2020 by the Parent Company to the joint venture Krishna Landi Renzo in order to finance current operations; this 5-year loan bears half-yearly interest at market rates.

4.4.9. OTHER NON-CURRENT ASSETS

Other non-current assets, totalling Euro 2,280 thousand (Euro 2,850 thousand as at 31 December 2020), include the portion beyond the financial year of the receivable from AVL Italia S.r.l. relative to the sale of the company branch relating to the part of the Technical Centre intended for laboratory management, the contract of which stipulates the receipt of 10 annual instalments and the charging of interest on the residual receivable at the end of each financial year.

4.4.10. DEFERRED TAX ASSETS

This item is shown in detail below (thousands of Euro):

(Thousands of Euro)			
Offsettable deferred tax assets and liabilities	30/06/2021	31/12/2020	Change
Prepaid taxes	14,800	13,869	931
Deferred tax liabilities	-2,032	-1,668	-364
Total net deferred tax assets	12,768	12,201	567

The following table shows the values of the deferred tax assets and liabilities and their movements from 31 December 2020 to 30 June 2021:

(Thousands of Euro)						
Prepaid taxes	Deferred tax assets 31/12/2020	SAFE&CEC consolidation	Uses	Temporary differences	Other changes	Deferred tax assets 30/06/2021
Goodwill and flat-rate tax	693					693
Temporary differences	2,433	812	-254	368	-53	3,306
Other deferred tax assets	1,548					1,548
Tax losses	9,195	187	-150	21		9,253
a) Total deferred tax assets	13,869	999	-404	389	-53	14,800
Deferred tax liabilities	Deferred tax liabilities 31/12/2020	SAFE&CEC consolidation	Uses	Temporary differences	Other changes	Deferred tax liabilities 30/06/2021
Other temporary differences	14	863	-853	498		522
Intangible assets	1,654		-158	14		1,510
b) Total deferred tax liabilities	1,668	863	-1,011	512	0	2,032
a-b) Total net deferred tax assets	12,201	136	607	-123	-53	12,768

Net deferred tax assets, totalling Euro 12,768 thousand (Euro 12,201 thousand at 31 December 2020), related to both temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax values recognised, and to the losses from the national tax consolidation scheme deemed to be recoverable on the basis of the company plans, the realisation of which is subject to the intrinsic risk of non-implementation inherent in its provisions. The net contribution deriving from the initial consolidation of the SAFE&CEC Group was Euro 136 thousand.

During the drafting of the financial statements as at 31 December 2020, the management, assisted by its tax advisors, prepared an analysis based on the forecasts of the new 2020-2025 Strategic Plan, approved by the Board of Directors on 12 March 2020, aimed at verifying the recoverability of deferred tax assets and which did not bring to light any issues

linked to the recoverability of the deferred tax assets recognised in the financial statements. On the basis of the sensitivity analysis performed by the management on this analysis following the update of the 2021 forecast, no critical issues emerged related to the recoverability of the deferred tax assets recognised in the financial statements. On a prudential basis, no deferred tax assets on tax losses recognised by the Parent Company as at 30 June 2021 or on previous losses were allocated.

At 30 June 2021 offsettable deferred tax liabilities totalled Euro 2,032 thousand (Euro 1,668 thousand at 31 December 2020), with an increase of Euro 364 thousand, and are primarily related to temporary differences between the carrying amounts of certain tangible and intangible assets and the values recognised for tax purposes.

CURRENT ASSETS

4.4.11. TRADE RECEIVABLES

Trade receivables, stated net of the related write-down reserve, are shown divided by geographical area below:

(Thousands of Euro)

Trade receivables by geographical area	30/06/2021	31/12/2020	Change
Italy	8,726	8,231	495
Europe (excluding Italy)	17,705	11,198	6,507
America	16,010	11,745	4,265
Asia and Rest of the World	23,967	14,326	9,641
Provision for bad debts	-7,536	-6,147	-1,389
Total	58,872	39,353	19,519

Trade Receivables totalled Euro 58,872 thousand, net of the Provision for Bad Debts equal to Euro 7,536 thousand, compared with Euro 39,353 thousand at 31 December 2020. This increase is basically associated with the consolidation of the SAFE&CEC Group.

Total transactions for the assignment of trade receivables through factoring without recourse, for which the corresponding receivables were derecognised, amounted to Euro 16.9 million (Euro 11.7 million at 31 December 2020). There are no non-current trade receivables or receivables secured by collateral guarantees.

Receivables from related parties totalled Euro 2,965 thousand (Euro 3,079 thousand at 31 December 2020) and related to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held, the Joint Venture EFI Avtosanoat-Landi Renzo LLC and the Pakistani company AutoFuels. All the related transactions are carried out at arm's length conditions.

The provision for bad debts, which was calculated using analytical criteria on the basis of the data available and, in general, of the historical trend, changed as follows:

(Thousands of Euro)

Provision for bad debts	31/12/2020	SAFE&CEC consolidation	Allocation	Uses	Other changes	30/06/2021
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Provision for bad debts	6,147	1,102	319	-9	-23	7,536
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The allocations made during the year, necessary in order to adjust the carrying amount of the receivables to their assumed recovery value, amounted to Euro 319 thousand (compared with Euro 166 thousand at 30 June 2020). Uses during the year, on the other hand, totalled Euro 9 thousand.

The column "Other changes" includes translation differences.

The following table provides information on the maximum credit risk divided by past due credit classes, gross of the bad debt provision:

(Thousands of Euro)

	Total	Not past due	Past due		
			0-30 days	30-60 days	60 and beyond
Trade receivables at 30/06/2021	66,408	36,368	5,528	3,404	21,108
Trade receivables at 31/12/2020	45,500	24,983	2,120	2,077	16,320

4.4.12. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	30/06/2021	31/12/2020	Change
Raw materials and parts	46,010	28,500	17,510
Work in progress and semi-finished products	13,652	10,865	2,787
Finished products	14,649	10,422	4,227
Inventory write-down reserve	-13,097	-7,778	-5,319
Total	61,214	42,009	19,205

Closing inventories totalled Euro 61,214 thousand, net of the inventory write-down reserve of Euro 13,097 thousand, an increase of Euro 19,205 thousand compared with 31 December 2020, linked to:

- the consolidation of the SAFE&CEC Group;
- the procurement of electronic components and other strategic components in order to reduce to a minimum the risks of possible stock disruptions caused by the current shortage of electronic components in the market;
- the increase in raw material prices in the international markets.

The Group estimated the size of the inventory write-down reserve so as to take account of the risks of technical obsolescence of inventories and to align the book value with their assumed recovery value. At 30 June 2021, this item

totalled Euro 13,097 thousand (Euro 7,778 thousand at 31 December 2020), marking an increase primarily due to the contribution deriving from the consolidation of the SAFE&CEC Group.

4.4.13. CONTRACT WORK IN PROGRESS

The item, totalling Euro 19,195 thousand, refers in full to Clean Tech Solutions segment contracts in progress at 30 June 2021, stated using the percentage of completion method with the cost to cost criterion.

4.4.14. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)	30/06/2020	31/12/2020	Change
Other receivables and current assets			
Tax assets	5,205	3,326	1,879
Receivables from others	3,849	2,695	1,154
Accruals and deferrals	3,305	691	2,614
Total	12,359	6,712	5,647

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 2,824 thousand and income tax credit of Euro 2,381 thousand.

The item "Receivables from others" refers to payments on account, credit notes to be received, other receivables and the short-term receivable from AVL Italia S.r.l. relating to the aforementioned sale of the company branch for a total of Euro 570 thousand, as well as the related accrued interest.

Accruals and deferrals relate mainly to prepaid expenses for long-term business services, insurance premiums, leases, association fees and hardware /software maintenance fees paid in advance, in addition to costs incurred in advance on commercial projects which will have economic benefits starting from next half-year.

4.4.15. CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)	30/06/2021	31/12/2020	Change
Current financial assets			
SAFE S.p.A. loan	0	2,801	-2,801
Total	0	2,801	-2,801

The decrease in this item is due to the consolidation of the SAFE&CEC Group. The loan disbursed by Landi Renzo S.p.A. to SAFE S.p.A. at 30 June 2021 amounted to Euro 1,260 thousand, an amount that was repaid in full in July 2021.

4.4.16. CASH AND CASH EQUIVALENTS

This item, consisting of the positive balances of bank current accounts and cash in hand in both Euro and foreign currency, is shown in detail below:

(Thousands of Euro)			
Cash and cash equivalents	30/06/2021	31/12/2020	Change
Bank and post office accounts	20,751	21,897	-1,146
Cash	29	17	12
Total	20,780	21,914	-1,134

Cash and cash equivalents totalled Euro 20,780 thousand (Euro 21,914 thousand at 31 December 2020). For analysis of the production and absorption of cash during the half-year, please refer to the Consolidated Statement of Cash Flows. The credit risk relating to Cash and cash equivalents is therefore deemed to be limited since the deposits are split over primary national and international banking institutions.

4.4.17. SHAREHOLDERS' EQUITY

The following table provides a breakdown of shareholders' equity items:

(Thousands of Euro)			
Shareholders' equity	30/06/2021	31/12/2020	Change
Share capital	11,250	11,250	0
Other reserves	44,633	53,199	-8,566
Profit (loss) for the period	1,541	-7,662	9,203
Total Shareholders' equity of the Group	57,424	56,787	637
Capital and Reserves attributable to minority interests	4,226	-285	4,511
Profit (loss) attributable to minority interests	517	-188	705
Total minority interests	4,743	-473	5,216
Total consolidated equity	62,167	56,314	5,853

The share capital stated is the fully subscribed and paid-up share capital of the company Landi Renzo S.p.A. which is equal to a nominal Euro 11,250 thousand, subdivided into a total of 112,500,000 shares, with a nominal value equal to Euro 0.10.

Consolidated shareholders' equity at 30 June 2021 shows a positive variation of Euro 5,853 thousand compared with 31 December 2020, mainly due to the profit for the period, the change in the translation reserve, the recognition in the statement of comprehensive income of part of the valuation of the joint venture SAFE&CEC using the equity method (limited to the first four months of 2021) and the recognition of financial derivative contracts according to the hedge accounting method.

For further details on the changes compared with 31 December 2020, please refer to the Consolidated Statement of Changes in Equity.

The other reserves are shown in detail below:

(Thousands of Euro)			
Other reserves	30/06/2021	31/12/2020	Change
Statutory reserve	2,250	2,250	0
Extraordinary and Other Reserves	13,437	20,231	-6,794
Share Premium Reserve	28,946	30,718	-1,772
Total Other Reserves of the Group	44,633	53,199	-8,566

The balance of the Statutory Reserve totalled Euro 2,250 thousand and remains unchanged since it has reached one fifth of the share capital.

The Extraordinary Reserve and the other reserves refer to the profits recorded by the Parent Company and by the subsidiary companies in the preceding years and have decreased by Euro 6,794 thousand as a result of the following changes:

- the partial coverage of the loss for the previous year for Euro 5,890 thousand;
- the change in the translation reserve for a negative amount of Euro 1,632 thousand;
- the recognition in the statement of comprehensive income of part of the measurement of the joint venture SAFE&CEC based on the equity method for a positive Euro 470 thousand, attributable to exchange effects;
- the recognition in shareholders' equity pursuant to IFRS 2 of the Performance shares plan for a positive Euro 88 thousand;
- the recognition, according to hedge accounting rules, of financial derivative contracts for a positive Euro 132 thousand;
- other changes for a total positive amount of Euro 38 thousand.

The Share Premium Reserve amounted to Euro 28,946 thousand (Euro 30,718 thousand) and decreased following its partial use to cover the loss for the year 2020 of the Parent Company.

The minority interest represents the share of equity and result for the year of minority interests of companies not owned in full by the Group, the significant change in which is linked to the consolidation of the SAFE&CEC Group, 51% held by the Landi Renzo Group.

NON-CURRENT LIABILITIES

4.4.18. NON-CURRENT BANK LOANS

This item breaks down as follows:

(Thousands of Euro)			
Non-current bank loans	30/06/2021	31/12/2020	Change
Loans and financing	63,680	68,672	-4,992
Amortised cost	-385	-491	106
Total	63,295	68,181	-4,886

This item includes the medium/long term portion of bank debts for unsecured loans and finance. It totalled Euro 63,295 thousand at 30 June 2021, compared with Euro 68,181 thousand at 31 December 2020.

The structure of the debt is exclusively at a variable rate indexed to the Euribor and increased by a spread aligned with the normal market conditions, partially hedged by financial derivatives.

The borrowing currency is the Euro, except for the loan provided in United States dollars by the Bank of the West, totalling USD 4 million. The loans are not secured by real collateral and there are no clauses other than the early payment clauses normally envisaged by commercial practice.

Please note that as at 30 June 2021, all credit institutions underwriting the loans issued waiver letters with respect to the financial covenants as at 30 June 2021.

The annual repayment plan for loans and financing, based on the balances at 30 June 2021, is shown below.

(Thousands of Euro)	
Maturities	Loans and financing
2021 (H2)	10,086
2022 (H1)	5,090
Amortised cost	-236
Bank financing and short-term loans	14,940
2022 (H2)	8,299
2023	16,605
2024	30,320
2025	5,831
2026	2,625
Amortised cost	-385
Non-current bank loans	63,295
Total	78,235

4.4.19. OTHER NON-CURRENT FINANCIAL LIABILITIES

At 30 June 2021, other non-current financial liabilities totalled Euro 2,584 thousand (Euro 408 thousand at 31 December 2020) and relate:

- for Euro 208 thousand to the non-current portion of the loan obtained by the subsidiary Landi Renzo Polska originally for PLN 3.5 million disbursed by the Polish Development Fund (PFR) on the basis of the business support

measures enacted by the Polish government to offset the negative effects of the COVID-19 pandemic on that country's economy. This loan may be converted, all or in part, into a non-repayable grant when specific conditions are met. As at 30 June 2021, the second of these conditions was also met and as a result the relative portion, equal to 25% of the loan, was recognised in the income statement. This loan has a 12 month pre-amortisation period and is to be repaid in 24 monthly instalments.

- for Euro 360 thousand to the loan disbursed by Simest to SAFE S.p.A. in June 2021 initially for Euro 600 thousand, of which Euro 240 thousand as a non-repayable grant and recognised in income statement;
- for Euro 1,212 thousand to the non-current portion of the 5-year loan taken out by SAFE S.p.A. from Cassa Centrale Raiffeisen dell'Alto Adige, 90% guaranteed by the "SME guarantee fund" pursuant to law 662/96, intended to support current operations;
- for Euro 804 thousand to the non-current portion of the financial payable of the subsidiary IMW Canada to the lessor for improvements made by that lessor on the building in which the company carries on business.

The annual repayment plan of other financial liabilities, based on the balances at 30 June 2021, is shown below.

(Thousands of Euro)

Maturities	Simest	Other financial liabilities	Total
2021 (H2)	0	306	306
2022 (H1)	0	299	299
Amortised cost	0	0	0
Other current financial liabilities	0	605	605
2022 (H2)	0	300	300
2023	0	501	501
2024	90	405	495
2025	90	408	498
2026	90	256	346
over	90	354	444
Amortised cost	0	0	0
Other non-current financial liabilities	360	2,224	2,584
Total	360	2,829	3,189

4.4.20. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

	31/12/2020	SAFE&CEC consolidation	Increases	Repayments	Other changes	30/06/2021
Buildings	4,475	6,729	50	-1,105	-178	9,971
Plant and machinery	0	653	0	-9	0	644
Motor vehicles	624	0	0	-131	0	493
Total	5,099	7,382	50	-1,245	-178	11,108
of which current	2,228					8,576
of which non-current	2,871					2,532

4.4.21. PROVISIONS FOR RISKS AND CHARGES

This item breaks down as follows:

(Thousands of Euro)

Provisions for risks and charges	31/12/2020	SAFE&CEC consolidation	Allocation	Utilisation	Other changes	30/06/2021
Provision for product warranties	2,666	490	687	-485	8	3,366
Provision for lawsuits in progress	59	43	0	-1	7	108
Provisions for pensions	75	102	0	-28	1	150
Other provisions	97	120	291	0	-1	507
Total	2,897	755	978	-514	15	4,131

The item "Provision for product warranties" includes the best estimate of the costs related to the commitments that the Group companies have incurred as an effect of legal or contractual provisions, in relation to the expenses connected with providing product warranties for a fixed period of time starting from the sale thereof. This estimate was calculated with reference to the historical data of the Group, on the basis of specific contractual content. At 30 June 2021 this provision totalled Euro 3,366 thousand, after allocations of Euro 687 thousand and a contribution from the consolidation of the SAFE&CEC Group of Euro 490 thousand. Uses of the provision for product warranties, totalling Euro 485 thousand, are due to the coverage of warranty costs correlated with supplies provided in previous years.

Other provisions include primarily the provision for penalties from customers, linked in their entirety to the SAFE&CEC Group, and relate to contingent liabilities that could emerge in relation to the failure to respect certain clauses set forth in sale agreements.

4.4.22. DEFINED BENEFIT PLANS FOR EMPLOYEES

This item includes employee severance indemnity (TFR) funds set up in compliance with the regulations in force. The following is the overall change in defined benefit plans for employees:

(Thousands of Euro)

Defined benefit plans for employees	31/12/2020	SAFE&CEC consolidation	Allocation	Utilisation	Other changes	30/06/2021
Employee post-employment benefits	1,556	608	11	-159	-60	1,956

The provision is due to the effect of the revaluation of the TFR (employee severance indemnity) for current employees at the end of the period. Uses totalling Euro 159 thousand refer to amounts paid to employees who left their post, while the Other Changes column relates to adjustment of the DBO (Defined Benefit Obligation) according to IAS 19.

Actuarial assumptions used for valuations	30/06/2021
Demographic table	M2019 / F2019
Discount rate (Euro Swap)	0.36%
Probability of request for advance	0.8%

Expected % of employees who will resign before pension	7.1%
Maximum % of TFR (employee severance indemnity) requested in advance	70.0%
Annual cost of living increase rate	1.0%

4.4.23. DEFERRED TAX LIABILITIES

At 30 June 2021, deferred tax liabilities that did not meet the offsetting requirements for the purposes of IAS 12 totalled Euro 1,497 thousand (Euro 297 thousand at 31 December 2020), with an increase of Euro 1,200 thousand, mainly related to the consolidation of the SAFE&CEC Group, and are primarily related to temporary differences between the book values of certain intangible assets and the values recognised for tax purposes.

(Thousands of Euro)

Deferred tax liabilities	Deferred tax liabilities 31/12/2020	SAFE&CEC consolidation	Uses	Temporary differences	Other changes	Deferred tax liabilities 30/06/2021
Intangible assets	236	1,216	-20	0	-19	1,413
Other temporary differences	61	0	0	23	0	84
Total deferred tax liabilities	297	1,216	-20	23	-19	1,497

4.4.24. LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown in this item is shown in detail below:

(Thousands of Euro)

Liabilities for derivative financial instruments	Fair value hierarchy	Notional	30/06/2021	31/12/2020	Change
Derivatives on interest rates					
Loans	2	48,300	283	458	-175
Total			283	458	-175

The item includes the fair value measurement of financial derivative contracts signed by the Parent Company, recognised under hedge accounting, i.e. with a contra-entry in other comprehensive income, as they meet the relative control requirements laid out in IFRS 9.

CURRENT LIABILITIES

4.4.25. BANK FINANCING AND SHORT-TERM LOANS

This item breaks down as follows:

(Thousands of Euro)

Bank financing and short-term loans	30/06/2021	31/12/2020	Change
Advances, import fin. and other current bank payables	27,519	8,195	19,324
Loans and financing	15,176	15,170	6

Amortised cost	-236	-257	21
Total	42,459	23,108	19,351

“Bank financing and short-term loans”, totalling Euro 42,459 thousand (Euro 23,108 thousand at 31 December 2020), consists of the current portion of existing unsecured loans and financing and of the utilisation of short-term commercial credit lines.

4.4.26. OTHER CURRENT FINANCIAL LIABILITIES

This item, totalling Euro 605 thousand (Euro 378 thousand at 31 December 2020), includes:

- Euro 209 thousand relating to the current portion of the loan obtained by the subsidiary Landi Renzo Polska disbursed by the Polish Development Fund (PFR) on the basis of the business support measures enacted by the Polish government to offset the negative effects of the COVID-19 pandemic on that country’s economy;
- Euro 107 thousand relating to the current portion of the financial payable of the subsidiary IMW Canada to the lessor of the building in which the company carries on business;
- Euro 289 thousand relating to the short-term portion of the loan taken out by SAFE S.p.A. from Cassa Centrale Raiffeisen dell’Alto Adige.

4.4.27. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 2,532 thousand (Euro 2,228 thousand at 31 December 2020) and relates to the current portion of right-of-use payables recognised in the financial statements following the application of the international accounting standard IFRS 16 - Leases.

4.4.28. TRADE PAYABLES

Trade payables can be analysed by geographical segment as follows:

(Thousands of Euro)	30/06/2021	31/12/2020	Change
Trade payables by geographical area			
Italy	63,368	40,680	22,688
Europe (excluding Italy)	8,982	9,584	-602
America	6,576	1,117	5,459
Asia and Rest of the World	2,669	2,128	541
Total	81,595	53,509	28,086

Trade payables totalled Euro 81,595 thousand, with an increase of Euro 28,086 thousand compared with 31 December 2020, primarily as a result of the consolidation of the SAFE&CEC Group.

Trade payables to related parties are Euro 805 thousand and mainly refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments and supplies of goods to the Joint Venture Krishna Landi Renzo. All the related transactions are carried out at arm's length conditions.

4.4.29. TAX LIABILITIES

At 30 June 2021 tax liabilities, consisting of total amounts payable to the Tax Authorities of the individual States in which the companies of the Group are located, totalled Euro 2,566 thousand, compared with Euro 2,677 thousand at 31 December 2020.

Tax liabilities also include the flat-rate tax payable of Euro 84 thousand recognised following the fiscal realignment of the AEB trademark.

4.4.30. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)			
Other current liabilities	30/06/2021	31/12/2020	Change
Payables to welfare and social security institutions	1,740	1,625	115
Other payables (payables to employees, to others)	6,074	2,805	3,269
Advance payments	14,047	247	13,800
Accrued expenses and deferred income	1,038	358	680
Total	22,899	5,035	17,864

Other current liabilities totalled Euro 22,899 thousand, an increase of Euro 17,864 thousand compared with 31 December 2020, primarily as a result of the consolidation of the SAFE&CEC Group. In particular, the item Advance payments includes Euro 13,947 thousand for advances received by the later from customers for contracts in progress.

INCOME STATEMENT

4.4.31. REVENUES

(Thousands of Euro)			
Revenues from sales and services	30/06/2021	30/06/2020	Change
Revenues related to the sale of assets	94,627	58,436	36,191
Revenues for services and other revenues	1,335	1,421	-86
Total	95,962	59,857	36,105

During the first half of 2021, the Landi Renzo Group achieved revenues of Euro 95,962 thousand, an increase of Euro 36,105 thousand compared with the same six months of the previous year.

Revenues from related parties totalling Euro 1,023 thousand refer to supplies of goods to the Joint Venture Krishna Landi Renzo and to the Joint Venture EFI Avtosanoat-Landi Renzo LLC, as well as the supply of services to SAFE&CEC S.r.l. and SAFE S.p.A. (limited to the first four months of the year 2021).

4.4.32. OTHER REVENUES AND INCOME

This item breaks down as follows:

(Thousands of Euro)			
Other revenues and income	30/06/2021	30/06/2020	Change
Grants	582	0	582
Other income	292	64	228
Total	874	64	810

“Other revenues and income” totalled Euro 874 thousand (Euro 64 thousand at 30 June 2020) and mainly relate to:

- non-repayable grants received by Landi Renzo Polska (Euro 193 thousand) and Landi Renzo USA (Euro 130 thousand), on the basis of the subsidies provided by the relative governments to handle the effects of the COVID-19 pandemic on the country’s economy;
- the non-repayable grant of Euro 240 thousand received by SAFE S.p.A. after the Simest loan was taken out;
- other income due to capital gains on the disposal of assets for Euro 185 thousand.

4.4.33. COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS

This item breaks down as follows:

(Thousands of Euro)			
Cost of raw materials, consumables and goods and change in inventories	30/06/2021	30/06/2020	Change
Raw materials and parts	45,036	25,778	19,258
Finished products intended for sale	13,613	6,706	6,907
Other materials and equipment for use and consumption	994	590	404
Total	59,643	33,074	26,569

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 59,643 thousand (Euro 33,074 thousand at 30 June 2020), an increase of Euro 26,569 thousand compared with 30 June 2020.

4.4.34. COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS

This item breaks down as follows:

(Thousands of Euro)			
Costs for services and use of third-party assets	30/06/2021	30/06/2020	Change
Industrial and technical services	12,354	8,770	3,584
Commercial, general and administrative services	4,591	3,822	769
Non-recurring strategic consultancy	455	476	-21
Non-recurring COVID-19 costs	61	130	-69
Costs for use of third-party assets	380	339	41
Total	17,841	13,537	4,304

Costs for services and use of third-party assets amounted to Euro 17,841 thousand (Euro 13,537 thousand at 30 June 2020) with an increase of Euro 4,304 thousand and are inclusive of non-recurring expenses relating to strategic consultancy (Euro 455 thousand) and costs incurred by the company to handle the COVID-19 emergency (Euro 61 thousand), particularly relating to workplace sanitisation expenses.

The increase in costs for industrial and technical services was caused by the consolidation of the SAFE&CEC Group as well as the increase in Automotive segment revenue.

The residual amount of costs for use of third-party assets in the income statement mainly relates to contracts eligible for the simplification options established by the international accounting standard IFRS 16, i.e. those relating to low-value assets or with a duration of 12 months or less.

4.4.35. PERSONNEL EXPENSES

This item breaks down as follows:

(Thousands of Euro)			
Personnel costs	30/06/2021	30/06/2020	Change
Wages and salaries, social security contributions and expenses for defined benefit plans	12,226	9,996	2,230
Temporary agency work and transferred work	1,405	768	637
Directors' remuneration	405	334	71
Non-recurring personnel costs and expenditure	400	207	193
Total	14,436	11,305	3,131

In the six-month period in question, personnel costs totalled Euro 14,436 thousand, an increase compared with the same period of the previous year (Euro 11,305 thousand) following the consolidation of the SAFE&CEC Group.

The Group continues to heavily invest in highly specialised resources to support the increasing research and development performed for new products and solutions, capitalised when they meet the requirements laid out in IAS 38. Non-recurring personnel costs relate for Euro 88 thousand to the provision for the period for the 2019-2021 Performance Shares Plan and for Euro 312 thousand to the voluntary retirement incentives agreed upon with some employees.

The following table lists the number of employees in the workforce at the end of the period, broken down between Italian

and foreign companies.

Company	30/06/2021	31/12/2020	30/06/2020
Landi Renzo S.p.A.	303	318	305
Lovato Gas S.p.A.	0	0	23
SAFE S.p.A.	100	n.a	n.a
Foreign companies	467	229	226
Total	870	547	554

Performance Shares Plan

On 29 April 2019, the Shareholders' Meeting approved, pursuant to Article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the "2019-2021 Performance Shares Plan" concerning the free assignment of the right to receive Landi Renzo S.p.A. ordinary shares free of charge (for a maximum total of 3,200,000 shares), based on the degree to which specific performance objectives are reached. The assignment of shares is subject to reaching at least one of the performance objectives as well as the existence, at the date of assignment of the shares, of the employment and/or management relationship with the Company or its subsidiaries.

The plan is for the Chief Executive Officer of the Parent Company as well as other managers, who will be identified based on their level of contribution to the business, autonomy and complexity of their position by the Board of Directors after consulting with the Remuneration Committee.

The plan aims to reward the achievement of targets for the 2019-2021 period, as well as incentivise the alignment of the interests of the management with those of the shareholders with a view to creating value over a medium/long-term horizon. The Plan lasts for three years and provides for the assignment of shares in a lump sum at the end of the vesting period.

This plan is recognised to the extent of the share for the year, with a contra-entry in shareholders' equity, as it was defined as equity settled based on IFRS 2.

4.4.36. ALLOCATIONS, WRITE-DOWNS AND OTHER OPERATING EXPENSES

Allocations, write-downs and other operating expenses totalled Euro 1,354 thousand (Euro 967 thousand at 30 June 2020), up primarily due to higher provisions for product warranties, directly correlated with volumes sold, as well as the consolidation of the SAFE&CEC Group.

4.4.37. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)	30/06/2021	30/06/2020	Change
Amortisation, depreciation and impairment			
Amortisation of intangible assets	3,809	3,118	691
Depreciation of tangible assets	2,023	1,953	70
Depreciation of rights of use	1,244	1,037	207

Total	7,076	6,108	968
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Amortisation and depreciation amounted to Euro 7,076 thousand (Euro 6,108 thousand at 30 June 2020). No elements emerged from the analysis which revealed the need to change the useful lifetime of tangible and intangible assets.

4.4.38. FINANCIAL INCOME

Financial income totalled Euro 86 thousand (Euro 181 thousand at 30 June 2020) and refers to interest income on bank deposits.

4.4.39. FINANCIAL EXPENSES

Financial expenses at 30 June 2021 amounted to Euro 1,937 thousand and essentially include bank interest charges, interest on loans, interest on non-recourse factoring, actuarial losses deriving from the discounting of the TFR (employee severance indemnity) reserve and bank charges, in addition to the financial effect arising from the adoption of IFRS 16 - Leases (Euro 116 thousand).

4.4.40. EXCHANGE GAINS AND LOSSES

The net exchange differences amounted to Euro -595 thousand (Euro -1,211 thousand at 30 June 2020), mainly due to losses from valuation deriving from the effects of the COVID-19 pandemic on the international exchange markets. Specifically, the Group was impacted by the effects of the depreciation of Latam area currencies.

At 30 June 2021, the Group did not have financial instruments hedging exchange rate risk.

4.4.41. INCOME FROM INVESTMENTS

Income from investments is linked to the acquisition of control over the SAFE&CEC Group, operating in the Clean Tech Solutions segment. Pursuant to IFRS 3, the Landi Renzo Group's interests in that company were measured at fair value, with the resulting recognition in the income statement of income from consolidation of Euro 8,783 thousand. The fair value at the combination date was determined by a leading independent expert.

For more details on the effects of the recognition of the transaction in question at the acquisition date, please refer to what is described in section "4.4.4. Goodwill".

4.4.42. INCOME (EXPENSES) FROM EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item, totalling Euro -138 thousand (a negative Euro 305 thousand as at 30 June 2020), includes the valuation using the equity method of the Group's joint ventures, namely:

- of the joint venture Krishna Landi Renzo, which in the first half of 2021 significantly boosted its sales to a major Indian OEM customer, recording revenue of Euro 9 million and EBITDA of Euro 1.5 million, with a resulting revaluation of the equity investment for Euro 528 thousand (write-down of Euro 50 thousand as at 30 June 2020);

- limited to the first four months of 2021, or until its line-by-line consolidation by Landi Renzo S.p.A., the SAFE&CEC Group, the result of which in the first quarter of 2021 was negatively influenced by the completion of several contracts for the North African market, characterised by lower margins, and which entailed a write-down of Euro 666 thousand (write-down of Euro 255 thousand as at 30 June 2020).

4.4.43. CURRENT AND DEFERRED TAXES

Taxes at 30 June 2021 totalled Euro -627 thousand, compared with a positive Euro 1,286 thousand at 30 June 2020. For reasons of prudence, the Parent Company did not recognise deferred tax assets against losses recorded during the half and due to the current situation of market difficulty deriving from the continuation of the negative effects of the COVID-19 pandemic.

4.4.44. EARNINGS (LOSS) PER SHARE

The “basic” earnings/loss per share were calculated by relating the net profit/loss of the Group to the weighted average number of ordinary shares in circulation in the period (112,500,000). The “basic” earnings per share, which correspond to the “diluted” earnings (loss) per share since there are no convertible bonds or other financial instruments with possible diluting effects, are Euro 0.0137. The earnings per share for the first half of 2020 were Euro -0.0583.

OTHER INFORMATION

4.4.45. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 30 June 2021, the Group was involved in proceedings, brought both by and against it, for non-significant amounts.

4.4.46. TRANSACTIONS WITH RELATED PARTIES

The Landi Group deals with related parties at market conditions considered to be normal in the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties listed below 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 company located in Corte Tegge - 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 (Bologna);
- 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 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 and to the joint venture Efi Avtosanoat-Landi Renzo LLC.

In relation to transactions with related parties, please also note the above-mentioned agreement to amend the shareholders' agreements entered into by Landi Renzo S.p.A. and Clean Energy Fuels Corp intended to provide Landi Renzo S.p.A. with greater decision-making and control autonomy over the SAFE&CEC Group, as described above. This transaction resulted in the line-by-line consolidation of the subsidiary as of May 2021.

Therefore, this section includes transactions with the SAFE&CEC Srl Group limited to the first four months of 2021 while, for the effects deriving from the line-by-line consolidation of the SAFE&CEC Group, please refer to what is described in the various sections of the notes.

The following table summarises the relationships with related parties:

Company	Sales revenues	Revenues for services and other revenues	Purchase of finished products	Costs for use of third-party assets	Costs for services	(Expense) / Income from JVs measured using the equity method	Financial (expense) / income	Receivables	Payables	Loans
Gestimm S.r.l.				314					210	
Krishna Landi Renzo India Priv. Ltd	711	22	148			528	9	2,238	323	600
Efi Avtosanoat	146							503		
Reggio Properties LLC				50						
Gireimm S.r.l.				516					272	
Autofuels								224		
SAFE SpA (*)		77					27			
SAFE&CEC srl (*)		67				-666				
Total	857	166	148	880	0	-138	36	2,965	805	600

(*) limited to the first 4 months of 2021

4.4.47. POSITIONS OR TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, note that during the first half of 2021, except for the line-by-line consolidation of SAFE&CEC Group described above, no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets, safeguarding the minority shareholders.

4.4.48. NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to Consob communication no. 6064293 of 28 July 2006, it is stated that during the first half of 2021 no non-recurring significant events or transactions took place, except for the line-by-line consolidation of SAFE&CEC Group described above.

4.4.49. SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR

Please refer to comments relating to this in the Interim Report on Operating Performance.

5. Certification of the condensed half-yearly consolidated financial statements pursuant to Article 154-bis of Italian Legislative Decree 58/98 and Article 81-ter of Consob regulation no. 11971 of 14 May 1999, as amended and supplemented

- 1) Having regard to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 dated 24 February 1998, the undersigned Cristiano Musi, CEO, and Paolo Cilloni, Officer in charge of preparing the accounting documents of Landi Renzo S.p.A., certify:
- the adequacy in relation to the relative corporate characteristics, and
 - the effective application
- of the administrative and accounting procedures for preparing the condensed half-yearly consolidated financial statements as at 30 June 2021.
- 2) We furthermore declare that:
- 2.1) The condensed half-yearly consolidated financial statements at 30 June 2021:
- a) have been prepared in compliance with the international accounting standards issued by the International Accounting Standards Board and adopted by the European Commission in accordance with the procedure specified in Article 6 of Regulation (EC) no. 1606/2002 of 19 July 2002 of the European Parliament and Council
 - b) correspond with the accounting books and records
 - c) are capable of providing a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.
- 2.2) The interim report on operations includes a reliable analysis of the references to important events that occurred in the first six months of the year and to their impact on the condensed half-yearly consolidated financial statements, together with a description of the main risks and uncertainties for the remaining months of the year. The interim report on operations also includes reliable analysis of information on material transactions with related parties.

Cavriago, 10 September 2021

CEO
Cristiano Musi

Officer in charge of preparing the
company accounting documents
Paolo Cilloni



REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Landi Renzo SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Landi Renzo SpA (hereinafter also the “Company”) and its subsidiaries (hereinafter also “Landi Renzo Group”) as of 30 June 2021, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cashflow statement and related notes. The directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of Landi Renzo Group as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Emphasis of matter

Without modifying our opinion, we draw attention to what is described by the Directors in the paragraph “Consolidated results as at 30 June 2021” of the Half-Yearly Financial Report as at 30 June 2021, in particular to the modification of shareholders’ agreement of SAFE&CEC Srl occurred in the first half of 2021, which allowed Landi Renzo SpA to exercise the control over the aforementioned company. Consequently, as illustrated by the Directors, starting from May 2021, SAFE&CEC Srl has been consolidated using the line-by-line method and in the explanatory notes are indicated the main accounting effects on the consolidated condensed interim financial statements of Landi Renzo Group as of 30 June 2021 deriving from the aforementioned operation.

Parma, 13 September 2021

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.